Social Responsibility of Ukrainian Business in the Conditions of the Covid-19 Pandemic: Foreign and Domestic Practice

P. Reznik Nadiia and M. Slobodianyk Anna
National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine
nadya-reznik@ukr.net, slobodyanikann@gmail.com

Abstract. The authors prove in the article that socially responsible activity of enterprises in the current conditions is considered as an example of solidarity of business and society to help save lives, and will help raise living standards of Ukrainians, in particular, providing decent working conditions and wages, improving health care, reducing the negative impact on the environment. The article analyzes that due to the spread of COVID-19, companies around the world are counting losses, and governments are developing anti-crisis measures for national economies. It is highlighted that in Ukraine, a new significant expansion of the set of measures to the existing list may lead to the loss of millions of jobs and significant losses of budgets at various levels. Entrepreneurs have been shown to be responsible for the well-being of millions of our employees and are also looking for possible ways to prevent businesses from shutting down to avoid more serious consequences and leave a large part of the country’s population without livelihoods. Thus, for Ukraine in the system of such methods it is important to focus on the synergistic effect of the implementation of socially responsible business, state and human relations during the introduction of quarantine measures and the spread of socially responsible activities at the macro and micro levels.

Keywords: Socially responsible business · Social entrepreneurship · COVID-19 · Pandemic · Quarantine measures

1 Introduction

Solving social problems in modern society is of paramount importance in connection with the strict tightening of quarantine measures. The decline in economic activity in Ukraine due to the closure of entire industries that are prohibited from operating and whose work potentially contributes to the spread of COVID-19 (whose activities are associated with mass events, sports clubs, catering (except for takeaway or delivery, etc.), affects the real revenues of state and local budgets, which, in turn, significantly reduced the state’s ability to perform its social functions. The result of the shutdown of most enterprises is job loss for a million Ukrainians, and the budget – most of the revenues. The social consequences will be very negative, a large number of people, without savings and losing their livelihood, may take to the streets in protest out of desperation, and the
In such conditions, the social cohesion of the authorities, civil society institutions and the business environment is extremely important. Now business can become a new active force, able to bear the burden of social responsibility on an equal footing with the state, both in relation to its employees and customers, and in relation to society as a whole.

2 Analysis of Recent Research and Publications

The problems of social responsibility of business are devoted to the scientific works of such foreign and domestic scientists as V. Apop, G. Bashnyanin, A. Berezina, H. Bowen, K. Davis, S. Zadeka, T. Kalinescu, A. Carol, A. Kolot, F. Kotler, V. Mamonova, M. Melnyk, B. Mizyuk, N. Mytsenko, I. Mishchuk, A. Mnykh, N. Orlova, G. Sklyar, M. Friedman, V. Shapoval, L. Shimanovska-Dianich. Active work on the study and implementation of social responsibility in Ukraine is carried out by the Center “Development of Corporate Social Responsibility”, Representation of the Foundation. Friedrich Ebert in Ukraine.

Paying tribute to the significant scientific achievements of researchers, it should be noted that the situation that occurred in March 2020 and is the result of the introduction of an emergency situation, new challenges for business, such as maintaining the viability of their own business and the loss of millions of Ukrainians.

3 Research Methodology

The theoretical basis of the study is the scientific works of domestic and foreign scientists, laws and regulations of Ukraine. The study used a systematic approach to the study of socio-economic phenomena, in particular on the fundamental provisions of economic theory, methodology of economic analysis, decision-making. Also used a set of general and special methods of cognition: logical generalization, analysis, comparison and synthesis; structural, correlation, factor analysis; expert assessments, forecasting and graphical methods.

The aim of the Article is to analyze foreign and domestic practice in solving social problems in modern society in the context of the COVID-19 pandemic.

4 Presentation of the Main Material of the Article

In the conditions of the pandemic epoch, Ukraine faced new requirements for the formation and implementation of the mechanism of corporate social responsibility. Socially responsible activities of enterprises in the current environment are seen as an example of solidarity between business and society to help save lives.

On January 24, 2020, the Government decided to approve the Concept for the implementation of state policy in the field of socially responsible business development in
Ukraine until 2030. In accordance with the Concept, Ukraine should encourage companies to adhere to international standards and principles of responsible business conduct during their activities. Conducting socially responsible business will help raise the living standards of Ukrainians, in particular, provide decent conditions and wages, increase the level of medical care, reduce the negative impact on the environment.

In addition, social responsibility is an integral part of business activities of companies, which significantly affects the image of national business and the country as a whole and will improve the socio-economic, environmental situation in the country and the protection of human rights in accordance with international norms and standards business [1].

The most accurate definition of the essence of corporate social responsibility is its interpretation as the responsibility of the entrepreneur for the integrated social utility of his business. However, the understanding of the public utility of business is different both in academia and in the practice of implementing social responsibility. Science identifies four approaches to understanding the social responsibility of the enterprise, one of which is the moral and ethical approach, where morally responsible business can be when it focuses on combining the economic interests of the enterprise and the social needs of employees. This position considers the social responsibility of business as a moral and ethical responsibility. Due to the spread of COVID-19, companies around the world are counting losses, and governments are developing anti-crisis measures for national economies [2].

Italy became the first developed western country to stop most of its industry to limit the spread of coronavirus. According to the government’s decision, the cessation of non-vital commercial activities also applies to heavy industry. According to this decision, hundreds of thousands of companies, from small and medium to large, will be closed. Employees will receive a partial payment under temporary job loss schemes, which now apply to small businesses [2].

In the United States, the Senate approved a $ 2.2 trillion economic aid package for the coronavirus pandemic. The money should go to help entrepreneurs, workers, the health care system, and less affluent Americans. Among the measures envisaged is a $ 367 million small business payroll support program for workers who are forced to stay at home, or a $ 500 million guaranteed program of guaranteed subsidized loans to large businesses, including airlines. In addition, Americans earning $ 75,000 a year must receive a one-time fee of $ 1,200, and couples earning $ 150,000 a year must receive $ 2,400 per couple and another $ 500 per child. Also, the funds from this package have four months to partially cover the wages of workers who, although not laid off, lost their jobs and therefore without pay: in addition to the amounts provided to help the unemployed from the states, they will also receive an additional $ 600 per week. And companies that continue to pay their employees will receive certain tax benefits.

In India, the authorities began distributing humanitarian aid to large numbers of poor people and those who lost their jobs due to the ban. The government has allocated 1.7 trillion rupees (more than $ 22.5 billion) for such assistance for 800,000 people - about 60% of the country’s population. And more than 200 million women and 30 million elderly people, widows and the disabled will also receive cash benefits [2].
Denmark will give a deferral to VAT coronavirus payers to mitigate the blow. The Australian government intends to take a package of measures aimed at saving businesses from the effects of the coronavirus in the form of tax incentives for investment, support for small and medium-sized businesses and benefits for retirees.

China is urgently introducing tax breaks to protect its economy from the coronavirus. Medical supplies and drugs purchased non-cash and issued to employees in institutions and public organizations will not be subject to individual income tax. Logistics and courier companies that provide delivery of necessary goods to citizens are exempt from VAT. Tax benefits also await companies in the field of transport, tourism, hotel and restaurant business, due to the coronavirus suffer significant losses. In addition, incentive prizes will be awarded to physicians and other participants in the national disease control program [2].

The UK Treasury has announced a plan to stimulate the economy in the wake of the crisis, which will include tax cuts and lending to small businesses. The Ministry of Finance agreed the financial assistance with the Central Bank of Great Britain. From March 11, the key rate was reduced from 0.75% per annum to 0.25% per annual.

In France, support measures are primarily aimed at business. In particular, it is now allowed to transfer employees to remote work without their consent. In addition, companies affected by coronavirus will be fined for delays in fulfilling government contracts. They will also receive a deferral of taxes and payments to social funds. There is also a relaxation for citizens: all parents whose children will be placed in quarantine will receive a paid sick leave from the first day [2].

Measures taken by states are important for both business support and social protection. The situation is important primarily because the virus has destroyed or temporarily blocked many international value chains associated with China.

Impact on IT, Tech and Startups worldwide.

Most experts note that the situation can be brought under control quickly, and the impact of the virus on the world economy will be significant, but short-lived.

In the comparative analysis [3] of measures to combat the spread of COVID-19 in Ukraine and other countries where the virus has become much more widespread, Ukraine has already applied a set of tougher measures than other countries (ban on international and long-distance traffic, significant restrictions on traffic, closures of catering establishments, concert venues and retail chains). In Ukraine, a new significant expansion of
the range of measures to the existing list could lead to the loss of millions of jobs and significant losses to budgets at various levels.

On March 16, 2020, the Verkhovna Rada of Ukraine adopted the Law “On Changes in the Legislation on Combating Coronavirus Infection COVID-19” № 3220.

- mandatory introduction of cash registers for all categories of "simplified" is postponed for 3 months;
- small businesses and those engaged in independent professional activity for the periods from March 1 to March 31 and from April 1 to April 30, 2020 are exempt from the single social contribution;
- limit the scope of application of most fines for violations of tax legislation for the period from March 1 to May 31, 2020 (liability for violation of accrual, declaration and payment of value added tax, excise tax, rent remains);
- inspections are prohibited from March 18 to May 31;
- is not accrued and paid in the period from March 1 to April 30, 2020 land fee;
- the deadline for submitting the annual declaration of property and income is extended until July 1, 2020;
- a moratorium is established on conducting documentary and factual inspections for the period from March 18 to May 31, 2020, in addition to inspections, they relate to the amounts of budget reimbursement of VAT [4].

Ukraine does not have sufficient financial reserves and therefore, if an additional set of quarantine restrictions is introduced and a large number of enterprises are shut down
without an appropriate economic support program, it will lead to a deep economic crisis and severe social consequences that are difficult to predict.

In such a critical situation, socially responsible business partially assumes the functions of the state [5]. Leading Ukrainian companies, the Union of Ukrainian Entrepreneurs, the European Business Association, the Federation of Employers of Ukraine, the Ukrainian Club of Agrarian Business, the Association “IT Ukraine”, Business 100, CEO club - understanding social responsibility, take all possible measures to prevent infecting their employees [6]:

- introduction of home-based work (for employees who can work remotely);
- providing personal protective equipment;
- explanation of the danger of a pandemic.

That is why the business community believes that in the current environment it is necessary to focus on the following:

1) to prevent significant job losses;
2) as soon as possible to fulfill the state’s obligations and receive funding to adopt two laws, including the law on the impossibility of returning banks to ex-owners;
3) immediately reduce budget expenditures (stop funding government programs) and direct the released funds to combat the pandemic;
4) to ensure rapid and effective verification of recipients of pension and social benefits and allowances, which will identify non-existent recipients and reduce state budget expenditures accordingly;
5) centralize the use of funds in local and state budgets to control the use only in order to combat the pandemic;
6) the state must provide the state with a non-taxable minimum income to employees who have suffered from the introduction of quarantine measures;
7) stop the accrual of any financial sanctions to all business entities that have loans in banking and financial institutions.

The business community is well aware of the complexity of the challenges facing Ukraine now and is ready to cooperate with the authorities. Entrepreneurs are responsible for the well-being of millions of our employees and are also looking for possible ways to prevent the closure of businesses to avoid more complex consequences and leave a large part of the country’s population without livelihoods [7].

Thus, for Ukraine in the system of such methods it is important to focus on the syner-gistic effect of the implementation of socially responsible business, state and human relations during the introduction of quarantine measures and the spread of socially responsible activities at the macro and micro levels. Positive result and minimization of job losses of millions of Ukrainians.
The current strengthening of socially responsible relations between business, the state and citizens has a number of effects, including: reduction of unemployment during quarantine, improvement of medicine, protection of socially vulnerable groups, development of social entrepreneurship, business support during quarantine activities; increasing the trust of business and the population in public authorities; incentives to support domestic producers of consumer goods during the crisis.

5 Conclusions

Due to the spread of COVID-19, companies around the world are counting losses, and governments are developing anti-crisis measures for national economies. In Italy, workers will receive partial pay under temporary job loss schemes, which now apply to small businesses. In the United States, the Senate approved a $2.2 trillion economic aid package for the coronavirus pandemic. In India, the authorities began distributing humanitarian aid to large numbers of poor people and those who lost their jobs due to the ban. Denmark will give a deferral to VAT payers through the coronavirus. China is urgently introducing tax breaks to protect its economy from the coronavirus. The UK Treasury has announced a plan to stimulate the economy in the wake of the crisis, which will include tax cuts and lending to small businesses. In France, it is allowed to transfer employees to remote work without their consent. The current situation is important primarily because the virus has destroyed or temporarily blocked many international value chains.

Ukraine has already implemented a set of tougher measures compared to other countries, namely exempt small businesses from the single social contribution, limit the scope of most fines for violating tax laws, do not charge or pay land fees. In such a critical situation, socially responsible business partially assumes the functions of the state. Corporate
Social responsibility today is the main way to support and provide employees during the quarantine period and associated with voluntary social commitments for stakeholders and society as a whole.

Social responsibility in Ukraine, along with private property, legal guarantees, an effective system of governance, self-governing and market institutions, can become the basis for the formation of a socially oriented market economy. But a market economy does not generate prosperity automatically, but can only promote development. Leading Ukrainian companies take all possible measures to support their employees. For the development of such a system at all levels of the country’s economy it is necessary to form new effective mechanisms, in particular in connection with the pandemic caused by COVID-19 in Ukraine will create a stabilization fund of UAH 200 billion for social needs and business support, said the Prime Minister. Of Ukraine Denis Shmygal. Thus, for Ukraine in the system of such methods it is important to emphasize the synergetic effect of the implementation of socially responsible relations.

References

1. Reznik, N.P., Dolynskyi, S.V., Voloshchuk, N.Y.: Retrospective analysis of basic risk as a part futures trading in Ukraine. Int. J. Sci. Technol. Res. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85078765334&partnerID=MN8TOARS
2. Reznik, N.P., Popov, V.M., Podplietnii, V.V., Popova, S.P.: Financial support for the development of joint territorial communities. Test Eng. Manag. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85082999646&partnerID=MN8TOARS
3. Taran, N.V., Krasnorutsky, O.O., Reznik, N.P., Slobodianyk, A.M., Guley, S.A.: Analysis of future of technologies in the agricultural sector. Int. J. Adv. Sci. Technol. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85083289195&partnerID=MN8TOARS
4. Danylchuk, H., Chebanova, N., Reznik, N., Vitkovskyi, Y.: Modeling of investment attractiveness of countries using entropy analysis of regional stock markets. Glob. J. Environ. Sci. Manag. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85068031996&partnerID=MN8TOARS
5. Reznik, N.P., Demyan, Y.Y., Tokar, Y.I., Gupta, S.K., Ostapchuk, A.D.: Mechanism of investment maintenance for the sustainable development of the agraricultural sphere. Int. J. Innov. Technol. Explor. Eng. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85073495954&partnerID=MN8TOARS
6. Reznik, N.P., Gupta, S.K., Sakovska, O.M., Ostapchuk, A.D., Levkina, R.V.: Ukrainian world exchange market of oilseeds: a research of challenges for growth. Int. J. Eng. Adv. Technol. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85072061419&partnerID=MN8TOARS
7. Alekseieva, K.A., Gumeniuk, Y.P., Gumeniuk, O.O., Huhul, O.Y., Sehed, L.M., Reznik, N.P.: Challenges of digitalization of economy. Int. J. Sci. Technol. Res. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85082975348&partnerID=MN8TOARS
8. Nadiia, R.P., Oleksandr, G.V.: Strategic planning of the socio-economic development of Ukraine: conceptual aspects. Int. J. Sci. Technol. Res. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85082866364&partnerID=MN8TOARS
9. Alekseieva, K.A., Melnyk, L.V., Ostapchuk, A.D., Horská, E., Reznik, N.P.: Theoretical and methodological approaches to development of the concept of digital economy. Test Eng. Manag. (2020). https://www.scopus.com/inward/record.uri?eid=2-s2.0-85083002183&partnerID=MN8TOARS
10. Access mode. https://www.me.gov.ua/News/Detail?lang=uk-UA&id=8baf7d2c-af65-4af7-af48-e1160084e828&title=VUkrainiSkhvalenoKontseptsiiuRozvitkuSotsialnoVidpovidalnogoBiznesuDo2030-Roku
11. Access mode. https://hromadske.ua/posts/spad-ekonomiki-zakriti-kordoni-ta-ksenofobiya-yak-spalah-koronavirusu-vplivaye-na-svit
12. Access mode. https://www.visnuk.com.ua/ru/news/100016987-covid-19-spilna-zayava-biznes-spilnoti-schodo-nadzvichaynogo-stanu
13. Access mode. https://rada.gov.ua/fsview/191099.html
14. Access mode. https://fakty.com.ua/ua/ukraine/20200325-yak-vyzhyty-biznesu-pid-chas-karantynu-lajfhaky-vid-vasylya-hmelnytskogo/?fbclid=IwAR1AW1Nkez88XG7tukF7fNE8qF2NZFJPRNBTYH0EE6UQe8RBPLrvadH0c
15. Access mode. https://biz.ligazakon.net/ua/news/193962_zayava-bznes-spilnoti-shchodo-nadzvichaynogo-stanu