

ANALYSIS OF SOCIAL RESPONSIBILITY OF UKRAINIAN LARGE ENTERPRISES



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**JEL Classification: M 14
SECTION "Social Responsibility".**

Abstract. The article is devoted to analysis of features of social responsibility of large enterprises of Ukraine. The theoretical principles of management of social responsibility of large enterprises are researched. The method of analysis of social responsibility of the largest enterprises of Ukraine according to the rating of "200 largest companies of Ukraine in 2016" is proposed. The indicator for assessing the level of social responsibility of enterprises is developed. This indicator takes into account a number of factors in groups of transparency, systemicity and completeness. The comparison of the results with the Transparency Index of the analyzed enterprises is carried out. The lack of a system policy and strategy of social responsibility of the largest enterprises of Ukraine is proved. Recommendations for improving the social responsibility of large enterprises have been formed.

Keywords: *social responsibility, management of social responsibility, large enterprises, sustainable development, methods of assessment of social responsibility.*

Introduction

Social responsibility is a global trend, which is gradually joined by Ukrainian enterprises.

The general thesis is that social responsibility is inherent primarily to large enterprises, which is due to the presence of significant financial, material and labor resources, some of which can be allocated to solving the problems of social responsibility. In addition, large enterprises mainly have their own brand, image, that is, intangible assets, the value of which depends on the prospect of attracting investment and expanding the circle of loyal consumers of products.

The social responsibility of large enterprises was investigated by Brych V. Ya., Vinnichuk Yu., Halchak Kh.R., Haslenko K.S., Holovnov S., Kornieva I.O., Moshek H. Ye., Pilhui S.S., Pokanevych Yu. V., Sardak S.E., Seliverstova L. S., Smachylo I. I., Stoika V. O. та ін.

The practice of social responsibility of large enterprises requires in-depth study in connection with the new economic conditions and methodological principles that have developed in this area.

Therefore, the purpose of the article is to analyze the practice and level of social responsibility of large enterprises of Ukraine.

Research results

So far, in the process of development, there is an understanding of the notion of corporate social responsibility. The urgency of the issue of social responsibility is confirmed by the numerous attempts of domestic enterprises to adapt foreign practices to domestic realities. H. R. Galchak observes that today the notion of socially responsible business is distributed and they seek to integrate into all business activity above all all

large domestic enterprises, banks, corporations [1, C. 143].

L.S. Seliverstova observes that, as a rule, corporate social responsibility is confirmed only by the "minimum set" - timely paid taxes, regular payment of dividends, provision of a social package and individual charitable actions and shares. But in order to meet the high demands of the society, it is necessary to deliberately build a comprehensive corporate social responsibility policy [2, C. 310].

Social responsibility in connection with its importance in the long-term dimension relates to the sphere of strategic management of enterprises. According to Stoyka V.O., in today's economic conditions, social responsibility of business is an integral part of its corporate strategy. From the standpoint of jurisprudence, the implementation of the principle of social responsibility is related to the public-law regulation of funds of funds of commercial organizations, that is, the legal regulation of relations in relation to the distribution of profits should ensure the use of part of the profit of commercial organizations in order to implement the social function and partial funding of programs for solving social problems of society [3, C. 79].

V. Ya. Brich notes that the major subjects of the introduction of social responsibility are large enterprises. On the majority of domestic enterprises, the owners and managers underestimate the role of social responsibility in gaining competitive advantages, and the introduction of social responsibility in the practice of management occurs only in relation to compliance with mandatory (legally defined) norms [4, C. 37]. I. O. Korneva similarly observes that in the conditions of globalization of the modern market, more and more large enterprises of developed countries pay attention to the issues of socially oriented business. However, Ukrainian enterprises do not yet have a clear understanding of the importance of implementing such activities and are not well informed about the benefits that can be derived from its use.[5, C. 618]. S.E. Sardak and K.S. Gaslenko emphasizes that in Ukraine, even at the level of large corporations, the internal CSR is in a state of transformational conceptual development and needs further development, implementation and improvement. At the same time, the highest level of internal social responsibility of Ukrainian enterprises is observed among large companies, because they are under the watchful eye of the media and stakeholders [6, C. 346].

Regarding the importance of charity in the social responsibility of large enterprises, S. S. Pilhui observes that most major domestic companies regard their charity as part of their corporate social responsibility strategy; By linking it with its own mission, strategy and key competencies, companies integrate corporate philanthropy into general business development strategies that span a wide

range of company tasks and responsibilities. The most relevant areas, according to the scholar, are social protection, education, sports and leisure [7, C. 6–7].

In order to analyze the practices of social responsibility of large enterprises, let us outline the range of research objects.

Given the specifics of social responsibility management, financial results. According to the rating of «200 largest companies of Ukraine in 2016» [8], up to 5 most profitable enterprises in 2016 include NJSC «Naftogaz of Ukraine», PJSC «Southern GOK», PJSC «Naftogazvydobuvannya», PJSC «Zaporizhzhya Metcode Zaporizhstal», State Enterprise «Administration of Seaports of Ukraine». On the other hand, the top 10 companies in terms of revenues include NJSC «Naftogaz Ukrainy», SE «Energorynok», PJSC «Ukrgezvydobuvannya», PJSC «Arcelor Mittal Kryviy Rih», «ATB-Market» LLC. To create a comparison base, we will reject NJSC Naftogaz Ukrainy and add a list of objects of PJSC «Northern GOK» in terms of profit and LLC «Kernel-trade» in terms of income, respectively, we will form groups of enterprises of leaders A (for profit) and B (for revenue).

On the basis of theoretical studies, we consider two hypotheses:

1. If social responsibility depends on the size of profits, Group A enterprises should have a higher level of social responsibility.
2. If the level of social responsibility depends on the size of income, a higher level of social responsibility will be observed in enterprises of group B.

To assess the level of corporate social responsibility, we will use a methodology that covers a range of binary indicators x_n (which can take values of 0 or 1), united in theoretical groups (Fig. 1).

I. Transparency: x_1 – availability of a report on social responsibility in the free access to the Internet; x_2 – availability of social responsibility information on the website; x_3 contact details for more information on social responsibility.

II. System and completeness: x_4 – compliance of the report with one of the international standards of non-financial reporting; x_5 – comparison of results with previous reporting periods; x_6 – compliance of the system of social responsibility management with the Principles of the UN Global Compact.

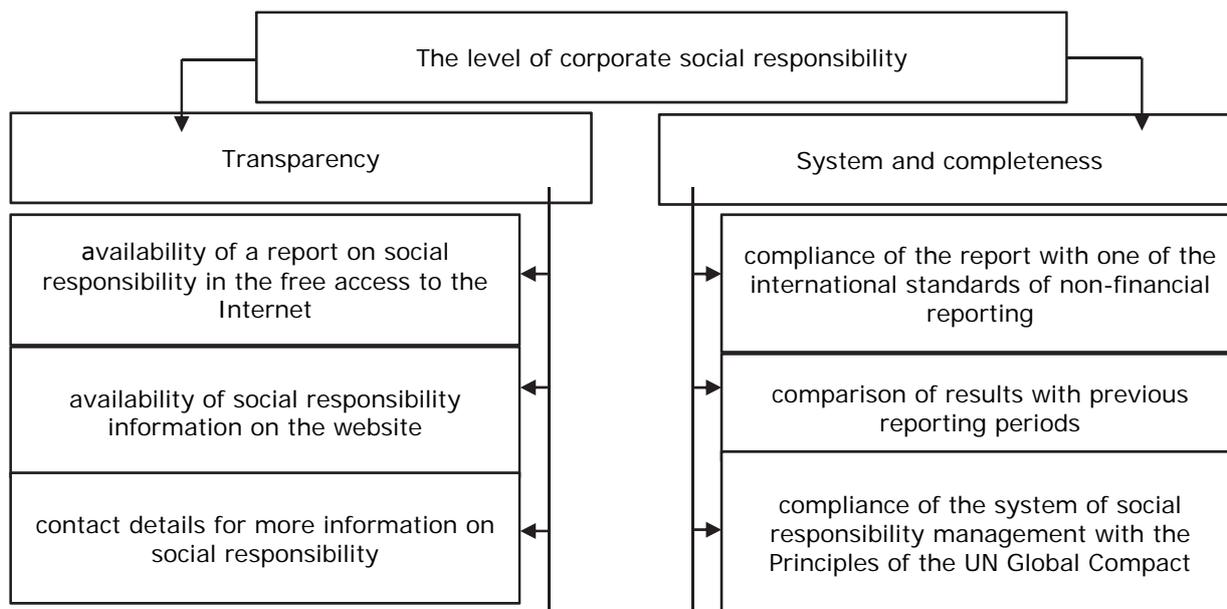


Fig. 1. The structure of elements of the indicator of the level of social responsibility of the enterprise.

Own development of the author.

Therefore, we propose to evaluate the level of social responsibility according to the formula:

$$SR = \sum_{i=1}^n x_i$$

Symbols: SR – the level of social responsibility, x_i – indicators of social responsibility under the above list.

According to the results of the study, the following table was formed (Table 1).

Table 1

Results of the survey of the level of social responsibility of the leading enterprises of Ukraine

Name of Company	Revenue, billion UAH	Profit, mln. UAH	SR
group A			
PJSC «Southern GOK»	14,61	5903,59	0
PJSC «Naftogazvydobuvannya»	9,20	5412,15	3
PJSC «Zaporizhzhya Metcode Zaporizhstal»	33,16	4690,08	3
SE «Administration of Seaports of Ukraine»	7,30	3854,37	0
PJSC «Northern GOK»	15,11	3613,10	3
group B			
SE «Energorynok»	131,02	1283,49	0
PJSC «Arcelor Mittal Kryviy Rih»	52,96	2704,12	6
LLC «ATB-Market»	48,38	1605,43	3
LLC «Kernel-trade»	42,61	185,33	3
LLC «Tedis Ukraine»	42,42	-1224,42	1

Formed by the author on the results of the study of official web pages of enterprises.

The conducted research gives grounds to consider both hypotheses as unproved. Only one B group company - PJSC "Arcelor Mittal Kryviy Rih" posted on the website not only generalized information on the principles and principles of social responsibility, projects being implemented, but also a report on social

responsibility prepared according to GRI standards [9]. Note that this company is the leader in the transparency rating, compiled by the Center for CSR Development. Transparency indices calculated by the CSR Development Center clarify the results of the analysis (Figure 2).

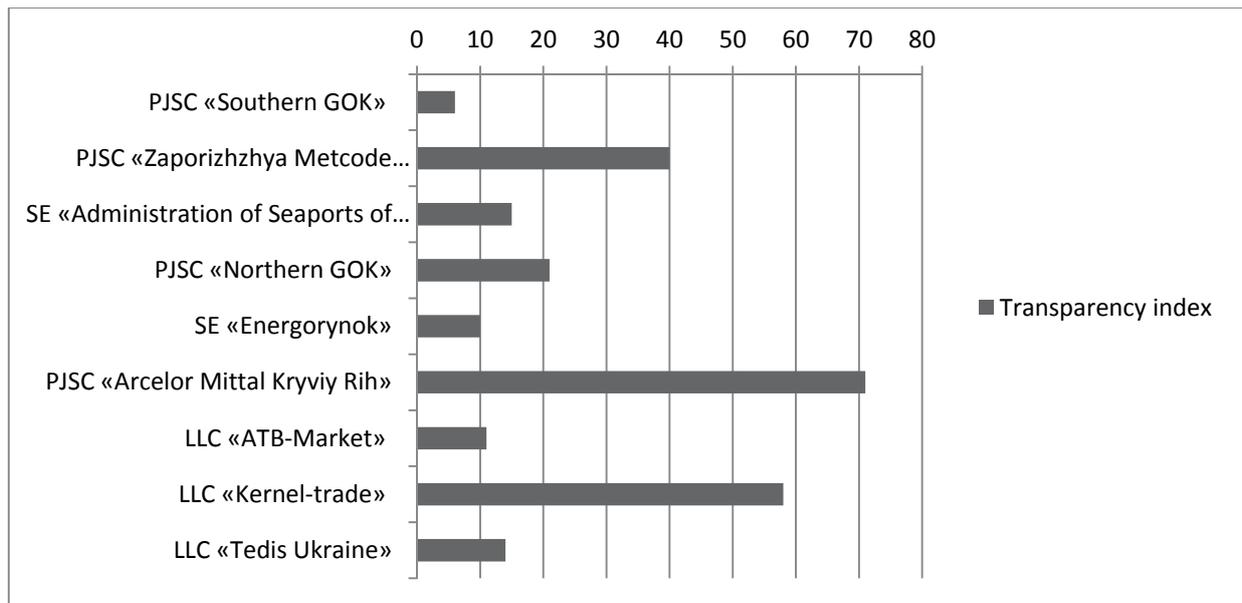


Рис. 2. Transparency index of the analyzed enterprises (2017).
Formed by the author for the results [10].

The assessment of the level of social responsibility of other enterprises, therefore, is possible only on the basis of data mostly declarative in nature or in the form of

informational messages, indicating that there is no systemic strategy of social responsibility.

Among the non-financial reports that are easy to find on the Internet, note the following (Table 2).

Table 2.

Available non-financial reports of large enterprises

No. in the ranking of the Top 200 (2016)	Name of Company	Report title	Reporting period	Report standard
6	DTEK Trading Ltd	Integrated report 2017. Financial and non-financial results.	2017	GRI, UN GC
10	SE «NNEGC «Energoatom»	Nonfinancial report	2016	GRI
24	Metinvest Holding Ltd.	More than steel. Social report	2015-2016	GRI
51	Agroindustrial holding "MHP"	Innovations for Sustainable Development. Nonfinancial report	2017	GRI
88	SE «NEC «Ukrenergo»	The results of the first reforms. Nonfinancial report	2017	GRI
141	LLC «Astelit» (LLC «lifecell»)	Digital Humanity Technologies. Social report	2017	GRI, UN GC
146	IE «Coca-Cola Beverages Ukraine Limited»	Social responsibility report	2015-2017	Voluntary

Formed by the author on the results of his own research

Thus, the most popular non-financial reporting standard can be considered GRI. Within the framework of the arbitrary form of reporting, the United Nations Sustainable

Development Goals as a structure-building factor are most often taken into account.

It should be noted that non-financial reports available in the open access do not

give grounds for a clear characterization of the system of social responsibility management. Moshek G.Ye. and Pokanevuch Yu.V. under the management system of an enterprise offer to understand an organized set of interconnected elements of control and control subsystems, which includes managers at all levels of the enterprise. The direct and feedback between the elements of the control and control subsystems is carried out with the help of information [11, C. 2]. The analyzed reports confirm the lack of a unified strategic approach to managing social responsibility. Instead, the results presented in the reports are the result of the introduction of certain quality management systems (we would note that the SA8000 and ISO26000 standards are

not mentioned in the analyzed reports), environmental management and management of resources, as well as project management in terms of charitable, sponsor and patronage of enterprises.

In this context, we will agree with V. Ya. Brych, who proposes to set up a social responsibility management department at large enterprises, as well as social program and project implementation groups, social reporting development. According to the scientist, it is expedient to include representatives of the departments of the company in their profile, which will facilitate the involvement of employees in the process of social responsibility management at the enterprise. [5, C. 37].

Conclusion

According to the results of the study, a new indicator for assessing the level of social responsibility was proposed and a number of the largest enterprises of Ukraine were investigated. It has been established that, with some exceptions, information on social responsibility of large enterprises is poorly structured and non-transparent, which does not provide sufficient grounds for determining the extent of the relationship between the level of social responsibility of enterprises and the size of their income or profit.

Taking into account the results of the study, we can recommend to large enterprises that systematically work to ensure a high level of social responsibility to take into account the need for a wider coverage of this work, the dissemination of information to a wider audience. It is also worth considering the provisions of the SA8000 and ISO26000 standards that provide better opportunities for structuring social responsibility work, developing a system of social responsibility management, more specific and systematic coverage of the results of enterprises in this area.

A promising direction for further research is the justification of structural models of social responsibility management of large enterprises.

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