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CORPORATE SOCIAL RESPONSIBILITY IN THE CONTEXT OF ECONOMIC CRISIS: WORLD AND UKRAINE

A term of Corporate Social Responsibility (CSR) “born” in the middle 50s by A. Keroll is now under heated discussions especially during the period of global economic crisis, when we lack money and are forced to economize our costs. According to the vision of Philip Kotler, “Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and corporate resources”. In other words CSR aimed at ensuring responsibilities for the impact on the different areas such as: environment, consumers, employees, communities, shareholders, members of public sphere; and at the same time getting profit as the reward for it. The background of this corporate model is triple bottom line or 3BL, which stands for: people, planet, profit. This concept implies that a company can become successful only via keeping in mind these 3 stones, what even proves the wrong treatment of CSR as the charity.

There are numerous examples of successful companies, which have been showing a master-class of getting benefits from CSR. Otherwise, it wouldn't have been one of the basic issues of UN Global Compact and UN Millennium Development Goals (which lots of countries including Ukraine have already singed in). And really it goes without saying that such classical schemes of enriching from CSR as company's image and reputation, customers' reliability, governmental loyalty whatever do work on practice. No doubt we can follow these ideas trough different classic resources and persuade ourselves in benefits from the ideal model of corporate governance. But there is another side of a coin, which is well seen especially in the context of crisis, the side, which goes along with the problems while implementing social activities and is aggravated by the consequences of crisis.

The key idea is that during the crisis the CSR budgets will be among the first to be trimmed. On the one hand it's against the Friedman's will about not stopping the CSR support. However, in the context of current global financial situation companies can't spend extra-money, because they are barely breaking-even. This decrease leads to the freezing of the projects and corporate programs, what negatively influences the reputation and consumers' loyalty. We've come up with another question whether company thinks about short-term period of time (which is not typical for the companies with strategic planning) or long-term one. We think that crisis is a good indicator to see.

Another point is money laundry, which is of the highest importance here in Ukraine. Due to the lack of reporting system in the sphere of CSR, money aimed at social goals, can be used “privately and corporately” enough.

So as we might mention the CSR performance in the context of crisis doesn't look picturesque. But evident enough that we can't stop CSR funding even in crisis, cause people are not very much keen on breathing dirty air, drinking technical water, buying low-quality goods etc. That's why there are alternative ways of CSR implementation, which can be fruitful even in crisis.

The main aspect here is to economize, thus investments into such CSR projects as energy saving programs, recycling, web 2,0 and social media for PR, youth projects etc. can really matter. Another important direction is to continue CSR in the area of quality not to loose the market share among the target audience.

To sum it all up, corporate social responsibility is a powerful instrument of doing business, which should be kept in mind even during the crisis.