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**SOCIAL
RESPONSIBILITY OF
BUSINESS IN THE
CONTEXT OF
STRUCTURAL
TRANSFORMATIONS
OF SOCIO-ECONOMIC
AND ENVIRONMENTAL
SYSTEMS**

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Abstract

The social responsibility of business is substantiated as a defining feature of the sustainable development of socio-economic and ecological systems. The need for changes in the strategy of companies' activities and the mandatory condition for taking into account the principles of social responsibility for business are established. Types of social responsibility of business are identified and their characteristics are presented. Forms of environmental responsibility and measures for its implementation are proposed. Conclusions are drawn regarding the implementation of social responsibility at domestic enterprises and the advantages for the development of socio-economic systems are argued.

Keywords: *social responsibility, business, structural transformations, socio-economic systems, ecological systems.*

Introduction

A defining feature of the sustainable dynamics of development of socio-economic and ecological systems is the socially responsible activities of business and the state. In the conditions of modern transformations, socio-economic processes are unstable, and various types of risks are growing and intensifying.

The balance of social processes can be achieved by harmonizing the interests of economic entities and society, preventing the

accumulation of socio-economic and environmental deformations. In this aspect, the problem of social responsibility of economic entities through the formation of a favorable business environment becomes of particular importance.

The experience of international companies shows that the implementation of social responsibility contributes to ensuring competitive advantages in the market. Those enterprises that care not only about financial profits, but also about society and the environment, act in accordance with the declared mission, have a better business reputation and public trust. The implementation of measures to form a socially responsible business by domestic enterprises is an extremely urgent task for entering international markets.

To ensure long-term effects, companies need to implement the concept of social responsibility in their development strategies. The introduction of regular reporting on sustainable development in terms of ESG indicators will positively affect the business reputation of domestic enterprises and increase their competitiveness in the international market. Social responsibility of business contributes to the formation of a positive image, gaining trust and increasing the competitiveness of enterprises.

Materials and Methods

The study used the information search method – to obtain source data on the analyzed problem from literary sources and Internet sources; methods of logical analysis and classification – to determine the types and characteristics of social and environmental responsibility of business; systems analysis – to analyze the relationship between the constituent elements of environmental responsibility of business; abstract-logical method – to substantiate the purpose and objectives of the study, and formulate conclusions.

Literature Review

(O. E. Kuzmin, N. S. Stanasyuk, O. Z. Ugolkova, 2021) analyze approaches to defining the concept of “social responsibility”, explore its types and manifestations. It is proposed to divide the factors that influence the formation and development of a company’s social responsibility into two groups: action factors and support factors. A variant of the process of financial and economic support for social

responsibility is proposed.

The work (T. G. Bondaruk, I. S. Bondaruk, 2020) deepens the theoretical foundations of the formation of the economic nature of the organizational and economic mechanism of business social responsibility. The organizational and economic mechanism of business social responsibility should be aimed at organizing the interaction of business entities and the state for the development of social responsibility on the basis of state regulatory acts and at the initiative of business structures through the formation of partnership relations between the state, business, and society.

The study (I. V. Stankevych, O. V. Malovannyi, Malovannyi, G. O. Malovannyi, 2024) is devoted to the issues of the influence of business social responsibility on management efficiency. In particular, the authors systematized the factors of formation and influence of the information communications system within the framework of business social responsibility. The process of building and forming both institutions and the business environment in the context of constant social interaction of different groups of society is substantiated.

(G. Y. Luchko, 2024) devoted her work to the analysis of the development of social responsibility in Ukraine, the study of the sustainability of Ukrainian business in wartime and the main areas of activity of companies in the field of social responsibility. The article analyzes the level of development of social responsibility in Ukraine in comparison with neighboring countries.

In the work (L. S. Zakharkina, V. M. Novikov (2021) the essential characteristics of the social responsibility of business as a factor in increasing its attractiveness and trust from society are determined, an analysis of the foreign experience of EU countries in the development of ethical business principles of behavior of economic relations subjects and tools for their systematic observance is carried out.

(D. S. Bukreeva, K. V. Denysenko 2022) consider current issues in the field of social responsibility of business as a factor in ensuring business activity and its development in Ukraine in modern realities. Using a comparative method based on the analysis of statistical information to assess the application of European practice to Ukrainian business and standards approved by the program

documents of the European Union, the level of social responsibility of Ukrainian enterprises was investigated and ways to increase their business activity were identified. Measures were proposed to implement the European model of social responsibility in accordance with the values and characteristics of Ukrainian society.

(Zvarych R., Gomotyuk V., Rivilis I., Deyneka Y., 2022) analyzed the evolution of the theory of business social responsibility, identified approaches to the formation of business social responsibility, assessed business development in crisis conditions, identified macroeconomic problems and obstacles to international corporate governance, and proposed measures for the systemic improvement of the social responsibility of business entities. Despite the large number of developments in the field of business social responsibility, there are many issues that require further research in the context of structural transformations of socio-economic and environmental systems.

Results and Discussions

Modern trends in the development of public consciousness require corresponding changes in the strategies of companies, which has made it mandatory to take into account the principles of social responsibility for business. Modern consumers are increasingly aware of such acute social issues as income inequality, disparities in health care, unfair labor practices and gender inequality. Therefore, without reducing the priority of profit goals, domestic enterprises should balance this goal with other priorities, such as social responsibility initiatives.

International standards of social responsibility unify approaches to assessing the social responsibility of business at the national and international levels. However, they are developed by international organizations, which does not provide for their consolidation at the legislative level of a particular state. The adoption of the provisions of these standards is a voluntary initiative. There are certain difficulties in implementing the provisions of international standards of social responsibility of business by enterprises of Ukraine.

The provisions of international social responsibility standards at the national level should be reflected in the adoption of regulatory and legal acts, according to which each enterprise will form its own

approaches to business social responsibility. The development of its own internal, regulatory documents is a necessary condition for adapting the provisions of international social responsibility standards.

The principles of social responsibility are supported by the Global Organization for Standardization. The standard “ISO 26000. Guidance on social responsibility” helps companies understand how they can implement effective social responsibility practices, contributing to sustainable development (ISO 26000, 2011, Social responsibility). Certain aspects of social responsibility focused on investors are reflected in the Principles for Responsible Investment (PRI), which are aimed at analyzing the investment implications of environmental, social and governance (ESG) factors, as well as supporting an international network of investor signatories to consider ESG factors in investment decision-making and asset management processes (M. L. Varlamova, L. G. Sarkisyan, 2024).

Business social responsibility covers such main areas as: respect for human rights, business and corporate ethics, environmental protection, cooperation with stakeholders, compliance with international norms of conduct, transparency and accountability.

Types of business social responsibility and their characteristics are presented in Table 1.16.

Table 1.16

Types of business social responsibility

Type of social responsibility	Characteristic
Ethical responsibility	Caring for employee well-being, ensuring fair labor practices for staff (receiving fair wages and comprehensive benefits, creating a favorable working environment, etc.) and suppliers
Philanthropic responsibility	Fulfilling charitable responsibilities at the national and international levels. Donating to worthy causes, including human rights, national disaster relief, and clean water and education programs in underdeveloped countries.
Economic responsibility	Ensuring profit while benefiting the community and society, making financial decisions that prioritize good
Environmental responsibility	Responsibility for your impact on the environment in various forms

Each of the above types of social responsibility can take different forms. For example, ethical labor practices for suppliers means that companies will ensure that they use products certified as meeting fair trade standards.

Ensuring fair labor practices for workers means eliminating discrimination based on gender, race, or religion, ensuring equal pay for equal work, and providing a higher living wage.

Philanthropic responsibility means helping the poor, donating to charities, investing in education, healthcare, developing various industries, etc.

Economic responsibility maintains a balance between business, ecology, and charity. It manifests itself in cooperation with suppliers who use environmentally friendly materials, or in the case when the company has a fair wage policy.

For companies that follow the principles of social responsibility, it is important to consider the principles of environmentally friendly production. We are talking about environmental responsibility obligations, when a business takes responsibility for its impact on the environment. Depending on the size and industry of the business, environmental responsibility can take different forms (Table 1.17).

Thus, in Ukraine, the CO₂ emission tax is a component of the environmental tax. There is also a problem with waste disposal in the country. In many cities, the amount of waste exceeds the capacity of landfills. This leads to illegal dumping of waste into nature, which has a negative impact on the environment. Ukraine has legislation regulating waste disposal. However, one of the main problems in Ukraine is the underdeveloped infrastructure for waste disposal. The lack of investment and technological equipment complicates the implementation of modern disposal methods.

In Ukraine, programs to improve waste disposal are gradually developing. For example, some cities are introducing waste sorting at the population level and developing recycling systems, educational activities are being conducted to raise public awareness of the waste problem.

Today, companies need to focus on two main environmental areas: limiting pollution and reducing greenhouse gas emissions. In this context, companies are obliged to adhere to environmental responsibility in order to preserve life.

Table 1.17

Forms of environmental responsibility

Forms of environmental responsibility	Implementation measures
Reducing emissions into the atmosphere	<ol style="list-style-type: none"> 1. Energy conservation and development of alternative energy sources. 2. Introduction of technical means of accounting for the consumption of fuel and energy resources, including gas meters, cold and hot water meters. 3. Replacement of existing lamps with energy-saving ones. 4. Increase in durable green spaces. 5. Establishment of a tax on CO₂ emissions since 2011 in Ukraine.
Implementation of energy-saving technologies	<ol style="list-style-type: none"> 1. Energy-saving policy in the state, which provides for the creation of separate structural divisions of self-government bodies to avoid shortcomings that exist in the field of energy-saving management. 2. Formation of institutional foundations for involving the largest municipal and large enterprises of regions (especially environmentally hazardous ones), scientific and commercial financial institutions in the implementation of energy-saving projects. 3. Implementation of a cogeneration plant. 4. Selection of energy-saving technologies. 5. Improvement of equipment, increasing the continuity of the technological process, which creates conditions not only for saving fuel and energy resources, but also for the production of higher quality products. 6. Increasing technogenic safety.
Waste utilization and recycling programs	<ol style="list-style-type: none"> 1. Use of modern waste processing technologies (incineration at landfills, plasma processing, pyrolysis at low temperatures, aerobic composting method). 2. Operation of equipment that has environmentally safe technological features of the process. 3. Development of programs for the disposal of used containers and packaging. 4. Attracting investments for the development of infrastructure and disposal technologies.

	<p>5. Increasing information work and educational campaigns to raise public awareness of the importance of separate waste collection.</p> <p>6. Improving control and implementation of legislation on waste disposal.</p>
Measures to protect water, forest, land and other natural resources	<p>1. State control over the use and protection of lands of all categories and forms of ownership.</p> <p>2. Economic stimulation of the implementation of measures to protect and use natural resources and increase soil fertility.</p> <p>3. Improvement of the system of financing and development of forestry and water management.</p> <p>4. Develop and implement comprehensive measures to develop forestry, increase the ecological and economic potential of forests, as well as the protection, preservation and reproduction of forest plantations.</p> <p>5. Ensure the reform of the system of state supervision in the field of environmental protection.</p>

Source: compiled by the authors

The main elements of environmental responsibility are: the introduction of a corporate environmental policy, which involves compliance with environmental legislation, an open environmental policy, a system of environmental principles and standards; an environmental audit, which helps to determine the priority areas of the organization's environmental policy; involving employees in environmental initiatives; environmental friendliness of suppliers, which involves the use of environmentally safe raw materials and materials manufactured using environmentally friendly technologies; production of environmentally friendly goods (Ladunka & Symonenko, 2017).

An important legislative initiative to stimulate corporate social responsibility was the “Directive on Non-Financial Reporting”, according to which large companies must report on the management of social and environmental challenges. It should be noted that there are no standardized rules and requirements in the field of non-financial reporting, and such reports cannot be compared between companies. This led to the adoption of the Sustainability Reporting Directive (CSRD) and the introduction of the European

Sustainability Reporting Standards – a set of 12 standards (EU Corporate Sustainability Reporting Directive (CSRD). How the new Directive is transforming the ESG reporting landscape and how businesses can meet the new requirements, 2023).

The CSRD Directive covers a broader range of topics than previous approaches to sustainability reporting. It addresses social aspects such as the treatment of employees within the organization, the principles of inclusion, equality and fairness, and value chain management. Social responsibility reporting is an important tool for monitoring, stimulating the achievement of sustainable development goals, and improving interaction between business, governments, and the public.

Conclusions

In Ukraine, social responsibility is beginning to take shape. Given Ukraine's involvement in globalization and international integration processes, it is necessary to intensify the implementation of its principles in the development of socio-economic and environmental systems in order to create a positive image of domestic enterprises in international markets.

It has been proven that the economic basis of the mechanism for regulating business social responsibility is state regulation, joint regulation and self-regulation of business social responsibility.

The implementation of the principles of social responsibility requires additional costs for business. At the same time, the focus on social responsibility improves the results of activity, is an important condition for the functioning of modern enterprises. The activities of enterprises in the direction of social responsibility will contribute to the stable development of modern socio-economic and environmental systems, the implementation of the concept of sustainable development. This will allow balancing economic, social and environmental development directions and achieving their organic combination in the activities of the enterprise.

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