

ENTREPRENEURSHIP DEVELOPMENT MODEL UNDER CONDITIONS OF BUSINESS SOCIAL RESPONSIBILITY

Svitlana Breus, Kyiv National University of Technologies and Design
Dmytro Solokha, Donetsk state University of management
Oksana Bieliakova, Azov Maritime Institute of the National University
"Odessa Maritime Academy"

Zhanna Derii, Chernihiv National University of Technology, Ukraine
Maryna Dielini, National University of Life and Environmental Sciences of
Ukraine

ABSTRACT

The retrospective analysis of the international experience in implementing models of socially responsible business and entrepreneurship has allowed to trace the sequence of views on the nature, role, importance of this institute in developing the national concept of business social responsibility. The analysis of the theoretical points of the draft concept of strategic development of business social responsibility and international experience in the implementation of national models allowed formulating conceptual foundations of the model of entrepreneurship social responsibility. The development and supplementation of the basic principles of the draft concept should be seen as the stages of further theoretical understanding and broadening of the narrow disciplinary framework of the concept of "social responsibility of entrepreneurship". Entrepreneurship social responsibility management is seen as a system of measures to regulate the interactions between the subjects and objects of social responsibility taking into account the levels of responsibility and management. That is, the subjects are distinguished by the levels of management, size of economic entities and types of social behavior, and the objects – by the levels of responsibility.

Keywords: Socially Responsible Business, Management, Social Behavior, National Model, Strategic Development.

JEL Classifications: M5, Q2.

INTRODUCTION

The role and importance of entrepreneurship is growing in the world, which is an important factor of transformational changes in the economy of a country. External threats to economic security - global crises and hybrid wars, combined with internal conflicts and contradictions caused by limited reforms and uneven social responsibility between participants in socio-economic relations - give rise to peculiarities of the environment of business entities. In such circumstances, the importance of state regulation of social responsibility of entrepreneurship as a guarantee of sustainable development of the economy of a country is actualized.

Following the path of institutionalization and implementation of corporate social responsibility practices, a national model of social responsibility of entrepreneurship should be formed, which involves the use of formal and informal institutions of responsibility.

At the same time there is a high degree of differentiation of the levels of social responsibility to the state and the personnel and their influence on the level of shadowing of the economy depending on the size of business entities.

Socio-economic development strategies at the state and regional level do not envisage measures to use socially responsible activities of all forms of entrepreneurship: large, medium, small, and micro. Thus, the formation of the national model of entrepreneurship social responsibility requires the introduction of mechanisms of state regulation into economic practice according to the levels of management (macro, meso, micro) and levels of responsibility to the state, personnel, and society.

The purpose of the study is to substantiate theoretical and methodological foundations and applied propositions for managing the social responsibility of entrepreneurship in a transformational economy.

REVIEW OF PREVIOUS STUDIES

The development of business, the expansion of existing ones and the creation of new corporations in the form of joint stock companies have led to the emergence of such a term as corporate social responsibility. One of the definitions of corporate social responsibility is known as a conceptual approach, or style of corporate management, and when you are following it the effectiveness and quality of management decisions is reflected not only in the economic effects, but also responsibility for the consequences of the decisions made to all parties involved in the process of activity (Johnstone-Louis, 2017).

The initiative “*Business for Social Responsibility*” interprets this category as achieving business success while respecting the ethical standards of civil society and the environment (London, 2018). Here it is important to recognize the consistency of efforts in the area of social responsibility and the achievement of business success, i.e., the economic interests of owners and managers. At the same time, this definition does not identify specific subjects which interests need consideration.

There are no absolute standards of entrepreneurship social responsibility, they change with each stage of economic and social development or scientific and technological progress, cultural characteristics, specifics of historical development, etc. (Singh, et al., 2017); Kwilinski. (2018).

Modern economic science studies entrepreneurship as a type of activity based on such features (Drobyazko, et al., (2019a); Drobyazko et al. (2019b); freedom to choose terms and methods of activity, autonomy in decision making; constant presence of risk factor; focus on achieving commercial success; innovative nature of activity.

Modern entrepreneurship is not only a particular type of activity, but also a certain style and type of economic behavior that are inherent in it (Miragaia, et al., (2017)): initiative and search for unconventional business solutions; willingness to be at risk; flexibility and constant self-renewal; commitment and perseverance in business activities; applying the principles of the Global Compact and more.

From the above, the following important conclusion emerges regarding the importance of entrepreneurship for the economic development and economic security of the state (Hilorme, et al. (2019a); Hilorme, et al. (2019b)): entrepreneurship should always be accompanied by scientific and technical, organizational and commercial, economic creative activity, new

approaches to solving economic problems; it gives rise to a particular, anti-bureaucratic style of economic behavior, the foundation of which is, on the one hand, the constant search for new opportunities and resources, and on the other, the personal responsibility for the consequences of its activities.

In this study, social responsibility of entrepreneurship is considered as a joint consolidated responsibility for the activities of business entities at the macro, meso and micro levels in order to realize economic, social and environmental effects. Social responsibility of entrepreneurship as a consolidated set of decisions and actions in the activity of business structures at different levels of responsibility also provides for the identification and classification of types of social responsibility as objects of management.

Noting the value of the results of studies of the mentioned scientists and modern scientific developments for the theory and practice of social responsibility of entrepreneurship, it should be noted that some aspects of this problem remain insufficiently studied, but extremely relevant. The presence of different views on the essence, content and specificity of social responsibility of entrepreneurship and the variety of methodological approaches to defining the concept of responsibility, its structure, types and forms necessitated the comparison, ordering and generalization of scientific work on this problem.

METHODOLOGY

Theoretical and methodological basis of the work are the fundamental propositions of economic theory, the theory of institutionalism, the theory of intellectual and social capital, the theory of incrementalism, the work of scientists in the field of public administration of the processes of social responsibility of entrepreneurship.

To achieve the goal, we used general scientific and special methods of study of the environment of entrepreneurship: systematization and generalization for the theoretical part of the study of peculiarities of formation of the national model of social responsibility of entrepreneurship; inductions and deductions for revealing the main factors of formation of the state of the environment of operation of business structures; systematic methodology for the study of socio-economic processes; rapid analysis and comparison to determine the level of social responsibility of business entities; grouping, logical and strategic analysis to substantiate the basics of the concept of social responsibility of entrepreneurship; institutional analysis of the social responsibility of the operation of entrepreneurship; system and structural analysis to substantiate the management mechanism of social responsibility of entrepreneurship.

The theoretical and informational basis of the study is: concepts and models of social responsibility of developed countries, materials of international and national non-governmental organizations, statistics of international rating organizations, works of scientists on the issue of social responsibility of entrepreneurship, specialized periodicals, analytical reports, online resources, as well as materials obtained from studies conducted by the author.

RESULTS AND DISCUSSIONS

The emergence and widespread adoption in the XX century of the idea of corporate social responsibility (CSR) was caused not only and not so much by moral and ethical factors but by the development of productive forces and social relations, the transformation of human and intellectual capital into the determining factor of production, the increase of quality of life requirements. All these factors determine the specifics of the formation of the national model of

social responsibility.

According to the American model, corporate social responsibility is based on the maximum freedom of the subjects and is focused on philanthropic activity. The solving of many social problems (vocational education, personnel insurance) in the USA is implemented by numerous well-developed mechanisms of business participation in social support of society through corporate funds and programs of personnel volunteering. Socially responsible activities, charity and social entrepreneurship are stimulated by certain tax benefits that are set for enterprises employing persons with disabilities, pensioners, youth and veterans.

So, there are three types of tax benefits in the United States of America: annual lending to small businesses employing persons with disabilities; businesses can count on discounts when equipping workplaces for persons with disabilities; tax credit for employers who employ certain groups of population, i.e., young people, persons with disabilities, pensioners, veterans.

Therefore, it can be stated that the American model of corporate social responsibility is implemented mainly through: charitable contributions, which, through the support of numerous mechanisms of corporate funds, are used for the social needs of society, as well as the implementation of volunteer and social programs; the use of various benefits for the organization of social entrepreneurship.

The European model of corporate social responsibility implies that business views the state as an institution that complies with the rules of behavior adopted in society and is focused on three areas of social technology implementation: economy, employment and environmental protection. Accordingly, social responsibility of business extends to working conditions, wages, quality of goods/works/services, environmental protection, employment in a specific region, regulated by the standards and regulations of the respective countries.

The Japanese model of social responsibility formation provides housing for professionals, stimulates family dynasties, pays for education, etc.

Through the reorganization of the management structure, social responsibility departments are distinguished, which inform the public about social programs and activities, publish reports and assume responsibility for communication with stakeholders, analysis of the external component of social responsibility.

Thus, there are several models of state regulation of CSR in the world practice. American and European models are the main of them. The American model is characterized by a small degree of intervention of governmental structures in the social activities of business. Some important issues are still not regulated by the state (bilateral employment contracts, voluntary health insurance, etc.).

However, at the legislative level tax and other incentives are set up for enterprises that help solve social issues, which are important for the state. The comparison of foreign models of CSR by different criteria are presented in Table 1.

Furthermore, the system of mechanisms for business participation in the social life of society through various corporate funds of insurance, pension and sponsorship is very developed in the USA.

A greater degree of legal regulation of relations in the power-business-society triangle is characteristic of the European model. Specifically, in many EU countries, the standards for enterprise environmental activities, pension regulation, mandatory health insurance for employees, etc. are set at the legislative level.

Comparison criterion	American model	European model	Japanese model
Formation specifics	Tends to philanthropy, unrelated to the state	Business related and formalized as a strategy	Focused on the cultural traditions of a country
Field of application	Tax benefits and financing through non-profit organizations	Financing employment and environment	Relationships with stakeholders
Goals	Company reputation	Doing more than set	Implementation of tasks and goals within the institute of "life-long employment"
Type of responsibility	Individual	Collective joint	Collective

In contrast to the American model, within which the priorities of CSR are responsibility to shareholders and stability of profits, in the European model they also include environmental issues and responsibility to the areas of company activity.

The main criterion for identifying the concepts of corporate social responsibility is the level of establishment of institutional bases and principles of corporate social responsibility - macro and micro levels. On the basis of this criterion, two forms of corporate social responsibility are distinguished: open, according to which business independently determines the level of its own responsibility to the society and the size of its contribution to social development, and internal (hidden), according to which socially responsible norms of doing business are set at the macro level by the corresponding institutions.

Thus, the application of the principles of corporate social responsibility is based on the principle of dividing enterprises into those that voluntarily solve pressing social problems and those who are forced to carry out such a policy in accordance with state requirements. Therefore, there are open and closed (hidden) forms of CSR.

In addition to the basic concepts, there are a number of others that are a synthesis of the characteristics of open and hidden forms of corporate social responsibility in certain proportions. For instance, the British model of social policy in the business environment includes elements of the American and European models, but allows the participation of various social institutions and organizations (media, state, civil society, etc.) in the process of harmonizing public interests, as well as promoting and encouraging better social practices.

The Scandinavian concept of corporate social responsibility is distinguished, firstly, by the established system of state support for charity and social investment, and secondly, by the volume of social services provided by the state for all economic entities. So, in the Scandinavian countries, the state plays a much larger role than the market or public institutions. The study of the modern world concepts of corporate social responsibility is important in terms of identifying their best features and disadvantages (Shows in Table 2).

Thus, the theoretical and methodological basis of the concept of social responsibility of entrepreneurship at the macro level were the achievements of economic and social thought of the XX century, such as models of social rule of law state and social market economy, theory of human capital, theory of social capital, the concept of social partnership, decent work, human and sustainable development. Gaining widespread use, the principles of corporate social responsibility have been recognized as the basis for implementing standards for the effective

management of these processes.

National model	Main characteristics	Main problematic characteristics
American model	High flexibility of management systems; goals of the activity for increasing the profitability and value of a company; innovative nature and sufficient riskiness of projects; positive feedback from stakeholders; protection of the rights of small shareholders.	Existence of a conflict of interest between the owners and the top management; high level of capitalization and virtualization of capital, which increases financial risks.
European model	Stability of both internal and external factors for an enterprise; involvement of partners for joint financing of social projects; rating of enterprises by the level of implementation of social projects; arbitrary information disclosure rules.	Moving businesses to other areas to avoid high levels of taxation; efforts of enterprises to reduce their level of participation in socially significant projects.
Asian model	Commitment to long-term development; effective control over managers; stability of internal and external factors; stable partnerships.	Lack of transparency of activity information; low level of protection of the rights of small shareholders; insufficient attention to profit preservation issues.

The basic concept of social responsibility contains theoretical foundations, defines the moral principles of socially responsible interaction of business with society. Social responsibility is seen as a certain type of social liabilities (voluntary and mandatory) to employees, partners, the state, civil society institutions and society at large integrated into the enterprise management system.

RECOMMENDATIONS

The detailed study of the international experience in the implementation of social responsibility models suggests that, taking into account the principles of the Global Compact, Corporate Responsibility Codes, international standards, specific recommendations and historical experience of other countries, corporate social responsibility has some specificity in different countries. The overview of the national features of entrepreneurship socialization makes it possible to make the following recommendations.

Corporate social responsibility arises as an objective need not only of society, but also of corporate enterprises seeking to find their place in a competitive environment, interested in cooperation of national and foreign partners, highly qualified specialists.

Social monitoring allows determining the level of social responsibility by management levels, levels of responsibility and size of enterprises. It is established that in Ukraine, under the conditions of transformation economy, the highest level of implemented social responsibility is demonstrated by medium and small enterprises.

Corporate social responsibility practices are not implemented unless they are recommended by international standards, legislation or any public bodies, and, on the one hand,

their effectiveness is the higher the more specific is the orientation and the more visual is the social result, and on the other—the established legal norms and legal responsibility of social relations.

The need of society in various forms of corporate social responsibility is influenced by the national mentality, the modern stage of development of the processes of socialization, corruption and shadow activity.

The disparity of data sources for social monitoring requires the creation of a single focal point for the collection, processing and public disclosure of data on corporate social responsibility.

CONCLUSIONS

Social responsibility as a component of business social resources is able to influence the growth of both internal and external resources of business entities. Internal resources include the use of the intellectual and social capital of the enterprise, organizational culture, social dialogue, appropriate level of trust and positive motivation of employees, improvement of the moral climate in the team. External social resources of the company are associated with new scales and new quality of business ethics, corporate reputation, stakeholder trust.

One of the newest trends in the development of the theory of corporate social responsibility is the emergence of the phenomenon of consolidated (joint) social responsibility of business. Consolidated (joint) social responsibility implies equal responsibility of all social partners and overcoming the dominance of individual and collective selfishness. Thus, effective interaction of social partners helps to create favorable conditions for sustainable development of business structures and to achieve sustainable social dynamics of regional development to ensure in practice joint social responsibility, which in a generalized form is appropriate to be interpreted as consolidated.

The conducted analysis of the use of foreign models of corporate social responsibility makes it possible to make the following generalizations: there has been observed the emergence of a new categorical apparatus, the filling of basic concepts with new content, the expansion of theoretical boundaries of research; the diversity of approaches is determined both by the complexity of the concept of the CSR and by the specific environment of its operation and the solution of problems of sustainable development; the formation of a new systematic paradigm of research, which components are both "*Principles-processes-results*" and the interests and values of managers taking into account the consolidated responsibility of participants of social processes.

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