

WELLSO 2015 - II International Scientific Symposium on Lifelong Wellbeing in the World

## Social Responsibility of Business – an Important Factor of Continued Wellbeing

S.Zhironkin<sup>a</sup>, V.Guzyr<sup>a\*</sup>

\* Corresponding author: guzyr@tpu.ru

<sup>a</sup> *Institute of Humanities, Social Sciences and Technologies, National Research Tomsk Polytechnic University, 30, Lenina str., Tomsk, Russia*

### Abstract

<http://dx.doi.org/10.15405/epsbs.2016.02.22>

The practice of leading countries shows that the dominant environment for innovative conversion and new style of macroeconomic development is the presence of high-quality resources. The innovation potential of employees, based on their intellectual and creative abilities becomes the main. The innovative conversion of the economy is a radical transition of national economy to the production of innovative products and services. In modern conditions, the ratio of economic efficiency and continuous wellbeing is optimal and is provided by innovative development. Population benefits from innovation, ensuring continuous wellbeing. Consumers take an important place in the history of development of continuous wellbeing.

© 2016 Published by Future Academy [www.FutureAcademy.org.uk](http://www.FutureAcademy.org.uk)

**Key words:** Innovative conversion, macroeconomic style development, social responsibility of business.

### 1. Introduction

Different consumers have different opinions on the usefulness of the same goods and services. Wellbeing can be measured by the sum of utility, which a consumer has in the form of physical and intellectual goods, services and leisure time. All that increases the amount of utility available to individual consumers is leading to lifelong well-being. Sovereign consumer appears as a creative force, which determines the structure of goods and services. In the new environment there is an opening of deep human needs and the production of economic goods for their satisfaction.

### 2. Social responsibility and factors of continued wellbeing

There are a number of criteria that can be used when comparing levels of continuous wellbeing (Variash Y., Zubez A., 2013). They include: 1) the amount of GNP per capita (taking into account changes in prices); 2) the amount of real disposable personal income per consumer unit; 3) personal



consumption per capita (taking into account changes in prices); 4) the amount of public spending on education, health, social services per capita, taking into account changes in prices; 5) the amount of all civil government expenditures per capita, taking into account changes in prices (for the construction of schools, hospitals, roads, creation of parks, environmental protection and others.); 6) the amount of expenditures on information per capita. The increase in consumption is observed in the coordinates of social macro-style development. Here there is a significant shift from infrastructure support and manufacturing to the support of social sphere.

Macroeconomic efforts to improve the social sector are designed to promote continuous wellbeing by strengthening their human capital. As an important component of characterizing the level of continuous wellbeing, we should consider the following aspects: 1) the volume of wealth per capita and the uniformity degree of distribution of wealth and income; 2) the quantity and the uniformity degree of work and leisure time; 3) the reliability of in-come; 4) the ratio of growth in consumption and private savings; 5) the ratio of the size of individual consumption and the amount of debt on consumer credit; 6) lifestyle and the type of consumption (percentage of households living alone, family size, the quality and size of houses and apartments, and traditional home and information equipment, etc.); 7) the poverty lines and changes in them. In assessing changes of the level of continuous well-being the role of information technology and changes in the quality of goods and services should be considered. There is a constant stream of new models produced more efficiently. All of them are developed and implemented by taking into account the tastes and preferences of consumers. They manufactured to serve with maximum comfort. In such circumstances a new style of development is being formed, better and more profound connection between the industrial, technological and social characteristics of macroeconomics is being set. We understand the totality of features, traits, proximity business forms, methods, tools, technologies and focus on effective results under the social style of macroeconomic system. They ensure the unity, integrity of innovative and social direction of economy and continuous wellbeing. An important aspect is human security, which includes the related spheres. They are economic, social, ecological, food, family, personal and political security, as well as health care. Continuous wellbeing cannot be realized without them. The components of the continuous wellbeing are: respect for human rights, the rule of law, political pluralism, transparent and reliable social institutions, efficient social sector, access to information and education, political literacy and activity, equality, sustainable development and human values. The priorities are the implementation of human right for health care, normal and full room housing and food, quality education and personal safety.

The innovative conversion of economy, understanding the need to intensify the social function took the shape of idea in the form of business social responsibility. It was presented as a necessary compromise between liberal and socialist trend in modern economic theory. This issue is complicated, as it involves changing the very mechanisms of providing services and the relevant government institutions. All this requires the adjustment of mechanism of business social support. State, people and business create the necessary incentives for these changes. They must be realistic in solving the social problems that require effective decisions. At the same time an important role in business and politics is given to social support and expansion of employment opportunities. Social responsibility of business influences positively the structure of personal consumption. It involves production of quality goods and

services, improving working conditions, improving the quality of the environmental sphere. The scope of household is increasing. Its share in total national wealth is growing. The technological structure of household assets is radically changing. The main objectives of business are accelerating restructuring of production, the creation of conditions for work with full dedication and improvement of social support mechanism. Consumers are versatile educated people, with a strong aesthetic taste, sense of duty, and have mastered all the richness of culture. Information - technological revolution opens up opportunities for the integration of high culture with high technology. Their mass production makes the highest achievements of culture available for all people. This will create a highly cultured environment of responsibility both for business and people. All society is penetrated by information technologies. Information flows easily cross any border, forming a space of global values. This space is cooperation and a new culture of interaction. In our opinion, the system of social partnership is the actual organized institutional mechanism that is able to bring good wishes about social responsibility of business to the sphere of real practical actions in the field of continuous wellbeing of the country.

The innovative conversion of the economy makes it possible to satisfy sufficiently the social human needs, to accumulate structural, intellectual and social capital, which in turn speeds up the technological development of important sectors of the national production.

In the coordinates of innovative conversion and new style of macroeconomic development, business social responsibility becomes a fundamental, long-term and controlled activity. In this perspective, the activity of modern business as part of its social responsibility should be efficient, targeted and systematic. This means that each business initiative, program or project should include measures of improving the social dimension of society. Consequently it should promote and change life for better by improving access to the creative needs and services. These efforts lead to positive results only when people are in the focus.

Important objectives of the social responsibility of business is innovative conversion, social cohesion and the disclosure of creativity of human capital in economic and other practical activity.

In implementing the social responsibility of business the dominant principles are chosen, among which, first of all, should be noted the following: 1) the balance of interests of state, business and labor; 2) compliance with legal norms and standards (international, regional and national) and corporate law; 3) accuracy of execution of agreements concluded within the framework of social partnership; 4) rational use of scarce economic resources; 5) the adoption and implementation of additional social commitments aimed at the development of human capital; 6) the variety of forms and methods of implementation of social responsibility; 7) accountability and openness to dialogue with economic subjects.

The form of business social responsibility in macro environment is corporate solidarity, the main directions of which are: 1) the development of legal business, refusing shadow and offshore one; 2) promotion the rule of law, focused development of civil society, political and industrial democracy, social consensus; 3) ensuring originality and quality of goods and services; 4) the protection of natural environment and resources - programs for the economical use of natural resources, compliance with national and global standards, organization of eco-efficient production; 5) cooperation with the different levels and branches of government and public organizations to develop innovative structures,

participation in the implementation of progressive social projects in their respective territories, transform infrastructure, transport, communications, engineering networks and communications; 6) the reflection of social responsibility in the mission, goals, strategies and policies of firms; 7) sponsorship - financial support for scientific, cultural, educational, sports and stocks, preservation of cultural and historical significance, helping to the citizens with low-income; 8) the voluntary activities of employees in public order, landscaping, scientific, technical and artistic creativity; 9) the development of business social responsibility.

The foregoing is in optimal accordance with the principles of organization and structure of the developed society, which is based on meeting the boundless needs, rational providing of continuous wellbeing.

An important form of business social responsibility in microenvironment is the social policy of firms, the main directions of which are the following: 1) to ensure a comfortable and safe working conditions; 2) the effective salary providing dignified life and rest for workers based on productivity growth, the use of motivational forms of payment, profit sharing; 3) observing the rights of workers in the field of social and labor relations, social partnership, guarantee of freedom for trade unions; 4) provision of employment through the modernization of existing and creation of new jobs; 5) development of human and social capital - raising the educational and training levels of employees; 6) the development of business relations, based on civic responsibility, integrity, mutual trust, high morals and ethics; 7) the development of "industrial democracy" - bringing stakeholders in participation in management, the sale of shares to companies' employees, the attracting of their representatives to the board and the audit committee of the company; 8) guaranteeing additional "social package" to workers, providing them with a variety of social services, especially in health, recreation, leisure, assistance in improving the living conditions of workers; participation in programs of health, social and pension insurance; 9) the creation of a favorable creative and constructive atmosphere, the development of employees in the spirit of innovation and invention, encouraging them to new knowledge obtaining.

The global practice shows that the introduction of basic principles of business social responsibility is possible only under the conditions of social partnership. This can be done with the effective interaction of government, business and civil society, especially the trade unions.

Companies realize their social responsibility in the following areas: science; education, quality of life; health care, industrial restructuring, regional and municipal development.

Within the framework of Russian economic practice firms that implement their social responsibility are divided into three groups: a) companies that implement social responsibility within their main activity; b) companies implementing social responsibility in the sphere of their own business; c) companies that implement social responsibility to the society.

The dominant areas of implementation of social responsibility in Russian firms are: 1) the health and safety of work; 2) the development of company staff; 3) responsible business practices; 4) environmental protection; 5) the social conversion of production.

Consequently, the goals and motives of firms are defined by economic and social needs. All the basic background of the classical theory of marginal productivity are confirmed in modern practice of developed countries.

The International Labor Organization (ILO) plays the dominant role in the dissemination of business social re-sponsibility. Founded in 1919 on the basis of the principles of social partnership ILO has a unique tripartite structure. It includes representatives of governments, employers and workers. ILO promotes social dialogue, focuses its activity on the development and implementation of minimum standards in the field of social and labor relations. All of them are fixed in the ILO Conventions and Recommendations.

Targeted and effective implementation of the concept of social responsibility is largely dependent on the position, activity of the workers, independent trade unions, public and other organizations and institutions.

It should be noted that the International Trade Union Confederation (ITUC) in the resolution of the Constituent Congress (2006) supported the initiative of the United Nations to organize a campaign for the dissemination of the Global agreement about business social responsibility. MCP focuses its efforts on the implementation of the Decent Work Program and considers it the main task for nearest decade. It persistently calls on the international community to find necessary resources ensuring workers fair wages, adequate level of social protection, the exercise of rights in labor relations.

In 1997, with the support of the UN's Environment Program (UNEP), the so-called Global Reporting Initiative (GloBI) was founded by. It made the foundation of one of the most popular worldwide non-financial reporting standards. In 2006 the third version of the GRI - G3 was published. It contains measures of economic efficiency, environmental performance, actions of implementation the Concept of decent work.

In 1999, the Institute of Social and Ethical Accountability AA 1000 (Accountability 1000) standard was developed, which, unlike the GRI standard is not reporting, but accounting management.

Standards GRI and AA 1000 do not provide obligatory obtaining of official confirmation of its compliance of the report with the requirements. There's enough only to announce that it is reporting on the GRI or AA 1000 standard.

For official confirm of social responsibility Social Accountability International organization was developed a standard reporting Social Accountability 8000 (SA 8000). It provides the checking an external audit company, which should be recognized by this international organization. The impetus for the spread of non-financial reporting has become the UN Global Agreement about business social responsibility. The contract provides that the organization, having joined it, should publish an annual report about fulfilment of commitments on the basis of GRI standard.

In many countries, the reports on the social aspects of the enterprise are mandatory and generally published annually.

The positive fact is that the non-financial reporting makes it possible to analyse, compare and evaluate the results of companies' activity in terms of sustainable development and social responsibility in the country.

It must be said that the conduct of business does not always correspond to the stereotype of the ideal, which is represented in many of the concepts. Supporters of the market concept, as well as Keynesians stand for education of "educated entrepreneur". They believe that government policy should be aimed at training people to practice rational behaviour. At the same time entrepreneur should

be taught the art of marketing entrepreneur, modern methods of organization, management and social responsibility.

The main task here is to find a proven and balanced path of partnership between the state, business and society, in the frames of which the optimal ratio of the parties' efforts is supported. On the one hand, it will help to maximize the pace of innovation of expanded reproduction, and on the other - to discount the value of innovative consumption in society (Gasarov E., Gasarov M., 2014).

We believe that the process of innovation development of economy can be really long-lasting and continuous only in the case that it is supported within the social environment. The most common problem is a comprehensive national mobilization of endogenous resources, representing, in the broadest sense, a combination of human capital, intellectual resources and social development of innovative economy (Gasarov E., Gasarov M., 2011). The main thing at the same time is the creation of institutions of innovative development ensuring the continuity of profit reinvestment in new projects, structures, incubators, technology parks and in human capital (Zubez A., 2013). In the macroeconomic social framework creativity and innovation are associated with both stock and rate of accumulation of human capital. It depends largely on the social responsibility of national business in society. The value and effectiveness of the social responsibility of business increases dramatically if they are perceived by entrepreneurs as a perceived need. And the process of persuasion gives fruitful results only when a new style of macroeconomic development correlates with the fundamental interests of entrepreneurs, employees in their continuous wellbeing (Gasarov M., Gasarova N., 2014). The questions of innovative conversion, providing a basis of continuous wellbeing cannot be solved unilaterally. Their solutions require the development of new and innovative policies. There should be an effective mechanism of interaction of economic, social, technological, and organizational factors ensuring macroeconomic social identity development and wellbeing. This policy can achieve its goals and to ensure economic growth, social stability and wellbeing (Bartenev V., Glazunova E., 2014). This is very important because it can determine the ability of an economic system to achieve its goals. They consist of innovative changes in the economy, maximizing human wellbeing and the growth of social choice opportunities (Gasarov M., Gasarov E., 2014). An important factor in this case acts business social responsibility as a part of its image.

### **3. Conclusion**

In modern conditions the creation of a positive business image in the eyes of the community becomes one of the most important means of implementing its tasks, a necessary condition of success. Increased transparency and legitimacy of business contribute to higher economic and social results. The past decade was characterized by growth of optimism and business activity, both in terms of further institutionalization of social assistance and the level of support.

### **Acknowledgements**

The authors would like to thank Galina Barisheva for her discussion during the study.

This work was performed by the authors in collaboration with Tomsk Polytechnic University within the project in Evaluation and enhancement of social, economic and emotional wellbeing of older adults under the Agreement No.14.Z50.31.0029 (19th of March, 2014).

## References

- Variash Y.& Zubez A. (2013) The mood of business, people and economic growth perspectives. *Finansi*. 5, 75-78.
- Gasarov E. & Gasarov M. (2014) Intellectualization of the innovation economy and the formation of continuous prosperity in Russia. Tomsk: TPU Pub., 264.
- Gasarov E. & Gasarov M. (2011) Global transformation of the national market systems and the formation of the structure of a knowledge economy. Tomsk: TPU Pub., 240.
- Zubez A. (2013) Attitudes of the population and economic growth. *Finansi*. 3, 65-68.
- Gasarov M. & Gasarova N. (2014) Institutional arrangements for sustainable innovative development of economy and well-being. Conference “*The mechanisms underlying the development of innovative economy of Russia and its Far Eastern territories*”. Khabarovsk: HGAEP Pub., 16-23.
- Bartenev V. & Glazunova E. (2014) International development assistance. Moscow: World Bank, 406.
- Gasarov M. & Gasarov E. (2014) Technological basis of network well-being of Russian society in the information and technology revolution. Conference “*Culture is the spiritual Foundation of statehood and national unity of the Russian Federation*”. Khabarovsk: RUK DF Pub., 138 -149 (Chapter 1).