CORPORATE RESPONSIBILITY, ECOLOGICAL CERTIFICATION ASPECT

Oleksandr Chaikin
Postgraduate. Zhytomyr National Agroecological University. 7 Stary Boulevard St. Zhytomyr 10008 Ukraine. Tel. +380 975084145. E-mail texas_texas@list.ru

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Modern conditions of the world economic globalization caused unification and universalization of ecological demands to the quality of agricultural production. Ecological certification can be used as an evidence of producers’ corporate responsibility towards consumers and the state. The purpose of the paper is to study the possibility of production’s ecological certifications for the implementation of corporative responsibility of the enterprise. The concept of corporate ecological responsibility of the company is rather developed. With the help of logical summarizing the determining criteria of environmentally responsible enterprise from the point of view of ecologically certified production are defined. The correlation of corporative responsibility and ecologically certified agricultural production is analyzed. We demonstrate the possibility of certification usage for achieving the valuable reference points of the ecologically responsible company.

Keywords: ecological certification, certification of production, corporate responsibility

JEL codes: Q55; Q56; M14.

1. Introduction

An essential condition of expansion and effective functioning of the constant development of the state providing high quality of life and ecological safety of the population is the formation and implementation of ecological and social responsibility of all individuals of the state. Conducting socially responsible agricultural industry is directly connected with the implementation of sustainable development concept. Every year more and more producers become aware of the value and competitive advantages of ecological consciousness and responsibility. Because of modern conditions of the world economic globalization that caused unification and universalization of ecological demands to the quality of agricultural production, ecological certification can be used as an evidence of producers’ corporate responsibility towards consumers and the state.

International perspectives of the state governance and corporate social responsibility were investigated by D. Crowther D. and G. Aras G. (2008; 2010). Ecological aspects of corporate responsibility are studied by O. Hrishkova and V. Dumanska (2011). A. Kolosok and A. Solyanyk defined the place of social responsibility in the system of effective corporate governance (Kolosok, 2014; Solyanyk, 2013). However, some research aspects of position of ecological production certification as a new approach of enterprise corporate responsibility realization demand additional study.
The aim of the research is to study the possibility of production’s ecological certifications for the implementation of corporative responsibility of the agricultural enterprise. Study object is the process of using ecological certification by agricultural producers, as a tool of implementation of environmental and social aspects of corporate responsibility.

**Research methodology.** This research is conducted involving methodology: the content analysis with elements of comparative analysis methods to develop the concept of corporate ecological responsibility of the company; the logical summarizing method to defined the determining criteria of ecologically responsible enterprise from the position of ecologically certificated production; the abstract logical method to analyze the connection between corporate responsibility and ecologically certificated agricultural production; the systematic approach to determining the connection between the value orientations of corporate responsibility and achievement of company goals by means of production certification.

2. **Study results**

The majority of Ukrainian enterprises are limited only by legal ecological responsibility which means organizing their work according to national ecological legal system. But to be considered socially responsible, the enterprise should promote internal and external environment of their business over the law requirements. Corporate responsibility envisages management of all social and environmental risks that may affect the interests of future generations. The environmental component of corporate responsibility is one of the key requirements of Ukrainian companies’ entrance to the world market (Buyan, 2012). Therefore, the ecological certificate existence may contribute to the product promotion produced by domestic agricultural enterprise both in the domestic and foreign ecologically friendly markets, demonstrating not only the quality and ecological safety of goods, but confirmed the producer’s corporate ecological responsibility. Providing ecological certification will give an opportunity to the domestic producers to get some economic and social preferences: pulling thru the trade barriers, harmonization of social life and nature and entrance to the new market of valued and higher price products. All this can let the enterprise to extra benefit from the ecological responsible certificated production.

In corporate environmental responsibility in agricultural production is meant the ability of enterprises to take responsibilities for the impacts of its activities on society, the environment, the staff, the business partners and other stakeholders through the ethical conduct with compliance of current legislation and international standards of quality and ecological safety on the principles of mutual benefit (D’Amato, 2009). It should be mentioned that the work of the agricultural enterprise is influenced by a number of stakeholders, namely consumers who pay attention to product quality, the authorities and the local community who care about the stable payment of taxes and participation in community development, the staff for whom a comfortable and safe working conditions are important, the investors who are interested in the financial
stability of the company and the perspectives of increasing the profitability of investments, product sellers who are interested in a rapid implementation of high-quality and ecologically friendly goods. Consequently, the environmental responsibility means understanding the unity of economical, ecological and social spaces by the state subjects, conscious performing their duties in front of consumers, society and the state. In the phenomenon of ecological responsibility dominates the moral and ethical component which must be confirmed by the legal responsibility. Corporate responsibility is a voluntary work of a private or public sector, aimed at maintaining high standards of social work, standards of personnel, minimizing the harmful effect on the environment, creating trusting relationships between partners and suppliers, society and the state, improving production efficiency and characteristics of profitability in a long-run period (Grishkova, 2011). The main elements of ecologically responsible enterprise are: implementation of corporate ecological policy, ecological audit, involving employees in ecological initiatives, ecological certification, production of high-quality ecologically friendly goods, constant ecological monitoring of its work, prefacing industrial innovations. From the perspective of eco-certificated agricultural production, there are three determining criteria of the corporate ecological and social responsibility: ecological, energy and raw material and social (Table).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Characteristics of ecological and social responsibility</th>
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<tbody>
<tr>
<td>Ecological</td>
<td>• the corporate vision of the company satisfies the sustainable development concept;</td>
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<td></td>
<td>• the enterprise functions according to the international standard requirements ISO 14001;</td>
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<td></td>
<td>• the production processes meet the requirements of environmental legislation;</td>
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<td></td>
<td>• a corporate culture is encouraged based on ecological values;</td>
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<td></td>
<td>• the company is aware of its ecological responsibilities both to today’s consumers, and to future generations.</td>
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<tr>
<td>Energetic and raw material</td>
<td>• effective usage of company’s natural stock;</td>
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<td></td>
<td>• constant analysis of critical points (certification by NACCP);</td>
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<td></td>
<td>• a system of total quality management is functioning (TQM);</td>
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<td></td>
<td>• the producer is aware of the economic benefits from the introduction of energy-saving technologies;</td>
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<td></td>
<td>• a priority of a complete cycle non-waste industry.</td>
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<td>Social</td>
<td>• the system of management of personnel’s occupational safety and health is established (OHSAS 18001);</td>
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<td></td>
<td>• the international quality management system ISO 9001 is functioning in the company;</td>
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<td></td>
<td>• the company’s production corresponds to a series of management system standards in food industry – ISO 22000;</td>
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<td></td>
<td>• the company annually reports on ecological and social aspects of their work;</td>
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<td></td>
<td>• the enterprise work is regulated by ISO 26000 standards – Social Responsibility Management System.</td>
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It should be mentioned that the company's following principles of ecological responsibility doesn’t always happen with a purpose of environmental protection. In this we have particular economic goals for the enterprise (Fig.).
Valuable reference points

- Personnel’s safety and health
  - OHSAS 18001

Realization instruments

- Effective usage of the resources
  - TQM

- The quality of gods
  - ISO 9001

- The safety of food products
  - ISO 22000, HACCP

- Ecological safety and preservation of environment
  - ISO 14001

- Green enterprise
  - Organic standards

- Socially responsible production
  - ISO 26000

Achieving aims

- Personnel’s social motivation; accident situations prevention; avoidance of penalties and crisis situations results liquidation expenditures; stuff education

- Rationale use of natural resources; energy and water saving providing; effective labor management; labor productivity increase; alternative energy resources use

- Consumer wants satisfaction; high quality products production; products competitive ability rise; pulling thru the trade barriers; international exchange market entrance

- Branding; investments outsourcing attractiveness; new consumer objective niche; consumer loyalty; safety of food products projects creation

- Eco branding; better relationships with local authorities and government; diversification; economy and ecology use of natural resources

- Positive enterprise image; consumer loyalty; new sale markets; products stock increase; closed circle production

- Goodwill; changes in relationships with government and consumers; government preferences; preferential credits; etic business practice

Fig. The correlation of corporate responsibility and ecologically certified agricultural production
Therefore, to ensure the personnel’s safety and health, the certification based on the international standard of management of professional personnel’s safety and health – OHSAS 18001 can be used; its introduction will guarantee comfortable conditions and safety of personnel’s work which in turn will serve as an additional factor motivating the workers of the enterprise. The preface of this standard also supposes the appropriate training of employees, raising their skill level and their awareness of manufacturing processes and their impact on the natural environment (Crowther, 2008). With the help of the standards of this very system the producers pay attention on their responsibility for the lives and welfare of their employees.

To perform an efficient use of resources, it is expedient to implement the system of total quality management (TQM), which brings together the major existing management methods and technical means into the scientifically based system, the purpose of which is the constant improvement of manufacture and their results. Total quality management involves not only the improvement of quality characteristics of goods but also the intensification of the company’s innovative activities from the point of view of energy and resource preservation. Spheres through which the company can demonstrate its ecological responsibility: the rational use of water, the decrease in consumption of traditional energy sources, alternative energy sources, optimization of transport, reduction of waste (Kytle, 2005).

Implementing the International Quality Management System ISO 9001 in the company, the producer can not only meet the needs of consumers in high-quality goods, but also get a number of preferences. The correspondence to the international quality standards will enable the company to enhance their competitiveness significantly and to overcome easily the barriers while entering the foreign market of agricultural production. It is also possible to use standard SA 800 (Social Accountability), the main purpose of which is to provide an ethical origin of goods and services.

In order to confirm the safety of food products made by the company, the integration of the standards’ series of management system in food industry, which is based on agricultural production, ISO 22000 into the manufacturing processes is required, and the use of the risk analyses system, hazards and critical control points (HACCP). Guaranteeing the safety of their products, the producer emphasizes the high quality of goods and the creation of value system in regard to a particular product, in other words creates a personalized positive image of the brand. In support of its social responsibility the producer can offer his own projects to ensure food safety.

Using the standards of the International Environmental Management System – ISO 14001, the company emphasizes on adding the ecological component into their manufacturing process. Providing the ISO 14001 standards company have to coincide the specific requirements which include: development of an environmental policy; identification of environmental aspects and evaluation of associated; development and maintenance of environmental objectives and targets; implementation of a documented system, including elements of training, operational controls and dealing with emergencies environmental impact; environmental internal and external auditing; management reviews of the system to ensure its continuing effectiveness and suitabil-
ity. All this requirements are aimed at maintaining high standards of social work, standards of personnel, minimizing the harmful effect on the environment, which are closely connected with company social ecological responsibility. The production of ecologically certified products is an innovation, which is important both for economic reasons and socio-ethical. Firstly, the company receives the economic benefits from the rational use of resources and raw materials, increases its investment attraction, has the ability to diversify their activity – to move from traditional to ecologically oriented. Secondly, the relations with the authorities and with the local community are improved. The company gets the image of an ecologically conscious and responsible and takes the path of constant development. Also it is possible to use the GRI standard (Global Reporting Initiative), which is based on the sustainable development concept, which means, finding a balance between meeting the needs of consumers, favorable natural environment and similar needs of future generations. It should be mentioned that this standard is universal for all the types of companies including agricultural enterprises.

Taking the path of "green" industry, being tested for correspondence to the standards of organic agricultural production, the company will be able to expand the range of products, discover a new market and gain the commitment of ecologically conscious consumers. Because of the globalization the very fact of ecologically responsible enterprise is an important factor in investment attraction of the company (Kolosok, 2014).

Implementing the principles of social responsibility by using ISO 26000 standard – Social Responsibility Management System, the enterprise affirms documentary its social and environmental awareness, becomes more attractive for investors due to goodwill the value of non-material assets of the enterprise (Theuws, 2013). ISO 26000 standards offer the guidance on the principles of social responsibility, core components and reports relating to social responsibility, as well as the ways to integrate socially responsible behavior to existing organizational strategies, systems, practices and processes (Mamatova, 2010). Socially responsible enterprise can obtain the state preferences for land issues and concessional lending.

In our opinion, it is reasonable to use AA 1000 standard (Account Ability 1000), which contains requirements for the set of quality indicators directly of the enterprise accounts. This standard is designed for auditing the results of company’s work from ethical and social positions. It should be mentioned that this standard is a dynamic process model of steady improvement of the sustainable enterprise development indexes.

The main motives that encourage farmers to raise the corporate responsibility could be the following: the development of enterprise’s personnel; productivity growth; improving the image; additional advertising of goods and services; showing the enterprise’s work on the mass media; additional investment opportunities; tax preferences; getting rid of trade barriers; privileged farming; stable development of the company in the long run.
3. Conclusions

1. It is possible to use production’s ecological certifications as a tool for the implementation of environmental and social aspects of corporate responsibility of the agricultural enterprise.

2. The existence of ecological certificate may promote products produced by a company both in the domestic and foreign markets of ecologically friendly products, demonstrating not only the quality and ecological safety of goods, but also confirming the corporate ecological responsibility of a producer.

3. From the perspective of eco-certified agricultural production, the determining criteria that characterize the corporate ecological and social responsibility of the enterprise exist.

4. Ecological certification can be used as an implementation tool of environmental and social aspects of corporate responsibility of a modern agricultural enterprise.

5. Ecologically certified manufacture bears evidence of a producer’s conscious desire to find balance between satisfying the needs of consumers, favorable natural environment and similar needs of future generations.

References


**EKOLOGINIS SERTIFIKAVIMAS KOLEKTYVINEI ATSAKOMYBEI**

Oleksandr Chaikin
Žitomiro nacionalinis agroekologinis universitetas

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**Santrauka**


Reikšminiai žodžiai: ekologinis sertifikavimas, kolektyvinė atsakomybė, produkcijos sertifikavimas.

**JEL kodai:** M14, Q55, Q56.