

## SOCIAL RESPONSIBILITY AS A FACTOR OF SUSTAINABLE DEVELOPMENT OF ENTERPRISE

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In a global economy, increasingly organizations take obligations to facilitate, demonstrate and promote social responsibility. Long-term sustainability demands that organizations rethink their business goals and objectives from solely focusing on making a profit to corporate citizenship.

One of the challenges in considering reason "pro" and "contra" social responsibility is the wide variety of definitions that people use. We assume here we are talking about responsibility in how the company carries out its main function.

In the modern conditions, many owners begin to understand all advantages of social responsible behavior. The main reasons for this:

- it is in their interest don't pollute more, lower risk of prosecutions and fines and don't attract the attention of environmental pressure groups;
- they cannot afford to lose some of their talented people - serving or potential. Moreover, they cannot afford employment tribunals occur because of their poor employment practices;
- they need to watch closely changing values in a customer base towards socially responsible goods and services. They cannot keep making things just the way they do before;
- they cannot ignore the fact that the local communities around their plants are poor living environments with low education achievement, meaning that their best staff won't want to live in them and their future staff will need supplementary training in basic skills which they should be getting at school.

If social responsibility is seen as a process by which the business manages its relationships with a variety of influential stakeholders who can have a real influence on its license to operate, the business case becomes immediately apparent. Social responsibility is about building relationships with customers, about attracting and retaining talented staff, about managing risk, and about assuring reputation.

The market capitalization of a company often far exceeds the tangible assets value of the company. For instance, as much as 96% of Coca Cola is made up of "intangibles" - a major part of which rests on the reputation of the company. Only a short-sighted person would run risks with a company's reputation when it is so large a part of it value.

You can consider that of all the institutions, which are currently getting more powerful in the world, they are essentially the global players - the multinational corporations and the non-governmental organizations. The institutions, which are decreasing in power and influence, are those tied to the jurisdiction of the nation state - governments primarily. It is tempting therefore, to look towards the multinationals to take a lead in creating solutions for global problems where the governments seem incapable of achieving co-operative solutions.

Either the solutions to these common problems will be common solutions or they won't be solutions. Business has to recognize social responsibility as a business framework that enables the common solution of wealth creation as if people and the environment mattered.

In the short-term, shareholder interests are best served when profits are maximized. Business success is evaluated on the basis of financial measures of profit, such as return on investment, assets, sales, and equity. This view has been enshrined in the public mindset and in almost all corporate documentation.

Nevertheless, there is also an ethical argument that says that firms are morally obliged to give back to the societies in which they exist. This responsibility arises for at least two reasons. First, firms are obliged to make a payment in kind for using society's infrastructure, land, air, water, plants, and animals to generate profit. Second, they have a duty to reimburse society for the negative externalities their activities generate (e.g. noise, smell, congestion, toxic emissions, etc.).

Corporations have been given the rights of an individual, and they have commensurate responsibilities. Just as it is a moral duty for individuals to contribute to the community in which they live, corporations are also obliged to contribute to their community through volunteering, charitable donations, sponsoring community and cultural events, and so forth.

There does not say about a tradeoff between economics and ethics. The arguments have been unnecessarily polarized. There is a compelling business case for firms to operate in the space where activities are both financially profitable, and socially and environmentally responsible. In this middle position, firms reduce costs, mitigate risks, protect their reputations, stimulate innovation, and find new, sustainable sources of economic well-being.

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