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# I. ФУНКЦІОНУВАННЯ ЕКОНОМІЧНОЇ СИСТЕМИ

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## THE COMPANY'S SOCIAL RESPONSIBILITY INCREASE BY IMPLEMENTING ISO 26000:2010

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At present «corporations ceased to be simply some legal tools through which business transactions, individual deals are being done. Despite of the fact that exaggerated efforts are dedicated to this view; the corporation has acquired a greater and more extended significance. The corporation has actually become both a method of exerting the property and a means of organizing the economic life. Reaching some unprecedented proportions, it can be said that a corporation system has emerged and evolved, which has attracted a mixture of attributions and powers, reaching some very prominent level, that justify it to be regarded as an important social institution» [1, p. 18].

When establishing the firm's mission, the managers must take into account the increasing requirements in what concerns assuming an active role in the society, an action which bears the name of «organizational social responsibility». This problem becomes even more urgent and complex as companies cross the national borders.

Literally by responsibility we are to understand «the obligation to comply, to report, to manifest a conscious attitude towards social responsibilities». From this point of view a formal definition of social responsibility provides the following «the manager's obligation to choose and apply those actions which contribute to the individual's

wellbeing in consensus with the interest of the society and organization that he leads».

The concern with the social responsibility of the firm dates back from the XIXth century, thus in 1889 A. Carnegie published the work «The Gospel of Wealth», where he promoted ideas that money gained from business, must return to the society through some charity and civic actions. But gradually these concerns take some different forms of approach, so that at present specialty literature present to us the responsibility from the economic and social point of view. In what concerns the economic aspect there are two approaches:

**Classical approach** – according to this point, firms perform in order to bring benefits to the proprietors or so as to reduce transaction costs. Milton Friedman argued that the main responsibility of the managers is to handle the business in such a way as to maximize the proprietors' benefit, respectively the shareholders one; and these ones in their turn, have only one concern: financial results. From the author's view, any «social good» paid for by the firm undermines the market mechanism, «social goods» would be paid for either by shareholders (which diminishes the profit), or by employees (which reduces the salaries), or by customers (by rising costs). In the latter case,

sales might decrease and the firm might have difficulties [2].

**The socio-economic approach** – argues that «maximizing the profit is a firm's second priority; the first one being ensuring its survival». Arguments:

- commercial societies are legal entities, registered in a given country and they must conform to the laws of the country in which they operate; thus they are not responsible only towards the shareholders;
- time horizon of a firm's existence is a large one, thus it must pursue long-term economic results and with this view it would accept some social commitments (such as not to pollute, not to discriminate etc.) and the related costs;
- the practice shows that firms are not some pure economic institutions, but they are also involved in politics, in sports (sponsorship), support national or local authorities etc.

From this point of view it is the businessman's duty, in his capacity of citizen, to obtain a reasonable profit. Whereas «the business reason is, certainly, to make available goods of a high quality and at reasonable prices with the aim to fulfill the customers' needs. This point of view is representative of our modern aim in what concerns the firm's responsibility.

Therefore, the social responsibility of organizations «...to support the popular belief that there aren't any zones of but business completely private – which is to mean that there aren't any matters placed beyond public examination [...]. Nevertheless, when a business gets closer to the governmental sphere, it will reflect to a greater degree the political process. Hence the conflicts resulted in most of the cases from the utilization of mass-media information by officials and the reverse.» [3, p. 13].

In former-soviet states the concept of social responsibility is still in an incipient stage of development. While multinational companies started to gradually develop an own culture of social responsibility, the concept of CSR (Corporate Social Responsibility) is little known in the sphere of Small and Middle Businesses, from this arial, while, in many cases, public authorities from central, local and regional level are not sufficiently involved in activities to promote the CSR concept

to the benefit of communities. Thus, the involvement in social responsibility campaigns is still very weak at this level, but in the context of globalization and European integration, companies and organizations must adopt a responsible social attitude in order to resist on the market.

The International Organization of Standardization came to support the enterprises on this issue, by elaborating and publishing ISO 26000 standards, on 1 November 2009, that represents a guide of good practices to which all organizations that have social responsibility programmers would voluntarily adhere. These ISO concerns could be noticed since 1997–1998, when during almost a year projects have been debated by the council of experts, where for the first time the SA8000:1998 standard appeared which included practices regarding engagements with a social responsibility.

SA 8000 is a management standard with social implications which targets improving the work conditions and which has as basis the principles of Human Rights Convention. This standard is a tool which helps at applying the national and international norms regarding the labor laws in concrete work situations. This a well adapted standard in order to be applied for the audit of the companies from different countries and with varied domains of activity.

The programmer SA 8000 offers two separate ways for the companies that want to prove their commitment for the social responsibility.

The **First Way**, the capacity of member, is described for the businesses that deal with retailing. It assumes engagement in commercial relations only with socially responsible suppliers.

SA8000 members are offered a self-evaluation package and other supporting tools in the implementation of policy of social responsibility.

It is necessary that the organization should warn its suppliers about the intent to implement SA8000 standards, and to establish a schedule for withdrawing gradually from relations with those companies that have failed in meeting criteria. Member companies are also required to develop a yearly report in which to describe in minor details the SA8000 objectives and to emphasize the recorded progress.

The **Second Way**, SA 8000 certificates that are addressed for manufacturers and suppliers. The

process is a rigorous one and it starts by getting in contact with an accredited auditor.

The SA 8000 Standard includes the following domains:

- The labour of underaged;
- Labour force;
- Health and insurance;
- Freedom to associate;
- Discrimination;
- Disciplinary practices;
- Working hours;
- Management system.

When this standard is being implemented some advantages are being obtained for employees, business sphere and consumers.

***Benefits for employees, commercial unions and non-governmental organizations:***

- Improved opportunities in the organization of commercial unions and other types of collectivities;
- A powerful tool for the education of employees concerning the fundamental labour rights;
- The opportunity to directly communicate with the business spheres concerning the issues of employees rights;
- Rising awareness at public level for the companies dedicated to ensuring human working conditions.

***Benefits for business environment:***

- Activating the company values
- Enhancing the company image as well as the commercial brand;
- Improving the activities of recruiting, retaining and increasing the performance of the labour force;
- A better administration of the supply link.

***Benefits for consumers and investors:***

- Clear, credible insurance regarding decisions of acquisition on an ethical basis;
- The facile identification of goods manufactured in ethical conditions and of companies dedicated to obtaining raw materials in ethical conditions;
- The coverage of diverse categories of goods necessary for the consumption.

The content of this standard has evolved and has been subject to a multitude of changes, constituting the point of departure in the elaboration of the ISO 26000 standard.

The ISO 26000 standard is an international standard which provides guiding lines regarding the social responsibility. The standard is intended for all types of organizations, from both the public and private sector, from developed, emerging or in transition countries. It includes instructions for voluntaries but not requirements and it is not to be utilized as a certification standard such as ISO 9001:2008 and ISO 14001:2004.

The ISO 26000 Guide for Social Responsibility aims, thus, to offer organizations, regardless of their objectives and size, a set of clear and practical tools in order to: define a social responsibility policy; integrate in own activities social responsibility principles; identify interested groups and to involve them in those decisions that may affect them; to report about their social performance and to develop sustainable. In such a way, the ISO 26000 standard encourages organizations that in their decisions and activities they should relate not only to legal obligations but also to all those social and environment protection responsibilities.

This standard supplies:

- Social responsibility concepts, terms and definitions;
- Origins, tendencies and characteristics of the social responsibility;
- Principles and practices in terms of social responsibility;
- Social responsibility central subjects;
- Field of action of social responsibility;
- The integration, concretization and promotion of a socially responsible behaviour within the organization through its policies and practices, related to its field of influence;
- The identification of the interested factors and a having a dialogue with them;
- Reporting the engagements and performance in terms of social responsibility.

Guiding lines included in ISO 26000 are inspired from the best practices developed by the social responsibility incentives of both public and private sector. They are correlated and complementary for the relevant declarations and conventions of the United Nations and its specialized institutions, especially ILO (International Labor Organization), with which ISO has established an agreement, in order to ensure a concordance with

the ILO labor standards. ISO also signed an agreement with UNGCO (ILO International Office for Conventions) and with OECD (Organization for Economic Cooperation and Development) with the aim to improve the collaboration concerning the elaboration of the ISO 26000 standard.

The ISO 26000 standard is conceived in what concerns its structure as follows:

Foreword

Introduction

1. Scope/field of application.

2. Terms and Definitions.

3. Understanding social responsibility.

4. Social responsibility principles.

5. Acknowledgement of all parts interested in social responsibility and engagement.

6. Guidelines regarding basic topics of social responsibility.

7. Guidelines regarding integrating the social responsibility in the entire organization.

Annex A – Examples of voluntary initiatives and tools for social responsibility.

Annex B – abbreviated terms

Bibliography.

The guidelines provided for these sections are intended to be clear and comprehensible even for non-specialists.

In conclusion we can say that a company irrespective of the size of production factors, labour force used or the profile of its activity, must take into account the responsibilities which are a result of the relations that are defining during the functioning of the respective organization, reported to the customers' and employers' needs and the power to involve in everything that regards the society. It depends on an external medium with which it has close ties (material, financial, technological or human) and that it influences in a certain way.

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## АМБІВАЛЕНТНІСТЬ ЕКОНОМІЧНИХ ВІДНОСИН І ЕКОНОМІЧНА БЕЗПЕКА

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*Любов і ненависть киплять в душі моїй.  
Мабуть, чому? ти запитаси – я не знаю.  
Але силу цих двох пристрастей  
У собі я відчуваю і серцем всім страждаю...  
(древньоримський поет Катулл, I ст. до н. е.)*

Як сам термін «економічна безпека», що вперше з'явився у 70-ті рр. ХХ ст., так і розвиток теоретичних досліджень навколо цього поняття швидко охопили всі сфери знань. Це теоретичне поняття достатньо швидко набу-

ло поширення в розвинених капіталістичних країнах. Саме тоді, відстоюючи реалістичну оцінку міжнародного стану, представники перш за все країн Західної Європи, виступили за використання економічних методів забез-