

BUSINESS CORPORATE SOCIAL RESPONSIBILITY IN THE ECONOMIC RECOVERY OF UKRAINE

Anna Oleshko¹, Dmytro Novikov², Oleksii Petrivskiy³

Abstract. The development of corporate social responsibility has been transformed in the context of the war in Ukraine by reorienting sustainability programmes and charitable assistance to the needs of the army, environmental activities and support for socially vulnerable groups of the population. The *purpose of the article* is to summarize theoretical provisions and develop tools for transforming corporate social responsibility of enterprises with consideration of human values and digitalization processes for the recovery of Ukraine's economy in the wartime and post-war period. The research is based on the unity of macro- and micro-economic approaches to the study of corporate social responsibility using structural and logical methods, methods of systemic and socio-economic analysis. The *results* of the study are to form a theoretical basis and applied tools for corporate social responsibility of business in accordance with the identified empirical facts and external conditions of the changing economic environment in the evolutionary progress. The transformation of corporate social responsibility involves the introduction of material and social support for the company's personnel and internally displaced persons; provision of medical, social, psychological, legal and security support to socially vulnerable groups; formation of corporate volunteering; and participation in the elimination of the negative environmental consequences of military operations. The *practical implementation* of the modernised corporate social responsibility programmes involves aligning the company's business strategy with the recovery of Ukraine's economy on the basis of sustainable development. An effective tool for implementing the corporate social responsibility policy should be the digitalisation of interaction between the management of enterprises and customers, suppliers, the public, NGOs and local hromadas. The development of new tools and mechanisms of corporate social responsibility will ensure the implementation of universal, humane, European values in the management of enterprises, improvement of social support for employees, customers, and stakeholders, and the spread of socio-economic and environmental effects on society.

Key words: corporate social responsibility, enterprise, social support, socially responsible business, economic recovery.

JEL Classification: A13, D04, E02

1. Introduction

In the context of martial law in Ukraine, the development of corporate social responsibility has been transformed by reorienting sustainability programmes and charitable assistance to the needs of the army, environmental activities and support for vulnerable groups of the population. Foreign and domestic corporations have integrated humanitarian aid and reconstruction programmes in Ukraine into their corporate social responsibility policies.

In the context of the impoverishment of the Ukrainian population, social activity of enterprises has become an additional source of support. Social responsibility of business ensures activities that take into account such non-economic factors as social protection of employees, implementation of quality control mechanisms, environmentally friendly and energy-saving technologies, provision of social benefits, charitable activities, etc.

Given the long period of post-war recovery in Ukraine, the development and implementation of innovative

¹ Kyiv National University of Technologies and Design, Ukraine (*corresponding author*)

E-mail: oleshko.aa@knutd.com.ua

ORCID: <https://orcid.org/0000-0001-9328-7730>

² LLC "UIFC-AGRO", Ukraine

E-mail: d.novicov@uifc-agro.com.ua

ORCID: <https://orcid.org/0000-0003-4159-993X>

³ Kyiv National University of Technologies and Design, Ukraine

E-mail: oleksii.petrivskiy@gmail.com

ORCID: <https://orcid.org/0000-0002-9466-9324>



approaches to corporate social responsibility policy is becoming increasingly important. This means, first of all, developing adaptive policies that take into account the social needs of the economy and population to address the current food, environmental, economic and energy crises.

The aim of the article is to summarize theoretical provisions and develop tools for transforming corporate social responsibility of enterprises with due regard for human values and digitalization processes for the recovery of Ukraine's economy in the wartime and post-war period.

To achieve this aim, the following tasks were solved: forming a theoretical basis for corporate social responsibility in view of the economic crisis; studying the interpretations of corporate social responsibility by international institutions, analysing the factors of strengthening corporate social responsibility policies of enterprises; developing directions for the development of socially responsible business to restore Ukraine's economy.

The methodology of the study is based on the principle of unity of theory and practice, the use of general scientific and specific methods of scientific knowledge. To determine the theoretical basis of corporate social responsibility, the structural and logical method, as well as methods of generalisation, analysis and synthesis were used. The development of corporate social responsibility tools for the recovery of Ukraine's economy is based on the unity of macro- and micro-economic approaches to research using the methods of systemic and socio-economic analysis.

2. Theoretical Basis of Corporate Social Responsibility of Business

In modern science, there are various theoretical approaches to the interpretation of the definition and mechanisms for implementing the corporate social responsibility model.

As defined by Kotler P. and Lee N., corporate social responsibility implies a company's free choice in favour of a commitment to improve the welfare of society by implementing appropriate approaches to doing business and attracting corporate resources (Kotler & Lee, 2011).

Corporate social responsibility in the classical theoretical sense is viewed through a pyramid that includes Economic, Legal, Ethical and Philanthropic responsibility (Carroll, 1991). Wartick S.L. and Cochran P.L. also define the following components of corporate social responsibility: economic, legal, ethical and discretionary (Wartick & Cochran, 1985).

Corporate social responsibility is a business practice of combining environmental and social policies with economic goals and business activities (Gavin, 2019).

B. Edmondson adds that corporate social responsibility involves the actions of a company that seeks to improve its impact on the environment and society and applies fair and ethical business practices (Edmondson, 2022).

A. Kolot notes that in a society that is largely fragmented, culturally split, and in which moral and spiritual values continue to be devalued, corporate social responsibility is being formed gradually, implementing corporate policy into a strategy for sustainable development (Kolot, 2014). The impact of corporate social responsibility practices on the socio-economic development of organisations is determined by the following characteristics of the economy and society: 1) general level of socio-economic development and quality of the institutional environment; 2) specifics of the business and social environment in which a company operates or faces; 3) differentiated nature of the connection between different areas of corporate social responsibility and parameters of economic efficiency of companies; 4) differentiated nature of the strength of corporate social responsibility impact on financial and economic results in the short and long term; 5) value orientations of the owner (ownership).

Some contemporary researchers suggest implementing corporate cultural responsibility in business (Bzdak, 2022). It is necessary to ensure that culture is taken into account in the company's mission and values, that corporate cultural responsibility is implemented in company policies, primarily related to production processes and employees, and that the country's culture is promoted through the product or service (Humenna & Bedii, 2022).

The conceptualisation and practical narratives of corporate social responsibility are reflected in scientific publications and official documents of the UN, the European Commission, etc.

In particular, the European Commission defines corporate social responsibility as "a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2001).

The European Commission has identified a number of factors for strengthening corporate social responsibility policies, particularly in EU member states: the need for a balanced multi-stakeholder approach that takes into account the views of businesses, non-business stakeholders and Member States; the necessity to better clarify what is expected of businesses and to bring the definition of corporate social responsibility in the EU in line with new and updated international principles and recommendations; the need to promote market-based rewards for responsible business, including through investment policy and public procurement;

the importance of considering self-regulatory and co-regulatory schemes for businesses to fulfil their social responsibility; the requirement for companies to be transparent on social and environmental issues from the perspective of all stakeholders, including the companies themselves; the need to pay more attention to human rights, which have become a much more important aspect of corporate social responsibility, and more (European Commission, 2011).

UNIDO's researchers, in a definition of corporate social responsibility similar to that of the European Commission, focus on achieving a balance of economic, environmental and social imperatives (the "triple bottom line approach"). It is noted that the key issues of corporate social responsibility are: environmental management, environmental efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, relations between employees and the community, social equality, gender balance, human rights, good governance and anti-corruption measures (UNIDO, 2023).

Thus, corporate social responsibility has important implications for all economic and social agents of the business environment, as well as for public decision-makers in determining their own actions (Kovban, Kohut, 2019).

Theoretical developments and tools of corporate social responsibility of business are transformed in accordance with the identified empirical facts and external conditions of the changing economic environment in an evolutionary process.

3. Goals and Factors of Corporate Social Responsibility in Today's Realities

The current economic crisis at the global, national and local levels and its social consequences have

drawn public attention to the social and ethical behaviour of businesses.

This has led to a clarification of the goals, strengthening of the role and modification of the factors of corporate social responsibility of business.

Corporate social responsibility correlates with the goals of sustainable development, which involves balanced social, economic and environmental development, taking into account the realities of today.

Therefore, the goal of corporate social responsibility policies is: in the economic sphere – to ensure the competitiveness of enterprises through the following competitive advantages (such as effective risk management, cost savings, access to capital, customer relations, human resource management and development of innovative potential); in the environmental sphere – to ensure high environmental standards and activation of environmental factors of activity with rational use of natural resource potential on the basis of the circular economy; in the social sphere – in the development of corporate volunteering, social assistance programmes for staff and disadvantaged groups (Figure 1).

Within the framework of achieving the goals, business responsibility implies the implementation of certain ethical norms, whereby managers and enterprises take responsibility for activities that will have a positive internal and external impact. Managers make socially responsible decisions that complementarily maximise profits and protect the interests of the team and society as a whole.

Corporate social responsibility has an internal and external dimension, which ensures the unity of macro- and micro-economic policies for the development of enterprises.

The internal dimension is based on the involvement of the company's personnel in socially responsible policies and involves investments in human capital,

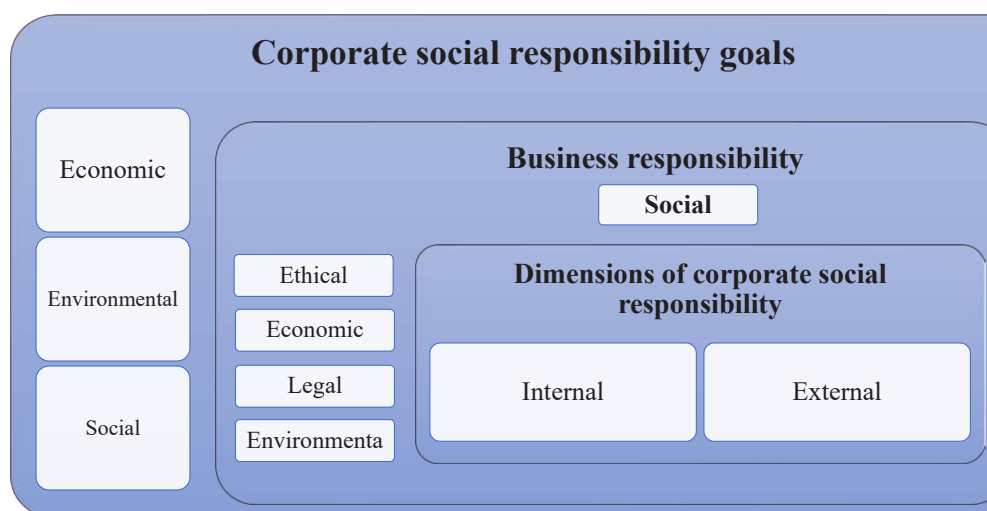


Figure 1. Goals and dimensions of corporate social responsibility

health and safety, change management, and the application of best environmental practices.

An effective corporate social responsibility policy provides a variety of competitive advantages, including increased access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, human resource development, improved brand image and reputation, increased customer loyalty, optimised decision-making and risk management.

The external dimension of corporate social responsibility goes beyond the enterprise and involves a wide range of external stakeholders, including business partners and suppliers, customers, non-profit organisations, local hromadas, and public authorities.

Managers' engagement with internal and external stakeholders allows businesses to better anticipate and take advantage of rapidly changing societal expectations and business conditions, which will stimulate the development of new markets and provide additional growth opportunities.

4. Directions for the Transformation of Corporate Social Responsibility for the Recovery of Ukraine's Economy

The problems of building an effective corporate social responsibility model have affected all European countries without exception, and Ukraine to the greatest extent.

In the context of the war, domestic, foreign and joint ventures operating in Ukraine provide the following types of charitable assistance as part of their corporate social responsibility programmes: 1) provision of medicines, medical supplies, food, and essential goods to vulnerable groups of the population; 2) granting medical, social, psychological, and legal support; 3) supplying the population and social facilities with electricity, generators, and other means of autonomous energy production; 4) restoration and adjustment of water, heat and gas supply; 5) arrangement of shelters, bomb shelters, and organisation of access to them during air raids; 6) organisation of evacuation of civilians from the areas of military operations; 7) material and social support for internally displaced persons; 8) animal protection activities, rescue and shelter of abandoned animals; 9) online trainings, lectures, and master classes on relevant topics; 10) developing corporate volunteering and engaging a wide range of external and internal stakeholders in volunteering; 11) eliminating the negative environmental consequences of military operations and ecocide.

The hostilities in Ukraine have led to a catastrophic increase in the number of migrants and refugees to foreign countries, which has affected the companies' policies on recruitment, charity and social support

as part of their corporate social responsibility programmes. In total, the Council of the European Union estimates that more than 17.7 million people in Ukraine will be in need of humanitarian and protection assistance by the end of 2022 (European Civil Protection and Humanitarian Aid Operations, 2023).

Ukrainian enterprises should address the problems of employment and social protection of internally displaced persons, as well as the issue of eliminating the negative environmental consequences of military operations. The main problems of internally displaced persons that can be solved through the implementation of corporate social responsibility programmes are the development of measures for social, psychological and legal support of the population affected by the war; ensuring proper service for internally displaced persons, providing them with jobs and social support.

The success of corporate social responsibility programmes at enterprises is interconnected with corporate volunteering. Enabling staff to volunteer during working hours provides a reward for charitable activities and promotes the diffusion of positive externalities in terms of social support for vulnerable groups.

The development of corporate social responsibility will be facilitated by the end-to-end digitalisation of management and organisational processes, the development of digital skills and competencies of staff (Oleshko & Horokhovets, 2019). Digitalisation of the interaction between business management and customers, suppliers, the public, NGOs and local hromadas is an effective tool for implementing corporate social responsibility policies.

Within the framework of the corporate social responsibility concept, it is extremely important to form universal, humane, European values in the management of enterprises, which becomes a driver of transformation of the external environment. The development of a corporate culture focused on effective communication, self-education, self-improvement, professional development, mutual assistance and acceptance of changes is becoming increasingly important.

5. Conclusions

Corporate social responsibility programmes of enterprises should have clear goals and imperatives for development in terms of the national goal of economic recovery of Ukraine and in coordination with the achievement of the desired financial and economic results.

The transformation of corporate social responsibility involves aligning the company's business strategy with the recovery of Ukraine's economy on the basis of sustainable development.

Prospects for further research on corporate social responsibility of business for economic recovery are to develop new tools and mechanisms for social support of employees, customers,

stakeholders and spreading the socio-economic and environmental effect on society based on the concept of sustainable development and digitalisation.

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Received on: 22th of June, 2023

Accepted on: 29th of July, 2023

Published on: 25th of August, 2023