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RESPONSIBLE INNOVATION AS AN IMPORTANT FORMATION FACTOR OF SOCIAL RESPONSIBILITY OF THE ENTERPRISE

ВІДПОВІДАЛЬНІ ІННОВАЦІЇ ЯК ВАГОМИЙ ФАКТОР ФОРМУВАННЯ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ ПІДПРИЄМСТВА

The modern world is constantly faced with new problems, the complexity of which directly affects how society, the state, and corporations interact with each other and with their natural environment. Companies that carry out their activities in the social sphere must adapt to the changing realities of the surrounding world, foresee the trends of future changes. In the course of solving this task, various innovations in the social sphere of society, which are called corporate social innovations (responsible innovations), are developed and implemented. They are due to the need to establish new types of relationships. The growing interest in this problem focuses on new approaches that corporations can use to get closer to effectively solving pressing problems. Today, the world is gradually moving from the model of the responsible consumer to the new model of the conscious consumer. Such a consumer views the consumption process as «not only a financial transaction, but also an interaction in which personal principles increasingly influence consumption choices». For businesses, innovation is a key factor in growth and is of great importance in maintaining competitive advantage. The idea of corporate social innovation is moving into global portfolios and advanced technologies. Thus, responsible innovation is the way to long-term growth, sustainability and business prosperity.

Keywords: social responsibility, responsible innovation, corporate social responsibility, sustainable development, social innovation.

Сучасний світ постійно стикається з новими проблемами, складність яких безпосередньо впливає на те, як суспільство, держава і корпорації взаємодіють один з одним і зі своїм природним середовищем. Компанії, які здійснюють свою діяльність у соціальній сфері, повинні адаптуватися до реалій навколишнього світу, що змінюються, передбачати тенденції майбутніх змін. У ході вирішення цього завдання розробляються та впроваджуються різні нововведення у соціальній сфері суспільства, які мають назву корпоративні соціальні інновації (відповідальні інновації). Вони зумовлені необхідністю встановлювати нові типи відносин. Зростання інтересу до цієї проблеми зосереджено на нових підходах, які корпорації можуть використовувати, щоб наблизитися до ефективного вирішення нагальних проблем. Сьогодні світ поступово переходить від моделі відповідального споживача до нової моделі усвідомленого споживача. Такий споживач розглядає процес споживання як «не лише фінансову операцію, а й взаємодію, в якій особисті принципи дедалі більше впливають на вибір споживання». Для бізнесу інновації є ключовим фактором зростання та мають велике значення для підтримки конкурентних переваг. Ідея корпоративних соціальних інновацій переходить у глобальні портфелі та передові технології. Таким чином, відповідальні інновації – це шлях до довгострокового зростання, стійкості та процвітання бізнесу.

Ключові слова: соціальна відповідальність, відповідальні інновації, корпоративна соціальна відповідальність, сталий розвиток, соціальні інновації.

Formulation of the problem. Currently, some business representatives around the world are beginning to make decisions and act under the influence of the so-called corporate social responsibility (CSR), which is understood as a set of voluntary obligations taken by the company's management and carried out at the expense of the company's financial resources, aimed at implementing internal and external social programs, the results of which contribute to the growth of the company's economic performance, improve its business reputation, strengthen and expand ties with the state, non-profit organizations, business partners, and the local community. Thus, CSR is a kind of balance between the production and economic side of the company's activities and the social and environmental interests of people.

Analysis of recent research and publications. Various questions of the theory and practice of relations between governance, business and society were studied in works of foreign scientists: M. Albert, H. Bowen, A. Carroll, F. Kotler, J. Lensen, M. Mesconi, L. Nelson, M. Porter, J. Sapir, S. Holmes, F. Hedoura.

A significant contribution to the research and study of corporate social responsibility was made by scientists: D.O. Bayura, O.Yu. Berezina, A.O. Hlebova, A.M. Kolosok, V.M. Makhovka, O.R. Oliynyk, O.V. Pasko, O.O. Shevchenko, Yu.B. Kabakova, O.M. Korotkova and other.

The purpose of the article. Research of the innovative component of social responsibility of business as a necessary prerequisite for the effective functioning of the enterprise and the identification of the role of responsible innovations in the formation of the competitiveness of the enterprise in modern conditions.

Presentation of the main results. CSR began to develop actively in the late 1970s. First of all, the reason that prompted businessmen to develop the social aspects of corporate policy is the growing concern and pressure from society as a result of major environmental disasters of the last third of the twentieth century, for example: 1970 – Canadian environmental disaster – acute poisoning with mercury, which was contained in fish, poisoned as a result of illegal dumping of industrial waste; 1976 – an accident at the ICMESA chemical plant in the city of Seveso in Italy; 1984 – Bhopal disaster – an accident at the Union Carbide chemical plant, which resulted in the death of about 18 thousand people; 1985 – discovery of an ozone hole with a diameter of over 1000 km; 1986 – accident at the Chernobyl nuclear power plant. In Japan, under strong public pressure, caused by the accident at the Fukushima nuclear power plant, it was decided to shut

down in 2012 the last nuclear reactor in the country – the third power unit of the «Tomari» nuclear power plant. This decision was made despite forecasts of subsequent significant damage to the Japanese economy [10, p. 82].

Also, the development of CSR was influenced by the demands of society (including trade unions) to improve the social corporate policy at enterprises, changes in labor legislation and strengthening labor protection.

There are several components that define the concept of CSR [3, p. 28]:

1. The economic component of social responsibility, concerning such aspects as the nature of investment decisions; rules of doing business and business relations and much more.

2. The social component, which directly takes into account the interests of people and is divided into the following categories:

2.1. Interaction with the local community, which implies the need for business representatives to build relationships with the local population and authorities. This interaction can take place through placing orders with local manufacturers and suppliers; coordination of their own business strategy with the plans for the socio-economic development of the region where the company operates, especially in cases where it is planned to make decisions that can significantly change the living conditions of the population (for example, the closure of an enterprise); participation in the development of local infrastructure that provides vital services or opportunities for residents of the territory, or the development of small businesses, etc. This component also includes such social interaction with the population as the allocation of funds for educational and scholarship programs, aimed at increasing the level of education of the population; organization of charitable programs, etc. [4, p. 70].

2.2. Responsibility to personnel, which involves the creation of safe working conditions; lack of discrimination in hiring and career development; implementation of measures to protect the life and health of employees; decent wages, etc.

2.3. Responsibility to consumers: production of products from environmentally friendly raw materials; an indication on the label of all components used in the composition of the product.

2.4. The ethical component implies the refusal to cooperate with companies that produce and sell tobacco and alcohol products, weapons, pornographic goods, gambling, etc.

3. Environmental responsibility: implementation of programs aimed at improving the environmental situation in the region where the company operates, etc. After analyzing the actions of

a number of companies and their reports on the implementation of CSR, we come to the conclusion that the implementation of this concept, on the one hand, implies a positive financial and economic result for the company, on the other hand, it is a kind of method in the PR campaign of the organization and serves as a way to increase the attractiveness of the organization for potential investors, partner companies, end users of production products, applicants for filling vacant positions in the organization [7, p. 112].

Companies are adopting the principles of CSR, since such an effective practice gives them the opportunity to access cheaper financial resources. The economic benefit of companies from the use of CSR is confirmed by the work during which meta-analysis 52 studies. As a result, a positive relationship was found between the effectiveness of CSR and the financial efficiency of the company that applies it [3, p. 39].

The results of the research revealed a direct relationship between the social value of the company (the positive social effect that the company has on society), its business reputation and consumer loyalty to the name of the company. For example, an increase in the social value of a company by one point leads to an improvement in the company's business reputation by 0.55 points, while an increase in economic value by the same point increases the company's reputation by only 0.32 points [6, p. 297].

Another study shows that 50% of UK buyers are willing to choose the brand of a company that conducts its business in accordance with CSR. In the US, this indicator is even more important, as two out of three Americans give their consumer preference to a socially responsible company.

In Ukraine, there is a gradual increase in the interest and attention of the population to the social and environmental components of companies' activities. The main reasons facilitating the use of CSR by a company are the internal convictions of the entrepreneurs themselves, the need to enter the global market, administrative pressure from the state, the influence of competitors, and similar aspects [10, p. 220].

Today, the concept of corporate social responsibility has expanded significantly. What matters now is not what companies do with the money

they make, but how they make that money.

Having studied the main areas of CSR, we propose to highlight another side is the innovative component, which partly intersects with the economic and environmental, but has its own distinctive functional differences. The goal of the business is still to maximize profits. The task of CSR is to increase the level and quality of life of the population, the growth of the welfare of society [5].

In this regard, the commercialization of the results of innovative activity can just lead to an organization receiving profits above the average market, and the effect of entering the market of the results of innovative activity most often has a positive effect on the quality of life of people, improving working conditions.

Figure 1 demonstrates the zone of influence of the innovative component of CSR, which, with the successful implementation of innovative projects, can bring excess profit to the business unit, and the result of the introduction of innovation will be an increase in the quality of life of people. A zone that is not within the competence of business and does not serve to solve CSR problems can be, for example, the development of thought in any branch of science.

A distinctive feature of the innovative component of CSR is its ability to generate monopoly profits. The innovation component, unlike the other components, which are mostly focused on direct support of the spheres of human activity, also involves the development and modernization of machinery and equipment, production technologies, business practices that indirectly affect the social sphere of people.

These factors help to increase the competitiveness of manufactured products, and, therefore, can lead to additional income, in contrast, for example, to the environmental component, which, most likely, will not lead to financial returns for the organization implementing it.

Therefore, the main difference between the innovative component of CSR and the rest is the intention to receive monopoly profits in the case of effective implementation of an innovative project.

Let's single out the main principles of the innovative component of CSR:

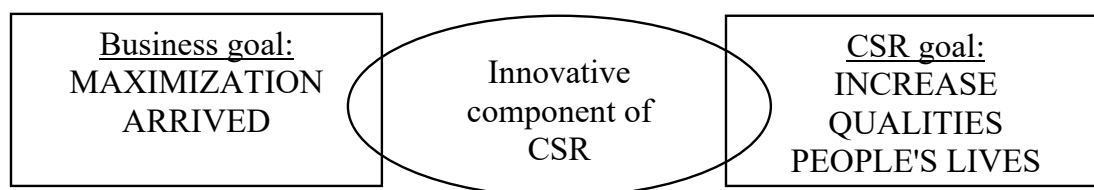


Figure 1. Zone of influence of the innovative component of CSR

1. Choosing as business partners an organization that operates on an innovative basis (on the one hand, supporting an innovative organization and reducing the financial risks of partners from innovative activities, on the other hand, increasing the likelihood of entering the market of a product of innovative activity, and, therefore, the possibility get one of the results of the application of innovation – an increase in the quality of life of people).

2. The use of innovative materials and technologies for the production of products.

3. Creation of own research and production laboratories or ordering research papers from third-party scientific organizations.

4. Implementation of training, training and retraining of certain groups of employees on an ongoing basis, which will allow them to develop innovative thinking.

By including an innovative component of CSR in the behavior model of a business unit, a company can solve the following commercial and social tasks:

1. Increasing the competitiveness of products.

2. Increasing the attractiveness of the organization for various market entities.

3. Improving the quality of life of consumers of innovative products.

One of the newest characteristics of a socially responsible company is responsible innovation. It is innovation and not other elements of corporate social responsibility, that researchers consider as one of the key components of corporate strategies and the benefits of corporate communication. The goal of such innovations is to create and implement innovations in a more ethically acceptable, socially desirable and sustainable way [2].

Responsible innovation has led to the emergence of the concept of «social innovation».

Corporate innovations today affect not only new technologies, products, services in the classic business-state-science triangle, but also determine the transition to the business-state-science-society model. Innovation becomes socially responsible, is included in corporate social responsibility processes and presented as an innovative key factor in corporate strategies.

It should be noted that the topic of responsible innovation appeared in the Ukrainian scientific discourse only in 2016 and in the context of research. At the same time, almost 80% of PR managers consider innovation as a factor in increasing the competitiveness of their companies and believe that innovative companies will be more attractive to investors [10, p. 222].

Thus, the concept of responsible innovation, which, according to the Horizon 2020 program,

is the basis for the development strategy of the European Union, is not adequately reflected in the CSR practices of Ukrainian companies and in the studies of domestic scientists.

Even the leading Ukrainian companies that use innovative technological solutions do not correlate them with corporate social responsibility and the concept of responsible innovation.

Thus, the implementation of socially responsible innovations is still not widespread, the concept and term «responsible innovations» are not used, and even socially responsible companies leading in the national rating of strategic communications do not yet operate with relevant international regulatory instruments and strategies in the field of CSR.

Responsible innovation is an approach that provides an opportunity to anticipate and assess the possible consequences and societal expectations for research and innovation in order to help develop inclusive and sustainable research and innovation [8, p. 83].

A well-known innovation researcher presented a comprehensive definition of responsible innovation A. Schonberg, which defines responsible research and innovation as a transparent, interactive process whereby social actors and innovators interact in a desired ethically based innovation process to create marketable products and achieve social sustainability in order to ensure the appropriate application of scientific and technological advances in society.

A modern corporation is aware of its responsibility to society, therefore, it builds a business strategy, taking into account not only the need to make a profit, but also the task of sustainable development of society and the preservation of the environment. Achieving these goals is possible only through the stimulation of innovative research, innovative solutions, developments and processes.

Responsible innovation is an interactive process of involving society in innovation processes.

In order to ensure a transparent dialogue in society about innovation, the EU Commission defines six main components of responsible innovation.

– *Public Involvement*: the joint participation of all social actors – researchers, representatives of industry, politics and civil society – in the discussion of social problems.

– *Open access*: ensuring transparency and accessibility. The results of publicly funded research should be available a priori.

– *Gender equality*: gender aspects should be taken into account, topics integrated into the content of research and innovation, to ensure the representation of women in them.

– *Science and education*: providing future researchers and other stakeholders with the necessary knowledge and tools so that they can fully participate in them and take responsibility for the implementation of the innovation process.

– *Ethics*: research and innovation actors respect fundamental rights and uphold high ethical standards to ensure increased social relevance and acceptability of results.

– *Control*: the responsibility of politicians is needed to prevent dangerous or unethical developments in research and innovation.

Thus, modern models of corporate business strategies should be based on innovative solutions, implemented in the «business-science-government-society» paradigm. Innovations become socially significant, innovative corporations become socially responsible.

The concept of responsible innovation, normative for the European Union, fixes the parameters of this transformation of corporate innovation and corporate social responsibility. The goal of OI is to create and implement innovations in a more ethically acceptable, socially desirable and sustainable way.

In modern Ukraine, CSR is in its infancy. Corporations do not yet use innovation as an instrument of corporate social strategy to the right extent.

However, in today's turbulent socio-economic conditions, it is responsible innovations that can become a key factor in the effectiveness of Ukrainian corporate business strategies and strategic communications, public relations, both nationally and globally.

Conclusions. CSR is a self-regulating business model that helps a company be socially responsible to itself, its stakeholders and the public. By practicing corporate social responsibility, companies can be aware of the impact they have on all aspects of society, including economic, social and environmental.

In our opinion, the goal of the government in the field of increasing social responsibility among the enterprise should draw public attention to the issue of corporate social responsibility, demonstrate the benefits of responsible corporate governance and thereby motivate companies to participate in social or environmental life. Business partners must weigh the environmental and social risks of business partnerships more frequently, and also change customer awareness and requirements.

During the study, it was revealed that in foreign scientific circles there is a double opinion about the principles of ESG. In Ukraine, this system is gaining popularity, and many domestic companies also adhere to ESG principles when forming their non-financial reporting.

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