SOCIAL RESPONSIBILITY OF RUSSIAN BUSINESS: THEORETICAL VISION AND PRACTICAL IMPLEMENTATION

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Abstract
The article presents the characteristic essence of the notion "social responsibility of business" and summarizes approaches to its content. The experience of the formation of the given concept in the Russian Federation is indicated. Corporate responsibility is shown to be one of the conditions of territorial development.

Key words: social policy, regional development, sustainable development of the territories, business structures, public-private partnership

INTRODUCTION

National and regional economy development is mostly defined by patterns of worldwide globalizing processes which involve the increase of uncertainty and instability of development, serve as a destabilizing factor. At the same time socio-economic development of the territories mostly depends on management organization, appropriate timing and sufficiency of forms and methods of management, active participation of economic activity entities in these processes [6]. Thus the task of studying theoretical foundations and providing practical references for expanding social responsibility of business becomes relevant.

Corporate social responsibility should be viewed as one of the company operation mechanisms, which effective activity increases the stability not only of the economic entity, but also of the regional economic system as a whole. The growth of sustainability of regional development is due to stable budget revenue, betterment of the ecological environment and natural resources conservation, as well as enhancement of the level and quality of life.

THEORETICAL ASPECTS OF SOCIAL RESPONSIBILITY OF BUSINESS

Foreign researchers’ fundamental works on the problems of socially responsible businesses are mainly economically orientated. For example, the World Business Council for Sustainable Development (Switzerland) supposes that socially responsible business is committed to operate in compliance with ethical norms, and to contribute to economic development by improving the quality of life for employees, their families and local population and society as a whole [5]. The international company «PricewaterhouseCoopers» notes the following: "Corporate social responsibility is linked to the concept of sustainable development, companies are to integrate economic, social and environmental characteristics in their activity; corporate social responsibility is not a random addition to the core company business, it is a method that companies use in management"[6].

Comparison of different points of view leads to four possible approaches to the understanding of social responsibility of business: liberal, traditional, social, strategic (integrated). Their characteristics are presented in the Table 1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Supporters</th>
<th>Essence of corporate social responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberal</td>
<td>T. Levitt (1958) M. Friedman (1970)</td>
<td>Denial of its economic benefit; compliance with legal obligations and business customs, rules and traditions; low support for social projects</td>
</tr>
<tr>
<td>Traditional</td>
<td>Representatives of business environment</td>
<td>Non-system support for social projects through sponsorship and charity as a tribute to the market trends; social costs are equal to losses</td>
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</table>
Social responsibility issue is becoming more relevant for Russian business as enterprises are not only the basis of economic relations; they affect social processes that take place in today's society. Business increasingly involves in the society life beyond its professional activities.

The study of theoretical foundations of the notion "social responsibility of business" results in dividing two approaches: narrow and broad. *Within the narrow approach* "social responsibility" refers to a technology of management of social and labor relations at the company, aimed at creating favorable conditions for attracting investment and increasing labor motivation. *The broad approach* to the interpretation of "social responsibility of business" involves not only the care about company employees but also the implementation of social programs at the territorial or state level that is business contribution to the economic, environmental and social spheres, including that beyond legal obligations [4].

### RUSSIAN EXPERIENCE OF SOCIAL RESPONSIBILITY OF BUSINESS

In contrast to a number of European countries corporate responsibility in Russia is voluntary. The main Russian documents stipulating and regulating enterprises' social behavior is the Social Charter of Russian Business, developed by the Russian Union of Industrialists and Entrepreneurs (RSPP) in 2004 [3]. Besides the Code of Business Ethics "12 principles of doing business in Russia", adopted by the Chamber of Commerce and Industry of the Russian Federation, as well as the Memorandum on the principles of corporate social responsibility, approved by the Russian Managers Association, have become widespread.

The Social Charter of Russian Business is a set of fundamental principles of responsible business practice which defines the relationship among an employer, an employee, civil society institutions, authorities and a local community. It marks the principles related to ecological security. The Social Charter corresponds to the international documents and is approved by business organizations on the basis of the United Nations' positive feedback on its compliance with the UN Global Compact.

To promote the ideas of the Social Charter of Russian Business, the Russian Union of Industrialists and Entrepreneurs has issued the guidance "Basic performance indicators" related to the practice of management and corporate non-financial reporting. The document stipulates indicators and their corresponding activities of economic, social and environmental effectiveness of the enterprise. In this case, the basic information on corporate social responsibility is presented in a generalized and consistent form. It is disclosed in the non-financial report that includes, along with economic results, non-financial indicators of companies’ intangible assets efficiency.

The Russian Union of Industrialists and Entrepreneurs has established a bank of corporate practice which reflects the social orientation of the companies operating in the Russian Federation. It focuses on summarizing collective experience of the responsible business structures practice, based on the principles of the Social Charter of Russian Business [2].

The study shows that Russian companies pay most attention to social policy for employees: training and education, incentives, health protection, working conditions, voluntary medical insurance, corporate pension funds, etc. They participate in the territories development through investment programs of technical modernization, environmental programs, charity and sponsorship.

It should be emphasized that companies’ contribution to the socio-economic development of the territories remains extremely low. Consequently business and government are to intensify their collaboration. Combining interests and resources contributes to development of a coherent strategy to address social problems, involvement of experts in the field of regional governance and socio-economic development. It facilitates introduction of innovative approaches in the development and implementation of projects and programs.

An important method of social responsibility of business is a program-target one. The development programs are a large-scale multicomponent project aimed at solving strategic tasks of socio-economic development of the region. It is carried out by stakeholders: regional and municipal governments, companies, federal agencies, federal development institutions, international financial institutions, Figure 1.
The multi-component principle is applicable in the implementation of the sustainable development concept, carried out by the Russian Federation and internationally accepted in the planning of territorial development, elaboration of territorial development strategies and large-scale projects. It (the principle) gives business entities an opportunity to participate in the planning and implementation of not only economic objectives, but also social and environmental ones.

CONCLUSIONS

So, achievement of sustainable area development goals, successful economy and social sphere modernization assumes forming effective mechanisms of interaction among society, business and government to coordinate the efforts of all parties, ensuring that the interests of business and various social groups are taken into consideration while developing and implementing socio-economic policy.

Encouragement of business community to address socio-economic development of the regions is the task of the state and local governments.

To expand public-private partnership is possible by creating favourable conditions for business development. As practice shows it is promoted by:

- formation of a necessary social and engineering infrastructure;
- financial assistance (tax incentives, projects financing, assistance in obtaining funds, such as mortgages, loans, acting as their guarantor, etc.);
- provision of advice, such as legal support of enterprises’ establishment and functioning;
- attraction of investments to the territory, assistance in finding markets, establishing production and technological relations, support for technological modernization, new products development and researches realization;
- provision of services carried out by public institutions (such as professional training);
- development of cooperation and integration to overcome the sparseness of

Figure 1: Components of a development project: stakeholders and forms of their participation
small farms and improve their effectiveness;

- establishment of a database of reliable information about the region, the municipality in order to attract commercial sector organizations, investors who are working or want to develop their business in the area [6].

The development of public-private partnership can be the basis for raising social responsibility of business and, consequently, for increasing the efficiency of resources exploitation and solving problems of socio-economic development of the territories [8].

Bibliography


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