Despite the fact that in the world, the idea of corporate social responsibility (CSR) has been announced recently, the importance of social responsibility in business was founded in the Ukrainian philosophical tradition in the early 20th century at the Metropolitan Andrey Sheptytsky Institute of Eastern Christian Studies (Sheptyzky, 2016). It has been brought to the global level by the Ukrainian economist B. Hawrylyshyn (2009) in his report to the Club of Rome. Ukrainian philosophers drew attention to the fact that entrepreneurship should be based on Christian values and usefulness to the society. A scientist of Ukrainian origin, B. Havrylyshyn noticed that any social system has three components: values, political governance, and the economic system. The code of conduct, which is based on values, is the trigger that defines the features of a society’s development. According to B. Havrylyshyn (2009, p. 37), values are shaped in regard to the needs of a society. As soon as the society meets most of the requirements for individual goods usage, the societal needs in areas such as high-quality education, health care, and support of the environment become our top-first priority. Since the free market is not able to fairly distribute resources for those matters, there is a need for government intervention. If group cooperative
values prevail in the society, the business and government’s actions will be directed towards national goals and priorities, that is, meeting needs of high-quality education, health care, and preserving a favorable for living environment. This thesis is the key element in Metropolitan A. Sheptyzky’s Institute’s message.

We can see that Ukrainian scientists and philosophers have paid quite a lot of attention to the development of the value-ethical basis of business. However, the Ukrainian entrepreneurial tradition was disrupted by the administrative-planned economy of the Soviet Union.

In the Soviet Union, enterprises were considered social guarantees that perform a number of social functions and has its own social infrastructure. The amount and quality of these social services was directly related to the size of the enterprise and its place in the industrial and departmental hierarchy. In the 1980s, 32 million Soviet citizens lived in apartments that were property of enterprises, 30 million people got checked in medical institutions (polyclinics, dispensaries, health centres) that belonged to enterprises as well (Chirikova, Lapina, Shylova, & Shyshkyn, 2005). With the beginning of market reformation in the Soviet Union, social policy has also started to change radically towards the reduction of social infrastructure.

Establishing the Soviet regime on the territory of Ukraine led to a change of basic values within the society that was located on this territory. The reason of changing society values lies in the conflict between the proclaimed collective values and the actual reality. Low efficiency of the Soviet economic system, planned economy, and inequitable redistribution of the GDP led to a total deficit. Therefore, in the last years of the Soviet Union and the first years of Ukrainian independence, it was necessary to satisfy the basic needs in the consumption of goods. During this period (late 1980s—beginning of the 1990s), the basic values of Ukrainian businessmen had been formed. During this period, only those people were engaged in Ukrainian business, who had access to appropriate resources; party members and directors of large enterprises. Average citizen were busy for trying to satisfy their basic needs: physical survival and job search for family maintenance.

A sociological survey of the Ukrainian population in 2006 (Rachok, 2006) showed that even after 14 years of Ukrainian independence, material security, economic and social development still bothers people. The question of what would make people proud of their state was answered by 74.1% of people with “material security,” and by 59.9% with “a high level of social protection.” This directly indicates that most of the population has a low income along with unsatisfied basic needs. The question of readiness to defend their own state in case of war was positively answered by 53.1% of people in 2006. Moreover, the regional distinction of answers to this question is quite noteworthy (Zhalilo, Tyshuk, Harasishvili, & Ivanov,
The biggest willingness to defend the state was expressed by residents of Western and Southern Ukrainian regions (66.3% and 61.6% people respectively), as opposed to Eastern residents (42.1% of people are against it, and 34.7% are not ready to such a turn of events). The survey does not only show the value-ethical foundations of entrepreneurs during this period, but also partly explains the beginning of the military conflict in the East of Ukraine in 2014. In 2006, citizen were not only unprepared to defend the statehood of Ukraine in case of a military conflict, they also refused to help the state in case of a financial crisis. The question: “In case of a financial crisis, if the National Bank of Ukraine appealed to the population with a request to hand over valuables to support the national currency” (similar to South Korea in 1998), was answered negatively by more than 70% of people. Moreover, the respondents explained their refusal by distrust that the valuables will indeed be used for this intended purpose by the National Bank. Thus, we see that in the Ukrainian society of 2006, there has been formed a clear distrust towards public institutions.

In business, distrust to government institutions results in the fact that those institutions refuse to give part of their income for the social needs of the society. In other words, an enterprise stops paying taxes and turns into “shadow business.” The shadow economy is an economic relationship between citizens of a society that develops spontaneously, bypassing existing state laws and social rules. The incomes of this enterprise are hidden and are not taxable. In fact, any business that results in concealing revenues from the state or evading taxes can be considered a shadow economic activity. This can be one of the explanations why shadow economy is so typical of Ukraine. The “shadow” tendency of Ukraine’s economy at the beginning of the economic crisis is different from that of the OECD (Organization for Economic Cooperation and Development) countries (Zinchenko & Saprykina, 2010) (See Figure 14.1).

The increase of the shadow economy level in Ukraine is connected with the negative expectations of entrepreneurs, which were expressed in the large-scale and quick withdrawal of money into the shadows in order to prevent possible losses. So, we can see that the total distrust of businesses towards state institutions leads to insuring business risks by disinvestment of money from legal circulation, which aggravates the crisis phenomena in the economy (Zinchenko & Saprykina, 2010). From this point of view, the results of a entrepreneurial survey held in 2005 are rather revealing. They showed that social responsibility, are 1.5 national enterprises that consider fair business as a component of times rarer than other ownerships. The above given illustration of tendencies in the development of the Ukrainian shadow economy indicates a breach in the triangle (Figure 14.1) of consolidated social responsibility within a society.
Consolidated social responsibility requires an equal responsibility of all social partners. So, the entrepreneur (business) that fulfills his/her obligations towards the personnel, state, and society, constantly strives to contribute to the development of his staff, organization, region, and state. Such an entrepreneur expects adequate socioresponsible behavior from other coalition partners, including the state. The state’s behavior that is difficult to foresee, such as the implementation of sudden bans on currency purchases, the requirement of advance tax pay new taxes and the reversal of tax policy within a month can hardly be called a partnership. That is why it creates the business’s distrust towards state institutions. Distrust and violation of fundamental conditions for balanced social development resulted in the reduction of Ukrainian economy’s competitiveness, its investment potential (the entire period of Ukrainian independence is defined by speculative investment funds), as well as permanent economic and political crises.

THE GLOBAL AGREEMENT: UKRAINIAN REALITIES

One would assume social responsibility to be the advantage of wealthy countries and companies which operate in a stable environment. For quite a long time, this is exactly how social responsibility has been considered...
in the Ukrainian business environment. Even today, some organizations do not adhere fully to the CSR principles or distort them in some way when joining the Global Agreement (Petroe, 2008, p. 152).

The official start of the Global Agreement initiative in Ukraine is dated as 6.12.2005, when the “Corporate Social Responsibility and the Global Agreement” forum was held at the UN Office in Ukraine. A high-level forum was the first event of such kind attended by UN agencies, government representatives, Ukrainian business leaders, trade unions, international development agencies, the media, the academic community, and nongovernmental organizations. The main objective of the event was an extensive discussion of corporate citizenship, knowledge and experience sharing in the field of corporate social responsibility, the overall improvement of communication between business, the government, and nongovernmental organizations. It should be noted that the issue of a proper communication platform between business, the government and civil society arose in Ukraine after the Orange Revolution in 2004. During the Orange Revolution, the civil society started shaping in Ukraine.

On the Social Responsibility Forum in 2005, a Corporate Social Responsibility Center has been established, and the first Ukrainian companies joined the Global Agreement. In 2005, the first nonfinancial report of the Ukrainian company “System Capital Management” was published. Quantitatively, over the next five years (2005-2010), 38 Ukrainian companies started publishing corporate social responsibility reports. When we analyze the idea of corporate social responsibility trends among Ukrainian companies, by 2008, only 10% of the largest 100 Ukrainian companies in terms of income prepare and publish nonfinancial reports. The overall percentage of Ukrainian companies that published the corporate social responsibility report in 2008 sum up to 11.44% of the GDP (12,95 billion.$ США) in accordance with the total income (Shcherbinina & Vorobey, 2010). The indicator of implementing corporate social responsibility in Ukraine lies in the size of the company: the larger the company, the greater the likelihood that its management will adhere to the practices of corporate social responsibility within the company. Almost all businesses (98.3%) with the number of employees of more than 500 people include corporate social responsibility into their activities. To compare, in small and medium businesses, such companies account for only 24.8%. An analysis of nonfinancial reporting, published by Ukrainian companies, shows that companies are willing to disclose charitable projects and staff development information; however, they are very modest when describing the principle of anticorruption activity (the principle of transparency of financial and economic activities).

Ukrainian studies have shown that employers are not always fully aware about the nature and methods of implementing corporate social responsibil-
The level of social corporate responsibility awareness within Ukrainian companies at the period of 2005–2010 remains quite high (78.1% and 76.3% respectively) (Shcherbinina & Vorobey, 2010). It was interviewed the top-managers of the 100 largest Ukraine enterprises. Social responsibility of a company is mostly associated with charitable assistance of the community, its own staff development, honest business, respect for, and protection of human rights. The implementation of accountability principles and practices, transparency and ethical conduct, realization of environmental projects and participation in regional development programs is usually not associated with social responsibility. The following activities of social responsibility, indicated by business leaders prevail among the others: 81.2% of organizations do not delay payment of wages; 57.5% of organizations regularly raise wages; 55.1% of organizations provide and support career training of their employees. Large companies’ representatives show much more awareness and deeper understanding of the company’s social responsibility than authorities of small and medium-sized businesses. This partially proves the thesis of a relation between implementing corporate social responsibility principles and financial solvency.

More than half of the businesses (53.3%) noted within the survey that the policy and practice of social responsibility should be implemented by each company; a smaller part of businesses (41.1%) is convinced that social responsibility is only for those who strive to engage into it. Only 5.6% of companies believe that they should not engage in social responsibility. The specifics of a company’s activities impacts its understanding of social responsibility. So, the biggest part of companies that are engaged in the implementation of environmental projects associated social responsibility with the manufacturing of industrial consumption goods and finance assets. Honest business as a part of social responsibility is considered mainly by trading companies, consumer services and construction companies; this can be explained by the need to stay competitive on the product market. More than any other business categories, those that provide services, legal services, are engaged in tourism, media, hospitality and hotel business consider caring about the personnel as implementing social responsibility. Recruiting and keeping personnel is especially crucial to these business categories since people contribute to their success.

In 2009–2013, the National Strategy for the Development of Corporate Social Responsibility has been developed; however, this document was never adopted. In various periods, prominent Ukrainian politicians interpret the idea of corporate social responsibility in different ways: from expressing huge concern to total disregard of the matter in question. In the current realities, corporate social responsibility in Ukraine is not yet popular enough, although there is a growing interest of employers already.
What was the reason for misunderstanding the ideas of social responsibility by business and prominent politicians?

Most probably, the answer to this question can be found in the case of the Nadra Bank, which is given below. Nadra Bank was founded in 1993 in Kiev, where its main office has been located. This bank was in the 9th place among 173 banks operating in Ukraine (by the amount of assets). Having a quite powerful potential, Nadra Bank was actively implementing innovative ideas, including management decisions. This Bank was the first Ukrainian bank which started implementing corporate social responsibility into management processes; a nonfinancial report has been published in 2007 and 2008. In 2009, temporary administration was assigned in the Bank due to its inability to satisfy the claims of depositors. Nadra Bank was in the fourth place among Ukrainian banks by the size of its regional network, which accounted for 543 offices and subdivisions, which employed more than 6,000 people. By introducing the practices of corporate social responsibility into management processes, Nadra Bank ensured the customers in its reliability. After introducing the temporary administration of the National Bank of Ukraine, Nadra Bank lost its reputation on the market. On February 5, 2015, the National Bank of Ukraine acknowledged Nadra Bank insolvent and decided to liquidate it’s activities. Nadra Bank’s case clearly demonstrates the contradictions of the Ukrainian economy, where the influence of inner political crises is intensified by the negative impact of external factors; it also explains the reasons of slow distribution of corporate social responsibility into the practice of Ukrainian business.

The impact of globalization and transnational companies entering Ukraine is forcing Ukrainian businessmen to reconsider the existing business practices. For example, within the Ukrainian global program “Healthy Children” (Nestlé Healthy Kids), training programs aimed at developing the culture of good nutrition and a healthy way of living are actively being embedded. The following programs are implemented: “IAAF Kids’ Athletics,” which promotes the importance of developing physical culture and sports; “Host” for the sustainable development of agriculture; in addition, a number of projects on environmental protection (Nestle Ukraine, 2016).

At the same time, the public finance crisis, waste of funds, lack of saving motives within the budget, a sudden impoverishment of the population and social inequality resulted in the fact that Ukraine was trapped in a “social state,” where economic goals are substituted by social development goals. The fear of politicians to loose popularity among voters prevented the implementation of effective socioeconomic reforms. This was one of the reasons of the revolution in 2014. In addition, there is a silent question in Ukrainian society since then: where lies the balance of economic development and social responsibility? This makes building transparent labor and business relations in the triangle “business-society-state” more difficult.
The events of 2013–2015 in Ukraine, such as the political crisis, the Revolution of Dignity, the military aggression of Russia changed the understanding of social responsibility in Ukraine. Within the framework of developing corporate social responsibility, chemical industry enterprises actively participated in the program “Responsible Care of the Chemical Industry in Ukraine.” This program was designed to implement the principles of “Responsible Care” into the activities of the Ukrainian chemical industry. It is an international voluntary initiative of chemical industry producers around the world, supported by the United Nations. However, due to the military conflict, “Stirol,” the company that initiated this project in 2011, was forced to stop production on May 5, 2014, clear the ammonia storage and evacuate the personnel with its families onto a government-controlled Ukrainian territory. These actions were taken in response to the critical situation in Donetsk region, and, in particular, in Gorlovka, in order to keep the safety of the PTC “Stirol Conglomerate” employees and other inhabitants in the region. The production of ammonia and its derivatives was withheld, such as carbamide and ammonium nitrate. Due to the emptied ammonia storage, the ammonia production was withheld. Large production, including the synthesis and processing of ammonia, stopped after the aggravation of the situation in the region. At the enterprise, there is no stock of ammonia or other hazardous substances. Actions that were taken by the “Stirol” company management, show a case of social responsibility in situations of military conflict. In such cases we see the care about our own employees lives and the environment. The loss of Ukrainian territory and Russia’s military aggression posed new problems to the Ukrainian society. This resulted in rethinking the basic values in society and understanding the importance of corporate social responsibility.

The European values consolidated the civil society, business and politicians. Businesses took responsibility for functions that were normally performed by the state. During this period, there has been a rise of voluntary movement, aimed at security (voluntary battalions), provision of medical services, including in the military zone (Maidan Medical Services, the First Medical Military Hospital, the Volunteer Emergency Medical Service “Knights Hospitaller”), educational services (the Free University), etc. Volunteering has become a social service and responsibility of people driven by common values and principles that are organized for addressing the existing social problems. So, it turns out that social responsibility does not require great investments, it is rather a response to the loss of security or threat to life, the result of introducing certain values, principles, and responsibilities?
Social entrepreneurship—is first and foremost, a business. However, unlike traditional business, it is created for the solution of public problems. One can assume that the maturity of the society is to some degree determined by the level of social entrepreneurship implementation. At the same time, we turn our attention to the fact that corporate social responsibility and social entrepreneurship are not equal notions; however, speaking about social entrepreneurship, we mean business, which performs social functions of the state. For Ukraine, such form of social responsibility is very attractive and relevant to its citizen.

The origins of social entrepreneurship trace back to 2006, when the project “Network of Public Activity in Ukraine project (UCAN) funded by the United States was implemented in Ukraine for the first time. The objectives of this project included trainings for representatives of nongovernmental organizations. Later, the American government provided grants for establishing social enterprises, based on the business-plan competition results. In 2010–2013, another initiative was implemented. The British Council, the “Eastern Europe” and “Renaissance” funds, the “Pricewaterhouse Coopers” auditing company, “Erste Bank,” as well as the public nonprofit organization “Ukrainian Fund of Supporting Entrepreneurship” joined the “Promoting Social Entrepreneurship in Ukraine” consortium. But, unfortunately, the promising cooperation remained only on paper—in the memorandum. At the same time, the seeds of knowledge were not lost. The trigger that made us use the gained knowledge and skills was the terrifying situation in 2014–2015, which was forcing the population to actively influence the political processes in our country. Therefore, Ukrainian social entrepreneurship often takes the shape of voluntary actions. According to Ruslan Kraplich, “Many volunteer organizations are implementing business skills in their activities.”

The most common directions nowadays are sewing military and tourist equipment and sending food packages of long-term storage. “The potential of business-originated volunteers is really high. This gives the chance to develop social entrepreneurship even after the war.”

Thus, this case shows that learning and gaining knowledge is always worth it, even if not immediately. In this case, implementing this knowledge can differ from earlier introduced training formats by acquiring national peculiarities that are formed under the influence of the society’s current needs. Very often, when working with charitable organizations, entrepreneurs and large companies realize many social projects (both in social protection of people with low income, and in the assistance of the labor relationships, etc.). In this context, we have a wonderful example of cooperation between the charitable fund “Korona” and the “1 +1” TV channel, where the first performed the function of the communication channel, and the second reported problematic situations with children of
war, attracting potential sponsors, and stimulating people to take some measures.

Now, the Ukrainian business representatives understand the importance of corporate social responsibility, as well as the need of creating common values. Creating common values is a large responsibility of the business community to act in accordance with established norms and rules that require performing tasks far beyond the direct financial and economic interests of the company.

**EDUCATION AND AWARENESS: CREATING THE ENTREPRENEUR’S PATTERN OF BEHAVIOR**

The system of teaching socially responsible entrepreneurs is as important as the development of creativity, critical thinking, and analytical abilities. From early age, it is important to instill moral and ethical principles of social responsibility, which will guide future statesmen and entrepreneurs. It is the society built on the CSR principles that will become the basis of a fair, responsible society.

In order to assess how the attitude of the population to those or other issues and values is changing, the authors conducted a comparative content analysis of educational programs. During the analysis, such values of generations as fairness, kindness, hard work, equality, self-sacrifice, and family values were singled out. It should be noted that the authors analyzed texts that are advised to children of the 1–5 grades in general education establishments in Ukrainian literature, Christian ethics, and reading lessons. It is important to emphasize that the frequency of mentioning value orientations in books of the last century as opposed to those published in the previous 10 years of the independent Ukraine have slightly changed. Today, the dominant values are justice and family values, whereas earlier, hard work and love of the motherland have prevailed. In the opinion of the authors, the reduction of such values as hard work and equality is disturbing.

The authors were also frustrated by the fact that modern schools teach a pretty limited number of skills for everyday life, such as funds management, the use of payment cards, and personal time management. After having conducted a survey among children of 7–10 years, it became clear that communication with peers still more or less covers the “gaps” in such knowledge. Consequently, the quality of such knowledge is not always high. However, exactly at this age, the entrepreneurship potential starts shaping (unlike the previous generation). Between peers, it is often manifested in the form of loans or doing work for a certain reward. Of course, for there is no economic background for such actions, and requirements differ from child to child. But the fact remains that lack of knowledge about the nature of phenomena does not withdraw the occurrence of such phenomena in
children’s environment. Therefore, we consider it of grave importance to include reading and discussing such literary works for children that teach how to live and make decisions in real life.

It is fair to mention that ignoring the economic basics in school is compensated by the acquisition of this knowledge in high schools and universities. For example, the EU project Tempus BUSEEG-RU-UA is successfully implemented in Ukraine. This project’s objective is to develop and introduce the concept of Lifelong Learning. The realization of this objective implies stimulating professional and entrepreneurial skills through educating the entrepreneurial spirit and consulting the entrepreneurs in universities, technical schools, and colleges with the support of Excellence Centers for educational workers, regional Commerce and Industry Chambers (CCI) and the Ministry of Education. However, while the entrepreneurial skills can then be passed to another person, raising the entrepreneurial spirit within a small period of time (university trainings or a few consultations) is practically impossible. The same goes with teaching a socially responsible entrepreneur. Although some educational institutions seek to introduce curricular disciplines associated with the formation of CSR principles, they are not so numerous and cover a small percentage of population (according to the authors, CSR knowledge is crucial not only to businessmen and entrepreneurs, but also to employees, other self-employed persons, and economically inactive people).

Thus, a balanced and consistent unification of the educational process from school to university with active involvement of public organizations that enlighten people can give a more stable result. An innovation in the proposed mechanism of strengthening the CSR values and principles is emphasizing the development of relevant cognitive skills and behavior patterns among pupils and students. This, in turn, requires a complete revision and coordination of curricula for schoolchildren and students. It seems relevant to accurately form the image of an entrepreneur, business structure, or organization where CSR is a way of running business. Thereby, the basic values of the entrepreneur should be consistent with the CSR values; there should be no ambiguous understanding of the main principles of a businessman, company, or society.

Particular attention should be paid by the authors to issues related with teaching methods and coordination of CSR principles in the business environment. No less important is the involvement of community organizations to announce the achievements and positive experience of CSR companies. It is important to successfully utilize the capabilities of various education options for businesses and government institutions by taking their interests into account. Such options include trainings, seminars, joint projects, competitions, e-learning, online libraries, online CSR development centers, and so forth.
1. The Orange revolution is a large-scale campaign of peaceful protests, meetings, pickets, and strikes which took place in several cities in Ukraine from November 22, 2004 till January 2005. It started right after the Ukrainian Central Election Commission announced the preliminary results of the second round of the presidential elections on November 21, 2014, according to which Viktor Yanukovych (Prime Minister at that time), won the election with a 3% advantage. The supporters of Yanukovych’s main opponent in the election—Viktor Yushchenko—and most foreign observers believed that the victory of Yanukovich in the election was achieved by procedure violations. The revolution started as a reaction to massive fraud that influenced the outcome of the elections.

REFERENCES


