

# СЕКЦІЯ 1. РОЗВИТОК ФІРМ В КОНТЕКСТІ СТРАТЕГІЧНИХ ЗМІН

**Brin Pavlo**

*PhD., Professor of Management & Taxation Department,  
National Technical University “Kharkov Polytechnic Institute”*

**Nehme Mohamad**

*Ph.D. student of Management & Taxation Department,  
National Technical University “Kharkov Polytechnic Institute”*

## ORGANIZATIONAL-ECONOMIC MECHANISM OF INTRODUCING CORPORATE SOCIAL RESPONSIBILITY APPROACH IN A COMPANY

Corporate Social Responsibility (CSR) is no longer a secondary endeavor sought by organizations seeks for an international certificate and good image reputation. CSR has become a mirror that reflects the gradual development of human behavior toward social and ecological envisage. Theoretically, CSR theories and models provide a holistic view of its vitality in strengthen competitiveness and satisfying stakeholders’ interests. Practically, implementing CSR in a company an organization requires a holistic economic mechanism. There is a crucial need to enhance taking decision-making toward implementing CSR, and a vital need to design a business process model for implementing CSR gradually.

CSR theories and models represent an organizational mechanism that regulates working conditions, quality control processes, social interests, and environmental concerns adopted by a firm. It has been proved through previous studies and publications that the Carroll hierarchal CSR model is a conceptual model that clarifies and integrates various definitional strands that appeared in CSR literature [1]. The Stakeholder CSR theory has been emerged by Edward Freeman, who stressed the efficient and effective benefits of balancing the interest of different groups of stakeholders to maintain economic and social sustainability [2]. Donna Wood has also developed institutional, organizational, and individual principles to develop the corporate Social Performance model [3]. Founded by John Elingktone, the Tribble Bottom Line model “TBL” has evolved the concept of CSR into an advanced eco-efficiency and sustainable management tool [4]. Each CSR model has its special characteristics and challenges. Nowadays leading companies focus on identifying and regulating the business process in order to measure and monitor processes performance and implement tools that improve the whole system [5].

The purpose of these papers is to stress out that selecting the most appropriate theory must rely on a clear rationale and analytical approach. While implementing a CSR approach, must be based on a business process model that clarifies the roles of every stakeholder in a coherent manner.

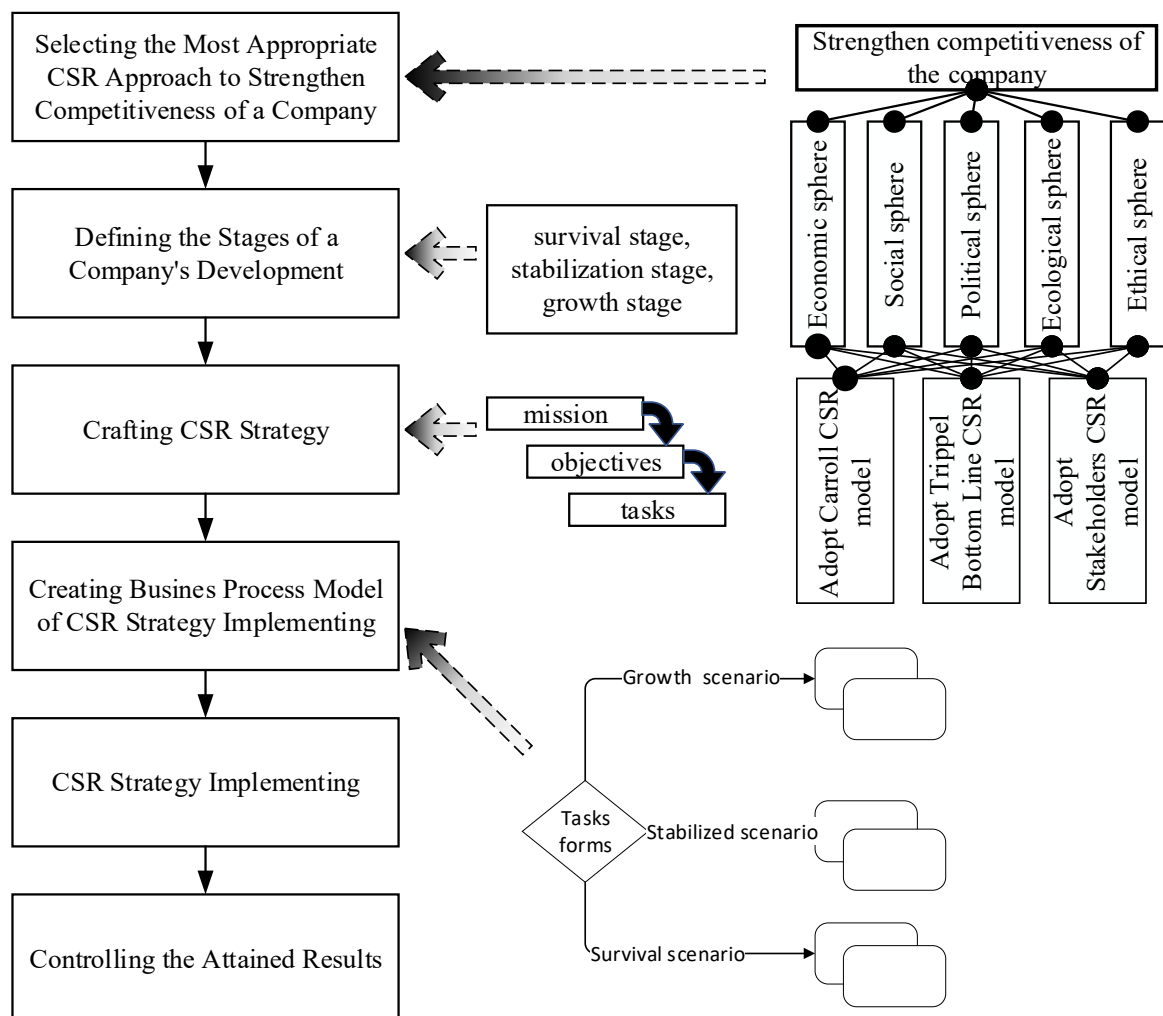
Adopting the most appropriate CSR approach in a company require a deep perception of the ability of a company, for its economic status, and for its strategical goals. Forming a specialize committee or specialized department in a firm that takes decision toward choosing an appropriate CSR model is sufficient to solve this dilemma [6]. In order to dissolve the multi-criteria of CSR theories and models, the specialized committee or the CSR department could use the Analytical Hierarchy Approach (AHP) technique. The AHP is a mathematical technique designed in a hierarchal form to decompose the multi-criteria into a decision goal, decision criteria's and alternatives [7]. As shown in figure 1, an AHP model has been presented to give an example for choosing between three alternative CSR models "Carroll model, TBL model Stakeholder model". Each model has different integration with CSR criteria and spheres "economic, social, political, ecological and ethical". AHP represents a suitable technique to be followed by the CSR department. Through mathematical metrics and data analysis figured out in the AHP, the CSR department could choose the most adequate CSR approach to strengthen company competitiveness. It has been proved through previous studies which follow AHP technique, that the TBL approach represent an appropriate decision to adopt CSR since it integrates sustainably social and environmental factors alongside with financial factors [8].

A consolidated CSR guideline has been designed through these papers. Such a guideline conjoins various organizational mechanisms recommended by the International Certifiable Management Standards "ICMS". After the CSR department selects the most appropriate CSR approach, it has to determine the stage of company development. In other words, the CSR department has to analyze the capabilities of their company to decide whether the company is in the survival stage, stabilized stage, or growing stage. Crafting CSR strategy comes in the third phase, where the Board of directors in coordination with the CSR department craft mission, objectives, and tasks determined for all organizational department and disclosed officially to key stakeholders [9].

If a company is categorized in the survival development stage, then the task form allocated for various department are limited into economic, social, ethical and ecological goals due to limited capabilities of the company. Such a scenario is limited with the basic focus area of CSR since the company is trying to compete and meet with the basic codes, standards, and conditions of ICMS.

However, if a company is in categorized in stabilized development stage; the CSR department will choose the survival scenario, and issue five main

focal orders to the various department: economic, ethical, social, ecological, and adding to them the political tasks. Through the survival situation, the scenario will support the existing state of a company's development over a period of time as long as possible. Adopting such a scenario will allow the company to develop its quality and services, to compliance with ICMS, and to strengthen competitiveness and reputation over other competitors. If the company is in a growth economic situation; the CSR department will choose the growth scenario, and issue six main focal orders to the various department: economic, ethical, social, ecological, political, and philanthropic. through this stage, the scenario will use the maximum opportunities of the external and internal environment to strengthen development and competitiveness. Adopting such a scenario will motivate all departments to share in operational and non-operational tasks (as philanthropic and charitable activities) to gain a good and responsible image toward social and ecological perspectives and to maintain high competitiveness power in the market. Shareholders and stakeholders at this stage operate beyond ICMS goals to target sustainable responsible and development goals.



**Figure 1. Steps of crafting and implementing CSR strategy**

The control stage is the last stage but not the final stage, since the CSR approach is a strategical approach, where it has to renovate and develop itself according to the company capabilities and according to new social and ecological development goals. In other words, CSR is not a limited project where a company has to deliver its goals in a certain period of time, rather it is a sustainable approach that increases competitiveness and maintains growth and development to overcome any future resistance and challenges.

The consolidated CSR guideline aims to provide a holistic organizational business model view to implement the appropriate CSR approach. Adopting a CSR approach does not require additional financial resources, it just requires understanding for the organization's capabilities and additional effort by various stakeholders to ensure the thriving of current and future generations. Implementing CSR strategy has to be a harmonious manner between all departments of a company. It is essential to maintain a direct connection and regular meeting between various employees and managers to ingratiate CSR sustainable goals efficiently. The endeavor of these papers is to compromise various aspects of ICMS standards and CSR approaches in an integrated CSR implementation framework.

### References:

1. Carroll A. (1979). A three-Dimensional conceptual model of corporate performance. *The Academy of Management Review*, 4 (4), 497–505. Doi: 10.2307/257850
2. Freeman R. (2010). *Strategic management: A stakeholder approach*. New York: Cambridge University Press.
3. Wood D. (1991). Corporate social performance revisited. *Academy of Management Review*, 16 (4), 691–718. Doi: <https://doi.org/10.5465/amr.1991.4279616>
4. Elinkgtone J. (1998). Partnerships from cannibals with forks: the triple bottom line of 21st-century business. *Environmental Quality Management*, 8 (1), 37–51. Doi: <https://doi.org/10.1002/tqem.3310080106>
5. Brin P., Prokhorenko O., Nehme M., Trabulsi H. (2020). Strategic contribution of a business process to company's performance. *Journal of Information Technology Management*, 12 (3), 82–99. Doi: 10.22059/jitm.2020.76296
6. Brin P. & Nehme M. (2019). Corporate social responsibility: analysis of theories and models. *EUREKA: Social and Humanities*, 5 (23), 17–22. Doi: <http://dx.doi.org/10.21303/2504-5571.2019.001007>
7. Saaty T. (2004). Decision making: the Analytic Hierarchy and Network Processes (AHP/ANP). *Journal of Systems Science and Systems Engineering*, 13, 1–35. Doi: <https://doi.org/10.1007/s11518-006-0151-5>
8. Brin P., Nehme M., Polančič G. (2020). Corporate social responsibility as an instrument of increasing of a country's competitiveness. *Torun International Studies*, 1 (13), 131–150. Doi: <http://dx.doi.org/10.12775/TIS.2020.010>
9. Brin P. & Nehme M. (2018). Corporate and governmental social responsibility: possible approaches to unemployment reduction. *Бізнес-навігатор*, 2 (2), 71–75.