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**BUSINESS, AUTHORITY, SOCIETY: BACKGROUND AND**  
**BENEFITS OF SOCIAL PARTNERSHIP**

Liudmila Stepanova (a), Denis V. Parshukov (b)\*

\*Corresponding author

(a) Municipality of Achinsk, 17 Sverdlova street, Achinsk, Krasnoyarsk region, Russian Federation, 1112sl@mail.ru

(b) Krasnoyarsk state agrarian University, 90 Mira Ave., Krasnoyarsk, Russian Federation, parshukov83@mail.ru

***Abstract***

The research is focused on studying the performance of various forms and execution strategies of corporate responsibility using the example of the Russian Federation. The suggested key refinement of the planned research is a complex of measuring the particular effects and studying the cumulative effect and its allocation among the stakeholders. The use of general scientific research methods, such as analog, deduction and induction approaches, complex comparative analysis of socially oriented strategies and the effective practices and fulfillment experiences in social partnership, is planned to achieve the results. The key effects of actors (stakeholders) were used to evaluate the mechanisms of equitable distribution and to identify the optimal strategies. The results of the research will allow to extend the understanding of performance in terms of the social responsibility and to update the vision of direct relation between social responsibility and organization performance. On a practical level the state should achieve additional “soft” instruments of government. The Russian business should be able to raise the level of trust relations among the stakeholders resulting in the improvement of the organizational performance.

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## 1. Introduction

The problems of the profit distribution among business and stakeholders have been being studied for a long time. Nevertheless, numerous empirical studies show indeterminate implications. The cause innate in the essence of conception that is characterized by variety of directions, types and forms of implementation of the corporate social responsibility against various interests.

In addition, the content and scope of social responsibility benefits for business and other stakeholders may differ greatly depending on various institutional conditions, and also less measurable. The research project is focused on lowering the level of uncertainty while identifying, measuring and comparing the effects to those obtainable by other stakeholders.

## 2. Problem Statement

Benefits obtaining problems and comparative advantages of CSR for business and stakeholders represent significant scientific and practical agenda. In particular:

- Implementation limits of social responsibility of business.
- CSR effectivity problem for business.
- Institutional conditions for CSR development.

### 2.1. Implementation limits of social responsibility of business

The altruistic vision of profit involves the evaluation of the company's community commitment. The legislation defines a baseline minimum of such activity as a mandatory level. It can be expected that every organization produces such public goods and more so external effects by itself by fulfilling its baseline functions, such as production and commercialization of goods and services (Kitzmueller & Shimshack, 2012). It manifests itself in refusal of tax evasion and opportunist behavior, adherence to the laws of industrial relations and occupational safety, environmental compliance, fair competition, etc. By developing the social responsibility in the scopes of business beyond constructive obligations such organizations extend their milestones, practicing partial self-denial in the pursuit of gain.

### 2.2. CSR effectivity problem for business

In the scientific studies there are two divergent positions on social responsibility performance for business. Critics refer to Friedman (1962) who disallowed the performance of private sector social initiatives as the latter distract from the main objective of profit generation. Furthermore, Husted and de Jesus Salazar have pointed out that the strategic approach generates bigger social effect from a company's principal activity compared to that implementing social initiatives (Husted & Salazar, 2006). The dogged critic of social responsibility performance for business Bakan (2012) emphasizes that corporations reap benefits of additional power and preferential advantages using that institution, but the volume of effects produced for stakeholders doesn't compensate these benefits.

The advocates of performance refer to Carrol's fundamental work (Carrol & Shabana, 2010) where the theoretical justification of economic necessity to expand the social responsibility of business is made. Kramer's (2006) article is recognized as another pioneering work and substantiates that corporate growth

and social security is other than a game with zero sum (Polishchuk, 2009). Ergo, the social responsibility implementation can create combined effects in private and social sectors simultaneously. The idea of “triple bottom line” takes the leading position in the understanding of assessment and measurement of various effects. The results of successful use of the idea are quoted, for instance, in Hussain’s work (Hussain et al., 2018). Subsequent studies have both confirmed and denied every aforementioned position. However, most of the studiers take favorable view of CSR both for business and various stakeholder groups, as mentioned in Blagov’s (2017) review.

### **2.3. Measuring the CSR impact on companies’ payoff**

At the same time, there is no prevailing approach present in the contemporary literature on assessment of CSR effect on specific companies, as well as on comparative advantages assessment for business, consumers of social goods and the state. For such solutions the works by Burke and Logsdon (1996), and Weber (2008) can be accentuated among others. For the present, the conceptual base for social, ecologic and economic effects measurement, consequences and risks summarized in Epstein’s (2018) work, which the candidate plans to refer to.

In Russian practice the feasibility demonstration of involvement of the social responsibility of business with organization’s strategic management and its essentiality to the Russian companies’ successful development both in domestic and foreign markets is described in Blagov’s (2017) work (Blagov & Petrova-Savchenko, 2017). Institutional basis for capitalizing on the social responsibility of business in Russia is best documented by Frolov and Shulimova (2013). Specifically, the description, grouping and profiles of the main social responsible business institutions, as well as the economic model of practical application of the social responsibility institution to an individual company can be estimated from Shulimova’s (2015) work .

## **3. Research Questions**

The following questions were addressed as part of the study:

- Definition and classification of virtual and potential effects for stakeholders within the limits of selected CSR forms;
- Identification and measurement of effects for stakeholders;
- Definition of the institutional conditions for optimality implementing the social responsibility strategies with an accent on formal rules (statutory regulation).

## **4. Purpose of the study**

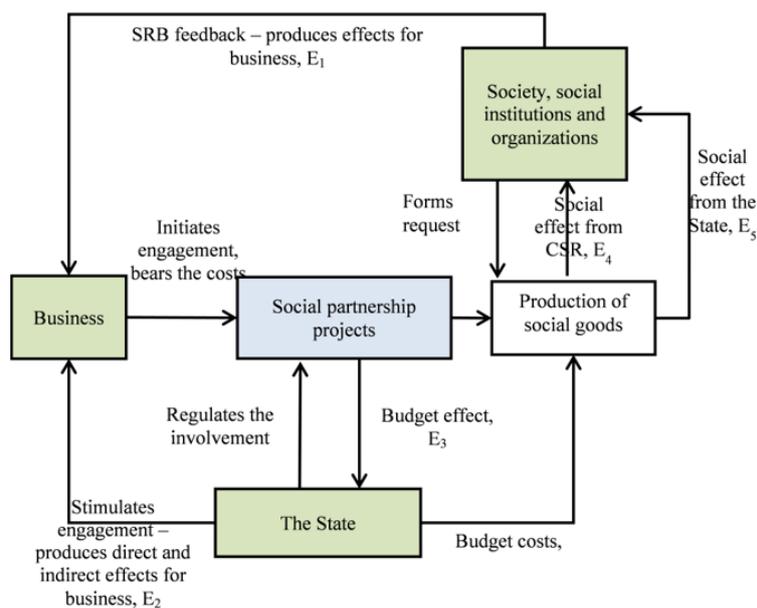
The objective of the research project is to develop methodical implements for measuring the effects of corporate social responsibility and institutional conditions for its optimal distribution to motivate the business towards expanded, self-imposed social activities.

## 5. Research Methods

The content analysis of public sources of information available through the Internet search engines will be used to adjust the forms and strategies for understanding the social responsibility of business, the comparative analysis of socially oriented strategies will allow to highlight the main trends in implementation of the social responsibility. The perception studies among the entrepreneurship will be instrumental in evaluating the grounds and readiness of private sector to participate in production of social goods. The implementation destinations of the socially oriented business strategies adjusted by the stakeholder groups will be defined by performant practices synthesis and the social responsibility implementation experience. The procedure of study suggests decomposition of the main problem to certain components. The applicant intends to use various scientific, public, economic and legal data sources to conduct the research. The scientific information and the results of scientific studies disseminated in articles and reports will be obtained from bibliographic and abstract Scopus, Web of Science, Science Direct, eLibrary databases, also from the Google Scholar search engine. The data on the Russian business environment, its economic state and development tendencies is expected to be obtainable from statistics digests, reports and the Russian Federate State Statistics Service web-site.

## 6. Findings

The author provides the following virtual and potential effects available in Russia from the CSR institution development for business and stakeholders (figure 1). With an allowance of interests of different stakeholders, the business diverts part of its resources to produce additional public goods to exceed the legislated minimum. In the meantime, the rate of business community's involvement in solving the social sector problems suggests that the benefits of such an involvement stimulate necessary incentives and motivate towards self-imposed expansion of social responsibility limits.



**Figure 01.** Effects production with implemented social responsibility of business

However, the rate of business's social engagement may vary in different institutional conditions. Understandably, it derives both from the quality of institutional condition and combined potential effects, as much as from distribution pattern among the stakeholders.

There are two influences in the Russian Federation that slow down the development of the social partnership institution and lower the cumulative benefits for business and stakeholders: unsatisfactory property rights protection and the civil society weakness. The first influence converts social partnership into an instrument of encroachment on shareholder rights that has an adverse impact on private sector. The second cuts the "demand" generators for social partnership. Under such conditions the comparative performance of social responsibility is significantly lower as opposed to the advanced world.

Current limits of the social responsibility of business in the Russian Federation:

- The form of implementation of the social responsibility of business is responsibility to local communities.
- The socially oriented strategies beyond the limits of the company.
- Primary stakeholders are business, the state and local communities.
- Social responsibility distribution: public space development, charity, fight against poverty, ecology and environmental conditions, public order.

The author shapes the following research hypotheses for future check in the context of the Russian Federation:

Hypothesis 1: Expanding the limits of the social responsibility of business may create additional effects for both business and stakeholders.

Hypothesis 2: The implementation of the social responsibility of business can be presented in a form of a strategic game with nonzero sum where business is player one and player two is presented by stakeholders' coalition (state and society). In such game the Pareto optimal solution can be provided by the means of the fundamental state institutions.

Hypothesis 3: The effective business must keep all the stakeholders engaged in order to keep the balance of expectations. Thereat, the expectations and types of responsibility are bound to be mutually satisfactory.

## **7. Conclusion**

The preliminary work in the applicant's discipline has primarily concerned the search for the effective model of interaction between the state and private sector in terms of social goods production. Therefore, the assessment of social activity rate, benefits obtaining problems and comparative advantages of CSR for business and stakeholders represent significant scientific and practical agenda. The future studies should concern the examination of the common practices and forms of implementation of the social responsibility of business in the Russian Federation. The use of perception studies among the entrepreneurship and in-depth interviews with the business leaders will give the opportunity to estimate the private sector's grounds and readiness to participate in production of social goods.

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