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THE STAND OF SOCIAL RESPONSIBILITY
WITHIN THE STRATEGY OF BUSINESS ORGANIZATION

1. Introduction

Various management questions are becoming more critical in recent times, where economic crisis is robustly gaining momentum. Nevertheless, the discussion pertaining to business organization management on various levels should incorporate the deliberation regarding their social responsibility. As much as profit is an objective, it does not exempt from the responsibility before various stakeholders, for instance, workers and society.

Implementation of social responsibility is crucial in respect to the environment of the organization and moral condition of the society. Social responsibility anticipates from a business organization the voluntary responsiveness and responsibility in solving certain social issues abundant and still robustly mounting in modern society. The link between business organization (strategic) management and social responsibility ought to be discussed. In addition, we should search for opportunities to incorporate the element of social responsibility in the business organization management and its strategy.

The aim of this article is to discuss the possibilities of integration of social responsibility elements into the business organization's strategy. The scientific literature analysis is applied to attain the aim of the article.

2. Conception and content of the organization strategy

Strategic management is frequently perceived as a considerable aspect of the modern organization's management, exploited for gaining a competitive advantage. Nonetheless, this approach is constricting and does not reflect its essence. The

broader conception perceives *strategic management* as constant, dynamic and sequential process, on the basis of which the organization manages prompt adaptation to the changes in environment and effectively employs its potential [Vasiliauskas 2002]. The strategic management ability encompasses situation simulation skills, changing situation understanding, formulation and implementation of changed strategy [Chlivickas et al. 2006].

In the course of strategic management process, *the strategy* of the organization, which is defined as the decision totality of the organization, describing essential future aims, actions and tools to attain those aims, is developed and implemented [Vasiliauskas 2002]. The overall goal of the strategy is to assist the organization reaching the desirable results in an unpredictable environment [Drucker 2004].

Nevertheless, strategy may not always provide sole advantages. Certain conditions can imply advantages as well as deficiencies of the strategy [Arimavičiūtė 2005]:

1. *Strategy displays the course*. The strategy refers organizations to plausible development direction in the current conditions. However, close analysis of the future is advisable, in order to make strategy adjustments.

2. *Strategy coordinates efforts*. Chaos possibility arises in the absence of strategy. Nonetheless, a high level of effort coordination can lead to "group thinking" syndrome, which limits the organization in noticing new opportunities.

3. *Strategy describes the organization*. It outlines the main features of the organization. This creates the attitudes towards the organization and enables the valuation of its management. However, the organization's valuation on the sole basis of its strategy is too simplistic, the scheme and complexity of vast organizational dimensions can be overlooked.

4. *Strategy ensures logic*. Strategy eliminates ambiguousness and ensures order, which simplifies the understanding of the processes and facilitate communication. Nonetheless, creativity is generally inconsistent. Consequently, strategy can also be perceived as a reality simplifying theory, which might slightly distort the view.

Organizations applying strategic management, even during unfavorable conditions, have greater possibilities than organizations basing their business on current operations and their corrections. Consequently, strategic management is the most reliable mean to adapt to the environment, irrelevant from the stage of economic cycle, since it facilitates survival, ability to enlarge the business and positive results [Marčinskas, Smilga 1996].

3. Conception and content of the social responsibility

Social responsibility is conscious formation of economic, political and moral relationships between organization and the society; variety of its structural forms; responsibility for its deeds and actions; ability to carry out obligations and apply the social sanctions in case of soundness or culpability [Leonavičius 1993].

The formal meaning of social responsibility is the obligation of the organization to accept decisions and act in the way to please the needs, interests and create welfare for the society and organization [Daft 2003].

Social responsibility can be described as philosophy. Procedures and actions of the organization, which are directed towards the welfare creation and enhancement for the society, can also be one of the underlying organizational aims. This implies the creation of the social responsibility priorities closely related to the traditional standards of business, which involve the organization into social problems [Boone, Kurtz 1987].

Social responsibility perceives a voluntary response of the organization and its obligation to show initiative in solving certain social problems. This activity surpasses the governmental and other types of legislation requirements and includes socially responsible actions named as an object of social responsibility [Pruskus 2003].

Generally, society, or in other words every person and surrounding environment, which can be divided into certain stakeholder groups, are perceived to be the subject of social responsibility [Daft 2003]. The subjects of social responsibility can be subdivided into internal and external, according to their direct or indirect effect on stakeholder groups [Donelly et al. 1992].

All of the stakeholder groups have a certain level of influence on the organization and its operations. Certain stakeholder groups are more significant to the organization, given that without their presence organizations could not operate effectively (workers) or their activity would lose meaning (clients). Therefore, they should be addressed properly and responsibly, as they are capable of creating negative effects on the organization.

According to S.C. Certo and S.T. Certo, the organization at least ought to bear a legally required level of social responsibility, voluntarily decide on performing social responsibility implementation activities, which are not defined by regulations, and inform stakeholders about the level of socially responsible activities pursued at the organization [Certo, Certo 2006]. Hence, a socially responsible organization could be described as an organization which takes into account the effects of its activity on all of the interest groups and correspondingly invests into their well-being [Daft 2003].

4. Premise of social responsibility integration into the organizations' strategies

Forecasting and intuition, rational analysis and social processes are interrelated according to the "golden triangle" of the strategy formation. Thus, strategy construction ought to acknowledge the social environment and its problems. Conversely, the constructed strategy will conceal real situation and will not aspire for the efficient

results and aims. Conclusively, principles of social responsibility ought to be part of the organization's strategy in the course of its formation. Only the assurance of social aspects will vouch for long-term perspectives.

A range of social environment changes significantly influence the overall organization and its operational environment, therefore noticing social changes on time, forecasting and reacting to them is vital [Mellahi et al. 2005]. Business organizations ought to devote enough attention to social trends in order to profit from new strategic possibilities to surpass the competitors. Timely reaction can be assured by anticipating social aspects in the strategy of the organization as a social responsibility element.

The decisions of organizational strategic management create the change process, which ambiguously affects individual people, organizations and even the society, thus various social systems undergo a certain level of shock [Bosas 2004]. As the organizations create certain negative effects on the social sphere, they ought to take responsibility.

Main arguments, which constitute assumptions and prompt business organizations to take social responsibility and integrate it into their strategy, are [Pruskus 2003]:

1. *Positive long-term perspectives are created.* A socially irresponsible organization would not be able to function in the modern market, due to the social pressure. Strategy should contribute to create and secure a sustainable competitive business position.

2. *Change in social needs and expectations.* The escalated role of businesses in the globalization processes involves them in the social problem resolution, as part of them is created by globalization. Furthermore, increasing influence of businesses on the social life makes the social problem resolution infeasible without business involvement.

3. *Resources and their allocation to social problem resolution.* Businesses have vast resources in their disposition and could allocate part of them to social problem resolution. Moreover, investing in the solution of social problems and satisfaction of society interests is advantageous, given that society is the source of business resources and power.

4. *Moral commitment to socially responsible activities.* Business organizations are part of society and ought to create their environment with strong social grounds. Social responsibility is not only a tribute to society, but also a formation tool of the civil society.

Nonetheless, tangible benefits, attained via socially responsible activities, encourage the business organizations to promote social responsibility, for instance the possibility to better match consumer needs and reputation, brand a reliable reputation formation.

Still, there are arguments which try to refute the need of organizational involvement in the social sphere. Main dispute points for business to take social

responsibility are profit maximization principle, social involvement expenditures, inadequate social accountability level and the scarcity of social problem resolution ability [Pruskus 2003].

The declaration and implementation of social responsibility contradicts the main function of the organization – profit maximization, as the partial profit allocation to the resolution of social problems opposes the economic interests and nature of businesses. Social responsibility would create additional expenditures which would be levied on consumers and would increase commodity and service prices and this way reduce the welfare of buyers and society. Even under the presumption that business organizations should be involved in the social problem resolutions, their personnel does not possess the experience, which would enable them to resolve social problems. Frequently, the personnel is only well trained in a sphere targeted towards achieving strategic aims of the organization.

Nevertheless, competition stresses the importance of creating and efficiently empowering the advantages of the organization [Sūdžius 2002]. Strategic management should not be perceived only as a process for strategic decision-making, rather the creation of long-term competitive advantage [Mellahi et al. 2005]. In this instance, declaration and implementation of social responsibility creates the organization's reputation, an important organization's attractiveness factor to customers and ensures sustainability in the market.

The realization of social responsibility would increase personnel's motivation, decrease the possibility for strikes and disputes, create better working conditions, increase productivity, reduce personnel turnover and improve employee health, and this would decrease hiring costs. However, despite the benefits of social responsibility, the implementation process is expensive and time consuming.

Thereby, P.F. Ducker's statement that everyday dealings of executives are frequently directed towards urgent problems is accurate. On the other hand, do we give a thought that this time and effort consuming task is merely dealing with symptoms? [Drucker 2004]. Perceptibly "prophylactic" means are necessary and integration of social responsibility element into the organization strategy would be suggestible.

5. Models of social responsibility integration
into the business organization strategies

Recently, organizational strategies started to allocate more attention and funds towards ethical values and aims [Pučėtaitė, Vasiljevas 2005], as in highly competitive and saturated markets, classical strategies start to lose their power [Drūteikienė 2007]. The image of the organization is one of the factors effecting competitive positions of the organization and could be applied as one of the social responsibility consolidation tools into the strategy of the organization.

Social responsibility must be related with the strategy to achieve its highest level. Executives should not perceive social responsibility as a burden levied by the government and society, rather as a part of strategy focused on a long-term possibility creation, a tool balancing company's activity and creating social satisfaction with the organization.

Main aspects for the development and implementation of the strategy in the most known models of organizational strategies are competition, substitutes, suppliers and consumers. Interpretation of these models does not provide a clear link between social responsibility and implementation of its activities.

Social responsibility, ethical aspects and values are seen as important as competitiveness and marketing aspects in the new models of organizational strategies. Nevertheless, social aims do not contradict profit objective, as a contrary common coordination and implementation can create synergy effects between these aims.

According to O. Schmid-Schonbein, balance itself is the aim of business [Bosas 2004]. His model (Figure 1) reflects the cohesion of owners, environmentalists, consumers, workers and social attitude towards the activity of the organization.
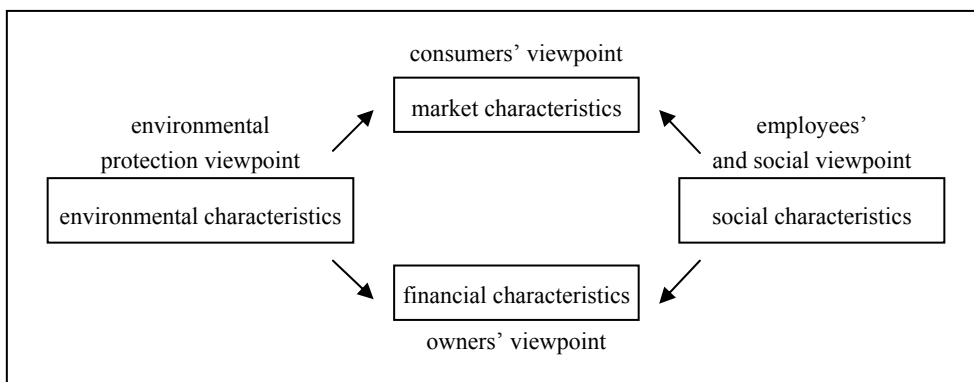

Figure 1. Corporate balanced development model

Source: [Bosas 2004].

Every participant uses different characteristics, which determine the overall value of the organization. Consumer attitudes towards the organization through market characteristics have a direct effect on the organization's financial indicators. Social and environmental attitudes can have analogical direct effects on the organization's characteristics, as well as indirect (via the consumer) attitudes.

The presented model is closely related to social responsibility issues. Consequently, strategic decisions and their direction should encompass the projected financial and market's indicators, at the same time evaluating the effect of the organization's activity on environment and possible social changes.
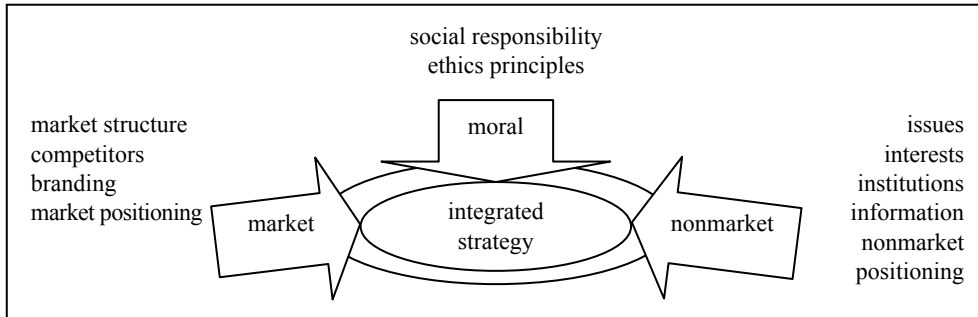
Figure 2. Integrated strategy framework

Source: [Baron 2006].

According to D.P. Baron, formation of integrated organizational strategy (Figure 2) requires consideration of direct and indirect environmental aspects, as well as reflection on morality and social responsibility [Baron 2006]. Reflection on moral and social questions indicates that strategy and actions should be seen in the plane of moral principles, and this would have a magnified effect on the company's value-added.

D.P. Baron stresses that social responsibility and moral principles are evident in everyday activity of the organization when included into the business organization strategy. This way a greater consumer trust and loyalty are assured, which in the long-term perspective is expressed in income and profit growth. It increases the satisfaction of shareholders and owners', as well as the value of the organization [Baron 2006].

D.E. Hawkins recommends using *responsible strategy* (Figure 3), which means that the business organization's strategy should be formulated while thoroughly consi-dering the business organization's obligations to all of the stakeholders [Hawkins 2006].
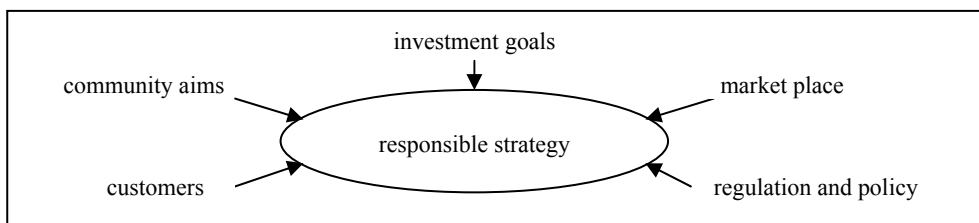

Figure 3. Responsible strategy design

Source: [Hawkins 2006].

The purpose of the responsible strategy module is the integration of social responsibility elements into all of the business organization's functions and activities, as well as into the strategy of the organization, since social responsibility encompasses various resources, environment protection, wastes, pollution, social changes, ethical commerce, technologies, energy sources, risk management, etc. [Hawkins 2006].

It is obvious that business organizations, which try to embed social responsibility principles into their operational activities, have to integrate them into their business strategy. Otherwise, only desultory manifestations of socially responsible activities will be present, which does not bring tangible benefits and can jeopardize the effectiveness of the organization's activity, image and welfare of the society.

6. The measurement problem of the social responsibility level in the organizations

Although the level of social responsibility adopted by the organizations depends on a variety of factors, it is most affected by the ethical norms of the organization's members and its culture. Nonetheless, social values and norms are quite influential [Pruskus 2003].

Determining the level of social responsibility implementation in the organization is a complex task. Generally, we can separate two extreme levels of social responsibility implementation, in which we face an infinite number of levels (Figure 4).

The low level of social responsibility in the organizations is borne if organizations' strategies are based only on achievement of economic aims and the legally required level of social responsibility was adopted unconsciously or consciously declared for marketing and profit enhancement purposes. It can be compared to defensive outlooks from negative attitudes and values of stakeholders.
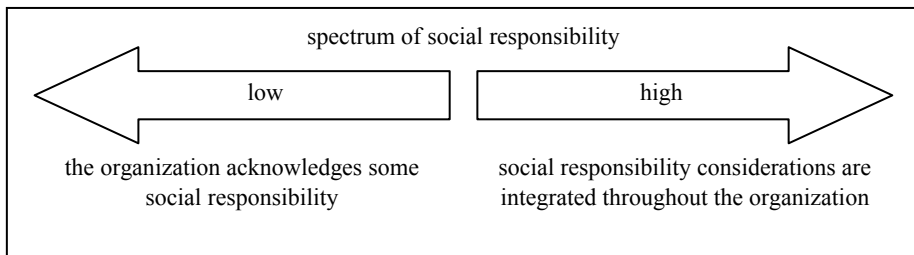

Figure 4. Model of the spectrum of social responsibility

Source: [Boone, Kurtz 1987].

The highest level of social responsibility in the organizations is assumed if the social responsibility was integrated into the strategy of the organization and social responsibility activities were implemented on individual bases, at a much higher level than legally required. The strategies of such organizations not only have a distinct market orientation, but are oriented towards indirect market environment, moral aspects and incorporation of social responsibility and ethical principles into the strategy as well. Integrated strategy is not contradictory to profit objective, it emphasizes businesses as part of the society and compatibility principle for various factors.

Nevertheless, the level of social responsibility in the organization can be stated only subjectively. Since there is an infinite number of levels, only an indicative measurement of the implementation level of social responsibility is possible, which is mainly based on the opinions of workers, environment or society. Wood and Jones in their social activity model showed that social responsibility values, criteria and indicators depend on the particular stakeholder group [Moir 2001]. However, social responsibility of the organization can also be evaluated based on the opinion of the organization itself.

Noticeably, unambiguous valuation of the assumed level of social responsibility in the organization is a complex task due to subjective nature of the indicators. Moreover, it is difficult to assess if the involvement of the organization into certain activities is deliberate or accidental, and whether such involvement is appropriate, adequate and useful.

7. Conclusions

A variety of presumptions prevail on social responsibility integration into the strategy of the organization, noticeably social environment changes cannot be ignored. Only the beneficially balanced effectiveness, ecological and ethical elements in the strategy provide businesses with long-term perspectives.

Simply declaring social responsibility principles in organizational strategies is insufficient for forming a positive image and reputation of the organization. Business organizations ought to integrate social responsibility elements into their strategies, otherwise the organization's efficiency, image and social welfare can be adversely affected. Conclusively, principles, ways and integration tools of social responsibility into the organization's strategy ought to be further analyzed.

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