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SOCIAL, ECONOMIC, AND ENVIRONMENTAL ASPECTS OF SOCIAL RESPONSIBILITY

Summary

The purpose of the article is to study the social and economic aspects of social responsibility, to consider the statement to the environment as a form of expression of social responsibility. Social, economic and environmental aspects of corporate social responsibility, it is primarily a number of indicators by which the effectiveness of the implementation of corporate socially responsible activities can be assessed, as well as monitoring and control (reporting). The enterprise should constantly improve the system of social responsibility management in order to get the result in the end. The management of social responsibility in the enterprise is a system by means of which decisions are made and implemented. The goal and objectives of social responsibility are defined by the owners, members of the labor collective and other trustees. The social responsibility management system is aimed at achieving organizational efficiency goals. Management of social responsibility is based on the principle of rational balancing between the achievement of the level of social responsibility and the use of available resources. Management in the field of social responsibility implements primarily the social function, that is, reducing the level of social tension in the enterprise and in relationships with stakeholders.

Introduction

Social responsibility is a new level of society development, a new strategy and concept that integrates national strategy, shared human values and ethical behavior of business organizations, consumers, employees, authorities, civil society institutions, research institutes and institutions of higher education. Today, most countries of the world are involved in the concept of social responsibility at the local, regional and national levels.

Today, the generally accepted definition of social responsibility – according to ISO-26000 Guidance on Social Responsibility is as follows: «Social Responsibility is the responsibility of organizations for the impact of their decisions and actions on society and the environment, which is realized through transparent and ethical behavior that is consistent with the sustainable

development, health and welfare of society; is in the interest of groups and stakeholders; is consistent with the current regulatory framework and relevant international obligations; and is integrated into the activities and development strategy of the organization or company and implemented in daily operations».

The main characteristics of corporate social responsibility are: voluntariness; integration into the company's business strategy; consistency; benefits for all stakeholders: employees, consumers, shareholders, communities, etc., as well as for the company itself; and contribution to sustainable development. Social responsibility is not limited to charity.

Social responsibility of business is a responsible attitude of any company to its product or service, to consumers, employees, and partners; an active social position of the company, which consists in harmonious co-existence, interaction and constant dialogue with society, participation in solving the most acute social problems.

In a broad sense, the social responsibility of business can be represented as a system of values, measures and processes aimed at spreading the positive impact of the company's activities in the economic, environmental and social spheres both within the organization and in the environment. The implementation of socially responsible strategies should be aimed not only at reducing and preventing the negative consequences of activities, but also at achieving economic, environmental and social effects (the so-called triple impact strategy), which can be seen as the basis for improving the competitiveness of individual companies and the national economy as a whole.

There are two approaches to understanding the social responsibility of business:

1) entrepreneurship is considered socially responsible if, without violating the laws and norms of state regulation, it increases profits, that is, it achieves the planned economic goals; 2) in addition to economic responsibility, an entrepreneur should consider the human and social aspects of the impact of his business on employees, partners, consumers, and also, to make a positive contribution to the solution of social problems in society as a whole. That is, society expects from the growth of entrepreneurship not only high economic results, but also significant achievements in terms of social goals.

The social responsibility of business includes the procedures and practices companies on seven aspects of activity: 1) organizational management; 2) human rights; 3) labor relations; 4) ethical operations; 5) environmental protection; 6) consumer protection; 7) development of local communities and cooperation with them.

Arguments for social responsibility:

– Long-term business prospects; even if the short-term costs associated with social activities are high, in the long run they can drive profits as consumers, suppliers, and the local community create a more attractive business image;

- availability of resources to assist in solving social problems; since business has significant human and financial resources, it must devote part of them to social needs;
- moral obligation to behave in a socially responsible manner; the company is a member of society, so the rules of morality must also govern its behavior.

Part 1 1. Social and economic aspects of social responsibility

The main groups of indicators of social, economic, environmental aspects of social responsibility of business are as follows:

Group of indicators of social responsibility to employees:

- payment of bonuses;
- staff turnover;
- training conducted and the results;
- wages and working conditions compared to the average (market);
- overtime;
- gender and age structure of the workforce;
- number of employees with disabilities;
- number of incidents in the workplace;
- workers' evaluations of their company.

Group of environmental indicators:

- environmental impact and costs;
- use of secondary raw materials;
- energy consumption;
- waste management;
- number of fines for non-compliance with environmental standards.

Group of indicators of the company's behavior on the market:

- customer complaints;
- complaints of unscrupulous advertising;
- penalties of the Antimonopoly Committee;
- providing consumers with better service;
- consumer satisfaction level;
- payables;
- the level of compliance with product standards;
- the impact of the company's products / activities on society.

Group of indicators of involvement in public life:

- compliance with human rights;
- jobs provided;
- educational programs for the public;
- participation in strategic development of the region;
- assistance in solving various problems (environmental, medical, etc.).

Company reporting on social programs is an integral part of introducing social responsibility into companies' business practices. These reports can be part of the company's general annual reports or can be prepared as a separate document. In addition, the company may post them on its website.

A social audit is a formal process of checking the company's social policy and its results. The purpose of such an audit is to develop the mechanisms and documentation necessary for the further work of the organization in this direction.

The main stages of the audit:

- collection and analysis of documents and information;
- analysis of the company's mission and other documents defining its policies (code of conduct);
- interviewing key employees (including management);
- surveying and interviewing employees to determine how well the stated social mission is implemented in the organization; the research should be referred to an independent organization for analysis;
- a review of external information about the company;
- assessment of the gap between the current situation and the objectives set in the company's strategy; adjustment of the strategy to bridge the gap;
- informing employees and all stakeholders about the results of the audit.

In developed countries organizational and economic mechanisms of corporate social responsibility management are formed under the influence of public policy and implementation of the relevant strategy.

Forms of corporate social responsibility with the participation of the state can be manifested through the implementation of the following functions and mechanisms:

- firstly, the state carries out the formation of legal norms and the corresponding institutions of control and the corresponding infrastructure;
- secondly, the state acts as a consumer and buyer of relevant products and services;
- thirdly, the state acts as a partner and institutional investor;
- fourth, the state acts as a participant in international relations and as a promoter of the implementation and realization of international standards;
- and, finally, the state acts as an employer and protector of the environment.

In any case, all forms of CSR with the participation of the state should act as a factor in shaping and enhancing the competitiveness of companies at the regional, national and international levels. The models and organizational and economic mechanisms of CSR management in the context of globalization clearly correspond to corporate governance systems. The optimal combination of elements of organizational and economic mechanism of corporate social responsibility management allows to implement CSR strategy, contributes to effective communication with stakeholders, counteracting the influence of negative factors and optimization of risks in this area.

The organizational and economic mechanism of corporate social responsibility management includes not only substantive, but also functional elements.

Component structure in management practice refers to management subjects, stakeholders, levels of responsibility.

The functional basis of the mechanism generally includes functions, principles, values, and management tools.

The formation of the CSR management mechanism is influenced by internal and external factors, which are both economic and institutional in nature and have a direct or indirect impact. The structure of the social responsibility management system depends on the scale of business, specialization, types of economic activity and institutional support. The management system is guided by a clearly defined range of the enterprise's (organization's) stakeholders, which makes it possible to determine the strategic goals of CSR, risks and possible ways of communication and social dialogue. Social dialogue aims at the exchange of information between the enterprise and stakeholders.

The enterprise must constantly improve the system of social responsibility management in order to get results in the end. Social responsibility management in the enterprise is the system by which decisions are made and implemented. The goal and objectives of social responsibility are determined by the owners, members of the workforce and other proxies. The social responsibility management system is aimed at achieving the organization's performance goals. Management of social responsibility is based on the principle of rational balancing between the achievement of the level of social responsibility and the use of available resources. Management in the field of social responsibility implements primarily the social function, i.e., reduction of the level of social tension at the enterprise and in relations with interested parties.

The social responsibility management system depends on:

- size;
- organizational and legal form;
- the type of economic activity;
- the influence of the external and internal environment of the enterprise.

The external environment of social responsibility management system is formed under the influence of objective factors, which force the enterprise to adapt and take them into account in its activities. The external environment includes such elements as political, legal, socio-cultural, technological, economic, ecological and international environment.

The process of managing social responsibility depends on the structure, which can take various forms (formal, informal) and on the construction of the management process itself. In formal structures of corporate social responsibility management, decision-making processes are well regulated and formalized. In informal structures of social responsibility management there is no clear division and definition of responsibilities of the responsible persons that make decisions on behalf of the enterprise in this area.

The social responsibility management system is based on the principles of governance, transparency, legal compliance, ethical and corporate codes (internal corporate documents), a collective agreement that takes into account the interests of stakeholders.

In the formation of the management system of social responsibility two aspects are taken into account (structural and functional), which allows to balance the result and effectiveness of social responsibility management.

The structural aspect is that the enterprise (organization) must form the priority areas of activity in the field of social responsibility, to highlight individual areas.

The functional aspect is the choice of functions, mechanisms of interaction of the enterprise (organization) with stakeholders and the attraction of resources to realize the goals of social responsibility.

The process of managing social responsibility includes such elements as making decisions, approving appropriate strategies, plans and budgets, and developing and approving appropriate procedures that make up the content of management. The management process must be productive.

During the construction of productive processes of social responsibility management, a mission, vision, goals and objectives in the field of social responsibility are formed. The staff is involved in the management. The main management tools including leadership, motivation, remuneration, conflict management. Decision-making procedures in the field of social responsibility include decision-making, coordination, personnel selection, assessment and development of competencies.

As for the management structure of CSR in an enterprise, it usually consists of three levels: managerial, strategic, and practical (Figure 1):

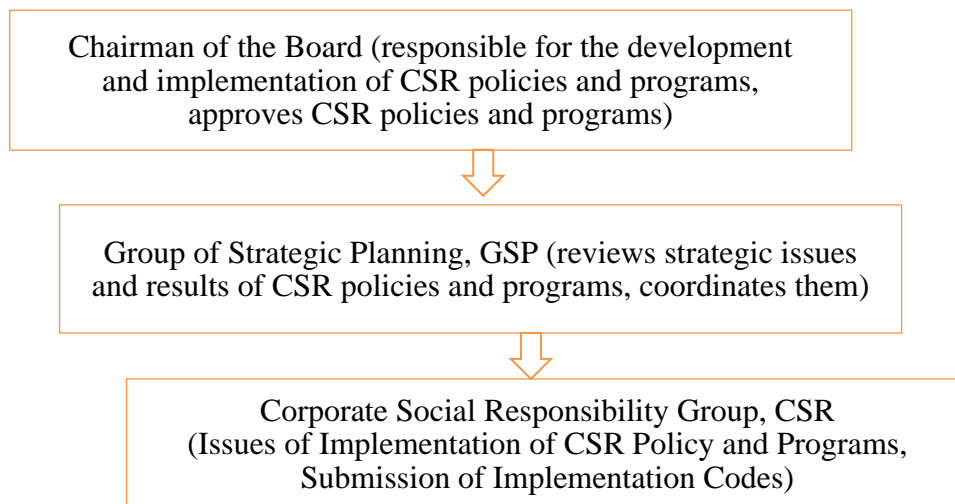


Figure 1. Structure of corporate social responsibility management in the company

Source: author's own development

The stages of CSR system implementation in the practice of Ukrainian enterprises are a set of interrelated components and their elements, each of which performs a specific set of procedures, the joint action of which under

certain conditions ensures the achievement of the goal of this mechanism (Figure 2).

Stages of CSR implementation at the enterprise				
Stakeholders' decision-making on the formation of a CSR strategy at the enterprise				
Interrelation of CSR development strategy with the general strategy of the enterprise and the social strategy of the state				
Definition of stakeholder groups – participants of corporate social relations (enterprise, state, society)				
Formation of a mechanism to support and implement CSR				
Development and approval of programs, areas and projects to implement CSR	Development and approval of a project implementation mechanism for CSR programs, areas and projects	Realization of measures to implement CSR programs, directions and projects	Development and approval of the necessary documentation	Monitoring the implementation of CSR programs, areas and projects
Identification of persons responsible for the implementation of CSR programs, areas and projects		Training and counseling of responsible persons		
Monitoring the implementation of programs, areas and projects to introduce CSR				
Formulating a set of criteria for assessing the quality and effectiveness of CSR programs, areas and projects				
Evaluating the effectiveness of CSR programs, areas and projects				
Drawing up and reporting on the implementation of CSR				
Publication of non-financial statements				

Figure 2. Stages of CSR system implementation at Ukrainian enterprises

Source: author's own development

The ethical assessment of management involves taking into account moral principles to distinguish right from wrong behavior.

The policy of social responsibility management includes the implementation of several stages:

- development of general provisions (mission, vision, goals and objectives) in the area of social responsibility;
- integration of social responsibility into the functions of the company's structural units;
- increasing staff confidence in social responsibility;
- analysis and improvement of the activities and practices of the organization of social responsibility;
- initiating social investment projects;
- control over the implementation of social programs;
- CSR training for personnel.

Social responsibility is managed by analyzing, planning and controlling the implementation of social programs aimed at improving social responsibility.

Management can be thought of as a business process: creating – supporting and expanding social dialogue with targeted stakeholders. The effective functioning of the business process is ensured by the availability of resources and an appropriate information system.

Management of corporate social responsibility is realized in all three spheres of activity of the enterprise (investment, operational, financial) and on three levels (corporate, functional, instrumental). Besides, it is possible to allocate internal level of management of realization of social responsibility of the company to the personnel (working conditions, social development, improvement of professional skill, favorable psychological climate). The external level implies the implementation of social responsibility to other stakeholders through participation in solving the priority social problems of community and the preservation of the environment.

Consequently, the organizational and economic mechanism of management of corporate social responsibility of business has the purpose of implementing a specific strategy. In particular, the purpose of corporate social responsibility strategy is to increase business efficiency by optimizing relationships with stakeholders. The social responsibility strategy should be part of the overall corporate (core) business strategy of the enterprise and be an instrument of corporate governance.

Social responsibility management may concern working conditions, environmental protection, cooperation with territorial communities, implementation of social investment programs and the concept of social marketing.

The formation of the management system of corporate social responsibility involves corporate restructuring, which is associated with changes and transformations, building a new system of internal communications at the enterprise, a clear division of functions and responsibilities between the different levels of the corporate structure.

It should be noted that an effective mechanism of CSR formation in Ukraine is only possible with the adequate implementation of relations, principles and values of CSR based on the realization of strategies that will enhance the company's reputation, brand value and staff motivation. These factors are probably the most important. Below is the mechanism of CSR formation in the enterprise as a holistic structure, which consists of the main groups of elements: CSR program, CSR motives, business stakeholder behavior (practical aspects), and CSR results (Figure 3).

The CSR formation mechanism is a set of values, programs, measures, levers and balances aimed at meeting the requirements of all stakeholder groups (consumers, employees, the environment, owners, local communities, suppliers, partners, government, NGOs) in order to obtain effective results, in the long term (rewards, minimizing costs and risks).

Among the elements of the mechanism it is possible to distinguish the following components: goal and objectives, principles, provision, directions,

methods, tools, management and results. In general, an effective CSR mechanism contributes to the formation of a socially competitive individual company and, in the long term, increases the volume of social investments.

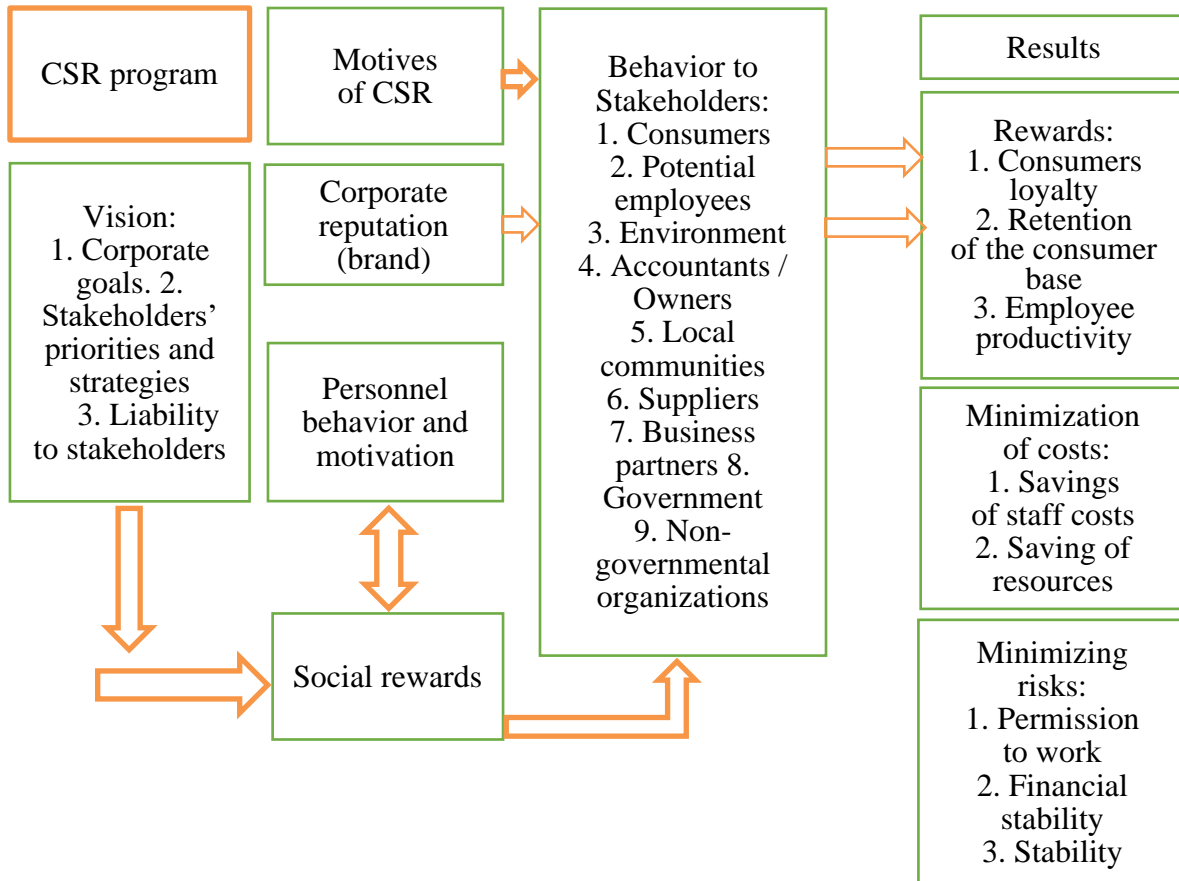


Figure 3. The mechanism of CSR formation at the enterprise

Source: author's own development

Consideration of the mechanism of CSR formation in the context of the overall management system allows to determine its place based on the principle of subordination of the partial to the general. It is the main goals and objectives of the company (ensuring maximum profitability and minimizing the risks of activities, ensuring constant solvency of the company, the creation of sufficient and necessary resources to ensure a given pace of socio-economic development), which are sometimes opposite to the objectives of CSR, are the priority and determining.

Therefore, the main tasks underlying this mechanism are:

- 1) improvement of relationships with stakeholders and promoting social dialogue;
- 2) ensuring the effectiveness of environmental protection activities;
- 3) development of the territories where the company operates;
- 4) qualitative development of the company's personnel;

5) organizational and technical, financial and economic development of the enterprise;

6) cooperation with the state and NGOs and the development of partnership relations. In order to provide a mechanism for the formation of CSR at an enterprise, it is necessary to implement an organizational model that consists of determining the stakeholders and CSR goals (Figure 4).

Having defined the priority stakeholder groups and CSR goals, the company forms an administrative management system based on a program of commitments for different stakeholder groups.

The administrative management system, in turn, provides the basis for effective managerial action.

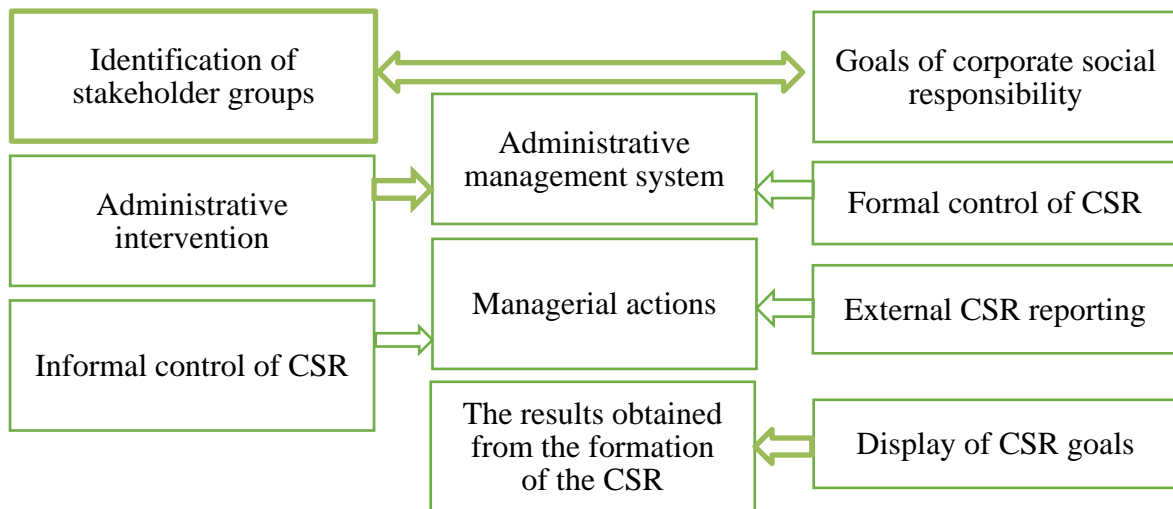


Figure 4 Organizational model of CSR formation at the enterprise

Source: author's own development

In addition, the work of the scheme should be accompanied by administrative intervention, formal and informal control and periodic external reporting that highlights the company's achievements in CSR activities.

The organization of CSR activities can be carried out by creating special centers of social programs in the company. This requires changes in the structure of the organization itself. CSR activities should be separated into a specific area of activity. Obviously, such activities will be strategically led by the company's top management. But in order to implement CSR as a business function, an appropriate unit should be created. This can be either one person or an entire department.

Some companies reorganize their management structure by creating a head office to oversee all of the company's CSR activities. A company may appoint a CSR program executive with overall responsibility for the design, development and management of CSR programs and personnel.

Foreign companies have experience in establishing a CSR Implementation Committee. The committee is mandated to discuss and implement key CSR activities, including customer satisfaction, business ethics, compliance with laws and regulations, environmental protection and community involvement.

Some companies have divisions in which managers are formally required to comply with customer satisfaction, compliance, environmental protection, community outreach, and other CSR measures.

If a corporation includes several business units, CSR managers are appointed by their affiliates and subsidiaries to meet the common standards of conduct of the company and its subsidiaries.

The position of manager of company social programs is relatively new and little known in the business environment in Ukraine. In countries with market economies, it is a widespread phenomenon. Such a specialty has long existed, and universities are training professional managers in this area. The main requirements for the competence of such managers focus on understanding the importance of their role as a link between the company and its internal and external customers.

Requirements for the competence of a CSR manager:

Awareness. The manager is familiar with the roles of the various players in society and the contributions they make to their own business.

Understanding. The manager has a sense of social and economic trends and how they affect the business.

Application. The manager actively participates in the true embodiment and enforcement of social and environmental interests in business.

Integration. The manager is responsible for management decisions that define and demonstrate the social and environmental impact of the business.

Leadership. The manager develops business strategies that, on the one hand, comply with the law and, on the other hand, set more substantial requirements.

The documents that enshrine the company's corporate social responsibility strategy include: the collective agreement, the code of corporate conduct, the code of ethics, corporate standards, policies and others.

The first universal code, representing a set of universal human values, can be called a set of religious rules (in particular, the Ten Commandments of the Old Testament).

Ethical code in business is a set of moral principles, moral norms and rules of behavior of a person or group of persons that determine the assessment of their actions in terms of relationships with other business entities, relationships in the team and in society on the basis of compliance with the moral norms and principles shared by them.

Businesses develop codes of communication and behavior for their employees. The term «ethical codes» is often used in science.

Scholars distinguish the following types of ethical codes:

– Codes, a governing document with well-developed rules, including sanctions provided for in cases of code violations (e.g., contracts);

- Codes governing obligations to customers, depositors, shareholders, employees, etc. These are social codes;
- Codes that include provisions on the organization's values, its philosophy and goals (outlining the basics of corporate culture). These codes are corporate codes;
- Codes that define the interpersonal relationships in the organization and reconcile the interests of employees and the organization (e.g., agreements between the administration and the trade union). These codes are professional codes.

Consider corporate codes that regulate the activities of organizations both domestically and internationally. It is believed that the founders of corporate codes were Japanese companies, which brought the regulation of employee behavior to the absolute. Codes then began to be widely implemented in the United States, especially after the scandal that led to President R. Nixon's resignation. At that time many American companies published their codes of ethics to assure the public of their merits. In addition to the general provisions on market and business ethics, ethical norms concerning the behavior of its employees were included. These norms prohibited bribes, fraud, gifts, payment of illegally obtained money, inciting conflicts, disclosure of company secrets, use of information obtained on confidential terms, and unlawful behavior in the name of the firm's interests.

Anyone familiar with the history of the creation and development of the famous American company IBM will agree that its success is largely due to the moral and ethical ideas of its founder, T. J. Watson, Sr. As an ambitious businessman, he necessarily wanted to see his company succeed, but with his own moral values, he did not want to do so by any means. He decided to unite people who work for a single purpose, and to do this he developed a code of conduct for employees, the principles of which are very simple:

- 1) Every person deserves respect;
- 2) Every customer of the company is entitled to special attention and better service;
- 3) Everything done in the company should be constantly improved. This approach became the basis for the existence and activities of the company.

The established ethical principles are still followed by all the company's employees, from the highest-ranking administrators to day laborers. Apparently, over the years IBM has left no one behind because of cuts in programs, staffing, product offerings, or budgets. But regardless of the position, they fired the person who violated the company's moral code and did not want to cooperate with others. Any organization can have a code of ethics, whether it is a large corporation or a small structure. Each company develops its own code and gives it a name, for example: Procter and Gamble, Code of Business Ethics, Unilever Code of Business Ethics, Business Ethics Regulation (Gulf), Shell General Business Principles, Coca-Cola Code of Business Conduct. According to Fortune magazine, 450 of the top 500 American

companies in the U.S. and almost 50% of all others have codes of ethics. The Code of Ethics of Apple Consulting (Apple-Consulting), which has been operating in Ukraine for several years, says, in particular, the following: «Company consultants pledge to place the interests of existing and prospective clients above their own, to maintain independence of opinion and action, to keep their clients in strict confidence, to strive to continually improve their professional skills, to adhere to and develop standards of management consulting, to maintain the honor and dignity of the profession, and to uphold high standards of personal conduct». Recently, the most viable Ukrainian organizations have begun to develop and implement codes of ethics. The key standards of competencies (working behavior) in them are: customer orientation, motivation for success, reliability, creativity, good management relations with staff, teamwork, etc.

Corporate codes in organizations have the following main functions:

- **managerial** – regulate the behavior of personnel, priorities in interaction with customers, shareholders, partners, competitors, the environment; determine the order of decision-making and unacceptable forms of behavior;
- **the development of corporate culture in the organization** – transmit corporate values, orient employees to common corporate goals, thereby increasing the corporate identity of employees;
- **reputation** – strengthening the trust of the organization from outside, increasing its investment attractiveness.

As a rule, corporate codes consist of two parts: ideological and normative. The ideological part outlines the organization's philosophy (formulating mission, goals and values). It includes the ethical principles underlying thinking and leadership.

The formation of these key principles has the main goal – to create a certain image of the organization, to describe what will contribute to its reputation.

The normative part (here the standards of behavior of different groups of employees, regulated norms of their communication and interaction) contains provisions that reflect the principles and rules of doing business in a particular organization, the responsibility of the administration for employees, regulate relations with the environment – customers, shareholders, partners, competitors.

If an organization enshrines its philosophy in the form of a code, then in order to put the declared principles into practice, it is necessary that:

- the leadership of the organization, its managers daily comply with them, showing a personal example;
- the implementation of the principles was closely connected with the motivation of employees, the system of material and moral encouragement;
- the chosen philosophy initially became a reality in the organization, and then it was transferred to the external environment;
- the philosophy was communicated to consumers with the slogan: «These are the principles by which we work for you, rate us on results».

Professional codes are derived from professional ethics and regulate relationships in professional communities and are effective for «liberal professions». Professional ethics is defined as a set of moral norms that serve as guidelines for behavior in a particular professional activity. Thus, professional codes are based on the same principles of ethics as corporate codes, but contain norms of behavior for a particular profession or type of activity. Codes regulate the behavior of professionals in difficult situations characteristic of a particular profession, raise the status of the community in society, build trust in representatives of the profession, and increase its importance.

One of the first professional codes was the Hippocratic Oath, the code of doctors. Nowadays, codes of professional ethics are developed by business associations, bankers' associations, advertising agency associations, and the like. For example, the Code of Ethics and Standards of Professional Practice was approved by the recently established Ukrainian Association of Management-Consultants. It provides that the members of the association undertake to maintain a high ethical and civic level of activity, to carry it out in such a way as to serve the public in accordance with existing professional standards of competence, objectivity and honesty.

The Third European Management Symposium, held in Davos in 1973, attempted to streamline ethical standards of management. A model code of ethics for managers was proposed. It stated that a manager's professional tasks were to serve customers, shareholders, employees and society, and to balance their often conflicting interests.

Many large firms and corporations in the West, adopting codes of ethics, employ psychologists and ethicists. This is now the norm rather than the exception. The experience of IDA, Germany and Japan in this area shows that the cost of moral and psychological support of personnel is not only objectively necessary, but also pays off. It is much cheaper for organizations to create normal conditions for their employees to work productively than to compensate them for the additional costs of training and retraining new people, or for the reimbursement of expenses due to conflicts and strikes.

Certain organizations in Ukraine also have some experience in organizing ethical-psychological support for employees. In some universities, for example, there are psychological services aimed at promoting the full personal and intellectual development of students, prevention and correction of deviations in it. The Kyiv Humanitarian Institute, for example, is carrying out a program of psychological support for the training of managers. Some enterprises in Ukraine have created ethics services, and some have protocol services that ensure the observance of etiquette in relations with foreigners, especially when establishing contacts and conducting official negotiations. However, this experience has been slow to be implemented so far. Most managers have not yet realized the need for moral and psychological support for people. Lack of

appropriate methodological developments, does not allow to solve this problem.

With the spread of international economic relations at the end of the last century, the problems of ethical regulation of business became international in nature. In this regard, the efforts of the UN, the Organization for Economic Cooperation and Development, and the International Chamber of Commerce have adopted international rules governing the behavior of business entities engaged in international business. Significant work in this direction is also carried out by the Council of Europe. The International Chamber of Commerce has adopted two consolidated documents, addressed to entrepreneurs, on the general rules of conduct of investors in a foreign country and in the fight against corruption.

The expansion of multinational companies (MNCs) was of particular importance in this matter. Because of their organizational structure, they cannot be regulated and subject to the law of a single state. This is why the question of creating and adopting a code of international conduct for them has been raised. The draft United Nations Code of Conduct for MNCs was adopted in 1980 and revised and supplemented in 1985 and 1988. Work on the Code continues to this day.

In order to regulate MNCs from an ethical perspective, the following issues were considered:

- ensure that multinationals respect the national sovereignty of the countries in which they operate and oblige them to comply with local laws, regulations and administrative rules;
- require MNCs to consider the goals, priorities, and policies of the countries in which they operate, and to respect local social and cultural principles and values;
- ensure MNCs respect human rights and general freedoms;
- prohibit MNCs from interfering in the domestic political process of sovereign states and interstate relations;
- protect MNCs from economic and political corruption.

Intergovernmental organizations and business associations of different countries attach great importance to the issue of ethical regulation of advertising, the establishment of norms and ethical standards, which should form the basis of national legislation on advertising. The International Chamber of Commerce has already developed an International Code of Advertising, which is followed by businesses in 17 countries. It contains ethical norms and standards for advertising, the main ones of which are as follows: advertising must be legal, decent, honest and truthful; it must comply with the principles of fair competition generally accepted in commercial activity; it must not abuse the trust of the public and consumers and must not mislead them.

Consequently, the development of partnerships and the growing dependence of business organizations on both national and international markets have stimulated the development of business ethics. Ethical requirements are

reflected in corporate and professional codes and become the core of the corporate culture of organizations. Various connections and relations are established between human beings and the environment in the process of their economic, entrepreneurial activities, and their social orientation makes life possible for humans as a natural and social being. But over the long period of human existence there has been such an intrusion into the natural supreme that it has become a threat to the existence of individual human communities of all mankind. It can be assumed that the problem of environmental protection is caused by human economic activity. These activities over many centuries, and especially in the twentieth century, have caused significant damage to the natural environment, destroying the ecological balance. Therefore, public information gradually began to assert the idea of the need for respect for the environment. Since the beginning of the twentieth century, urban communities have been trying to regulate the impact of businesses on the urban environment. But the imperfect legal framework and insufficient level of environmental awareness, one-sided orientation of economic entities to maximize profits – all this has led to predatory consumption of natural resources.

**Part 2. Environmental statement as a form of expression
of social responsibility; environmental component of social responsibility**

The activities of business entities must take into account the need to maintain the ecological balance in the territories where they are carried out.

Ecological equilibrium is a dynamic state of the natural environment, able to provide self-regulation and reproduction of all its components: atmospheric air, water resources, soil cover, flora and fauna. Despite the high margin of safety of ecosystems in many areas, they can no longer recycle the pollutants that are the product of economic success. In order to prevent the development of elements of ecological catastrophe, the efforts of the global community are needed, and an understanding of the responsibility of economic actors for the fate of future generations is necessary.

Therefore, in the second half of the nineteenth century, such a system of knowledge as ecology began to emerge. In the second half of the twentieth century, people realized that it was impossible to actively use nature without taking into account its laws, without predicting the possible degradation of the environment, which could threaten the very existence of the most densely populated nations. Awareness of this led to the search for new knowledge capable of forming a concept of interaction between man and nature.

The ecological direction of research has consistently revealed the principles on the basis of which man can realize his interests, form the material basis for the satisfaction of needs without harming the environment.

The term «ecology» comes from the Greek words «ecos» – home, dwelling and «logos» – science. The German scientist biologist E. Heckel applied it to refer to science of interaction between living organisms, including humans, and their environment.

The emergence of this science was due to the formation of a sense of danger in human consciousness from uncontrolled interference in the complex system of the environment. Human mastery of nuclear power, the latest technology, the development of nanotechnology, and bioengineering have required environmental science to answer a number of heretofore unknown problems. New productive forces made human economic activity more efficient, but at the same time they accelerated the destruction of the natural environment, which was part of man. And already in the thirties of the twentieth century a new direction of ecological science began to develop: social ecology.

It is worth paying attention to the fact that «social ecology,» based on a general idea of the world, combined with specific forms of life, takes into account the specifics of human life, which, as a biological being, has living conditions that differ from the lives of other living beings. The development of this direction of social science has given impetus to the study by other social sciences of the problems of interaction of economic activity with the environment. Such research has gradually formed the need to understand the necessary socio-economic mechanisms that could provide not only a balance between effective economic activity and the safe development of the natural environment, but also the consistent formation of a system of corporate social responsibility for the environment. And for social action to be successful, it must be based on a scientific understanding of the interaction of all elements of the environment.

In the second half of the twentieth century, the importance of such an approach increased significantly due to the emergence of powerful multinational companies in the global economy. MNCs, realizing their interests in many countries, had to take into account national environmental legislation, the civic position of various environmental stakeholders. Under the influence of the community, public speeches, and research on the threat of warming and the loss of the atmosphere, a powerful social movement for a cleaner environment has emerged around the world. In the documents of the United Nations and in the legal documents of individual countries it is possible to find definitions of ecology. Thus, the Introduction to the Stockholm Declaration (adopted at the 1972 UN Conference) states that «human beings are both the product and the creator of their environment, which gives them the physical basis for life and makes possible their intellectual, moral, social and spiritual development». Therefore, «two aspects are important for human well-being and the realization of basic human rights, including the right to life: the natural environment and the environment that man creates». In the process of economic activity the environment created by humans is multiplied and renewed. And this process of creation of new human environment is carried out through various forms of «consumption» of natural environment. The environment in which humans function, on the one hand, consists of a set of certain physical conditions, spiritual products of society.

In the process of improving the environment, humans have increased their consumption of natural resources. Despite the emergence of technologies that improve the consumption of natural raw materials, the human impact on the environment is worsening. This indicates that the efficiency of natural resource use is still low, and that the level of ecological culture of both producers and consumers is insufficient. Therefore, when introducing new technologies, manufacturers must implement new systems of protection against harmful emissions of their own production, and conduct educational activities. By mastering new knowledge about the impact of the environment on humans, the manufacturer will consciously assess the potential threats to the production processes in which he is involved. As a consumer, one will make consumer choices considering the environmental damage to oneself, to one's family, and thus indirectly reduce the level of production of potentially harmful commodity masses.

Some corporations voluntarily commit themselves to funding measures that will reduce the impact of their economic activities on the environment. The gradual transformation of science into a technology of direct activity leads to the creation of modern technological processes. Despite the achievements of science, modern technology still has a significant impact on the environment, i.e., the efficiency of environmental management is still quite low. And the more efficient (from an economic point of view) the innovations introduced, the better the environmental measures should be.

Today, civilization has created many new materials, new devices, machines, equipment, food, genetically modified organisms, nanotechnology, nanomaterials, etc. All of them are not always friendly to humans and the environment. But the situation is such that human beings have no right to make a mistake. Therefore, people in relation to the results of their activities should use a preventive precautionary approach. A peculiarity of the modern development of civilization is the global impact of humans on the environment. The constant growth of human material needs under the limited ability of the natural environment to meet them increases the contradictions between mankind and the environment. In the context of globalization, the contradictions in the system «man – society – environment» acquire a planetary character.

Understanding these contradictions makes it possible to scientifically justify the need for unified action on environmental protection. Therefore, an important step towards the formation of environmentally safe business activities in the context of globalization is the theoretical and methodological provisions of the science of «ecology». According to one of the founders of this direction, S. M. Zlupko, «ecology is the science of nature, or rather, the science of the organic development of man and the environment». Creatively developing Vernadsky's teachings, ecology provides an opportunity to study the entire diversity of interaction between man and nature, and, consequently, to form a scientific basis for measures that can unite the efforts of individual

countries to minimize the harmful effects of economic activity on the environment.

Ukraine, as a member of the international community, pursues an active policy of environmental protection. Its concern about further aggravation of environmental problems stems from the fact that, having received a powerful blow from the Chernobyl disaster, Ukraine has been forced for a long time to eliminate its consequences. In recent years, Ukrainian scientists initiated the adoption of the Ecological Constitution of the Earth. According to the director Y. Shemshuchenko of the V.M. Koretsky Institute of State and Law of the National Academy of Sciences of Ukraine, its adoption will provide a unique mechanism of international law to strengthen environmental security. The national legislation, in particular the Law of Ukraine «On Environmental Protection», should also be amended to meet modern environmental challenges. In Ukraine, it is necessary to create a system of normative acts that would regulate the problems of domestic waste disposal, form the legal protection of territories with unique natural conditions. Enterprises that voluntarily incur additional financial costs to protect the territories in which they operate should receive tax benefits.

Such steps in strengthening the legal regulation of environmental problems are due to the increased level of environmental risks from various types of economic activity in a certain territory. At the stage of design, enterprises should provide for environmental safety measures for the location, construction, and operation of industrial facilities. This approach makes it possible to further protect the environment with fewer environmental risks. In general, in order to meet the criteria of environmentally safe, socially responsible business, the activities of business entities need also to be based on the observance of moral and ethical principles, respect for human rights, and the rights of those citizens on the territory of which enterprises are located.

Social partnership between the administration (owners) employees of the enterprise and local authorities should focus not only on the preservation of the environment, but also on its expanded reproduction.

Throughout the history of economic activity there has been a process of uncontrolled consumption of natural resources. Economic actors often carry out their activities with a strong motivation to maximize their own profits. Disregarding the interests of society, individual self-governing communities, they did not ensure the recycling of production waste. This led to a decrease in the ecological capacity of certain territories. The aggravation of the contradictions between man and nature especially intensified in the second half of the XX century on the basis of the developed model of the consumer society. This model did not provide for limits to the reasonable growth of human material needs, nor did it take into account the ability of the natural environment to meet them. Uncontrolled growth of consumption had its consequences in the form of pollution. In Ukraine, the economic policies of the former Soviet Union led to the transformation of many areas into an ecological

disaster zone. The level of pollution in Donetsk, Zaporizhia, and Dnipro regions exceeds critical limits.

Pollution is a change in the quality of the environment that leads to the deterioration of human communities and the degradation of natural resources. The scientific literature distinguishes between natural and anthropogenic pollution. Natural pollution occurs as a result of various natural disasters – earthquakes, volcanic eruptions, forest fires, floods, etc. Anthropogenic pollution occurs as a result of economic and other human activities.

The development of advanced technologies increases the power of anthropogenic pollution. It should be borne in mind that anthropogenic pollution can provoke the activation of sources of natural pollution. The construction of large water reservoirs and underground nuclear explosions can cause earthquakes and other natural disasters. Human activities have increased atmospheric pollution by lead, sulfur dioxide, and nitrous oxide. There are strong causal links between anthropogenic pollution and increased natural pollution. Sulfur dioxide emissions from thermal power plants cause acid rain. Such rains cause significant damage to forested areas, which in mountainous areas, along with uncontrolled deforestation, leads to catastrophic floods.

The formation of global interactions has led to an increase in the scale of pollution.

In the context of localization of the scale of pollution the following types of pollution are distinguished:

- global (planetary) – this is pollution caused by the functioning of all economic entities of the planet, the growth of population consumption. This type of pollution is associated with the appearance of ozone holes in the atmosphere, with increased levels of radiation and various magnetic emissions, and with the development of the greenhouse effect caused by increased carbon dioxide emissions. The pollution of the world's oceans should be singled out separately, since it is the result of industrial activity and inefficient disposal of household waste;

- regional – such pollution refers to separate parts of continents, separate areas of the country, basins of particular rivers and seas. This type of pollution is the result of imperfections in technological processes or uncoordinated actions of individual countries adjacent to basins of large seas or seas;

- local – this type of pollution is a consequence of specific types of economic activity of local territories. Outwardly, this pollution is small in scale, but it is affected by other types of pollution and can cause significant environmental damage to individual settlements or parts of them.

Conclusions

Business entities are always tied to specific territories. Each individual type of mechanical, chemical, biological or physical pollution, assessed at the level

of a particular enterprise, may not cause significant damage to the environment. But their accumulation in landfills can cause a cumulative pollution effect. This can be seen in the example of landfills for the storage of industrial and domestic waste from regional centers in Ukraine. The landfills have become a source of infiltration. The decomposition of household waste leads to the formation of methane mixtures, which causes self-ignition of landfills, or their emissions – to increase the formation of ozone holes and the greenhouse effect. But from the point of view of an individual company, its waste is not environmentally harmful. Therefore, within the framework of socially responsible business, we must form a qualitatively new level of environmental risk assessment.

Socially responsible business of an individual enterprise in terms of the interests of the territory (community) requires the coordination of environmental protection measures of all business entities and the community. Assuming that manifestations of corporatism are components of the broader concept of «self-organization of the population,» a system of mutual social responsibility needs to be formed in certain territories. That is, just as producers reduce their harmful impact on the territory (through various types of pollution), so consumers will receive a better quality living environment. At the level of the territorial community, each person acts in two forms – as a producer and as a consumer. The duality of this position should have a single vector of human safety. Awareness of oneself as a potential consumer should convince the manufacturer of the need to reduce the level of harmful effects of production on the environment.

Municipal corporatism operates within certain territorial boundaries, so it builds on state environmental standards for environmentally safe economic activities on its territory. Local self-government has its own economic base and means to implement environmentally oriented activities.

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