

Strategy for the implementation of socially responsible behavior in situation of economic crisis



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Abstract:

Creating and adopting local, and global strategy of socially responsible behaviour, and establishment of a national, and international body for the certification of socially responsible behaviour is key factor for successful implementation. The suggested at global strategy is applying model of "House of social responsibility". Effective implementation of this model requires: knowledge, resources, strategy, legislation, the supervisory body for the certification and control of social responsibility. The new industrial revolution known as Industrial 4.0 have large effect on sustainability, and it can be used as a tool for his proper applications. After COVID-19, in times of political, energetic and economic crisis, countries are faced with new challenges that require urgent solutions in order to create the conditions for the creation of socially responsible communities. The need for socially responsible behaviour increases in a situation of political, energetic and economic crisis raises with more issues and more task to solve. It requires a global change in behaviour and a revision of the existing list priorities, both for companies and for people.

Keywords: socially responsible behavior; energetic crisis; economic crisis; ISO 26000; industry 4.0; economic diplomacy

1. INTRODUCTION

Thanks to the development of civilization, man provided himself with many comforts in the 21st century. Nature and its resources are adapted to their needs. But is the exploitation of all-natural resources carried out in a planned manner and in accordance with the relative needs of man is a question that we all have to honestly answer today? If people had always behaved like rational beings, today we would not have problems with environmental pollution and irrational use of resources, the disappearance of certain plant and animal species.

That is why we must take certain measures and actions in order to save us planet. It is necessary to form a special institution that will deal with the implementation of the policy of socially responsible behaviour. In addition to the national one, it is necessary to form an international body for the certification of socially responsible behaviour.

The paper proposes the implementation of the CSR strategy based on the model "House of socially responsible behaviour", which rests on the foundations of economic diplomacy. It's crucial to be explained to investment both in the company's operations and in society. The paper also deals with the influence of the importance of Industry 4 in the successful implementation of socially responsible behaviour.

The impact of COVID-19 on the global business of companies is evident, and the paper analyses its impact on the sectoral redistribution of profits in favour of pharmaceutical companies. Considering that people's health is in the first place in this regard, the priorities change when we talk about socially responsible behaviour. In the situation of a pandemic, energy and economic crisis, it is crucial first of all to ensure adequate health protection of people, and then the supply of energy and food.

2. WHY PEOPLE DESTROY NATURE?

People are facing with problems in CSR but mainly does not consider the needs of future generations. Always, in every society, in every nation there are both: responsible and irresponsible members of the community. In order to prevent irresponsibility, we must define the rules for all community members.

Every state must have a set of laws who will regulate behaviour of people and corporations. In accordance to development of 4.0 industry we can better control and implement socially responsible rules in doing business. We must have sanctions for violators of rules, in order to obtain sustainable development.

Above all, achieving sustainable development will be a key to economic recovery, which will need to address biodiversity loss, climate change, and the promotion of sustainable economic goals. In addition, increasing attention will be paid to the production and use of sustainable materials (Karanina, et al. 2022).

3. SOCIALLY RESPONSIBLE BEHAVIOR AND QUALITY OF HUMAN LIFE

Socially responsible behaviour becomes particularly significant in recent decades. There are different segments of socially responsible behaviour, and each of them is equally important. In order to talk about a socially responsible community, socially responsible behaviour must be implemented in all segments of society: companies, institutions, governmental and non-governmental organizations.

We must organize people to live and work in a community that does not harm nature and does not use resources to the detriment of future generations. Many people think that this process is utopia, but if we do our best, we can succeed and obtain a better quality of human life.

Opportunities for sustainable offerings exist by designing products for longevity, repair and recycling, such that sustainability is not only focusing on being more efficient, but also on using less raw materials and recycling more products. This changes the value proposition, supply chain, relation with the customer and financial justification of a business model (de Man, J. C, Strandhagen, J. O. 2017).

The new industrial revolution known as industry 4.0 have a large potential for sustainable business. At first digital channels can be more used for further population of different kinds of platforms and sustainable business scenarios, especially in situation of economic crisis which was at first driven by unexpected pandemic of COVID 19, and then by energetic crisis due introduction of sanctions to Russia. In crisis situations, Industrial 4.0 can be a generator of economic growth in order to reduce the effects of the crisis.

One main focus of the technical structure is on the user-friendly design of the project illustrations. This is obligatory, so the projects on the platform can be understood and manufactured by other users. Also, a user-friendly design encourages many users to participate in the specific project. Furthermore, a strong link of the SMC to social media will increase the growth of the platform (Severengiz, et al. 2015).

As a result of the lock down due to health measures, even the most developed economies of the world suffered great losses. Only those industries that immediately switched to remote work managed to mitigate the effects of COVID 19 with their quick reaction. In this regard, the importance of the IT sector for sustainable development is very large.

For example, the IT industry makes the supply chain much more efficient. We save time, resources and money by implementing new software for supply chain processes. But sustainability is not just

effectiveness, recycling and ecology. It is stable development with rational use of all resources in the country.

After COVID-19 we need to reorganize our global strategy of the sustainable development because the world was unprepared for pandemic. We were witnessed a totally different politics and actions in some countries. Stressing how important health care is for people and a healthy economy, it is also necessary to emphasize that the costs of health care was increased on a global level. COVID-19 has drastically reshaped the economies of countries. We have a transfer of wealth through different sectors and industries.

Sector of individual services such as restaurants, hair salons, tourist services record serious losses and decreased its activity on one hand, and on the other hand, producers of medical equipment, drugs and vaccines achieved a big increase. In [Table 1](#), we can see the amount of profit of the largest healthcare companies in the world according to the Forbes list for year 2022.

Table 1. The World's Largest Healthcare Companies in 2022 ([Forbes 2022](#))

Rank	Name	Country	Sales (TTM)	Profit (TTM)	Market Value (TTM)
1	United Health Group Inc.	USA	\$297.6 billion	\$17.5 billion	\$490.2 billion
2	Johnson & Johnson	USA	\$94.9 billion	\$19.8 billion	\$477.4 billion
3	CVS Health Corporation	USA	\$292 billion	\$7.9 billion	\$133.5 billion
4	Pfizer Inc.	USA	\$81.5 billion	\$22 billion	\$271.8 billion
5	AbbVie, Inc.	USA	\$56.2 billion	\$11.5 billion	\$273.8 billion
6	Novartis AG	Switzerland	\$51.6 billion	\$24.1 billion	\$200.7 billion
7	Roche Holding AG	Switzerland	\$68.7 billion	\$15.2 billion	\$308.1 billion
8	Cigna Corporation	USA	\$174.3 billion	\$5.4 billion	\$81.2 billion
9	Merck & Co., Inc.	USA	\$50.4 billion	\$13 billion	\$213.8 billion
10	Anthem, Inc.	USA	\$144.3 billion	\$6.2 billion	\$121.3 billion
11	Sanofi	USA	\$44.6 billion	\$7.4 billion	\$136.9 billion
Note: TTM- twelve following month					

During the COVID 19, World Health Organization (WHO) define the measures and actions in order to stop the pandemic. But globally, we can't see that measures were implemented in all countries on the world.

The pandemic situation increases health needs that increase the scope of business activity of health companies due to increased demand. That increase in business activity has, among other things, led to an increase in their market value and strength and provided them with a safe profit during the pandemic.

If we analyse the data, we can also notice that the volume of sales is not always correlated with profits due to the different structure of the production of medical equipment and products. The most successful were the companies that had the largest participation in the production of vaccines.

How the COVID-19 pandemic affected to the net income of these companies is presented in the table below. The table was created with financial data extracted from <http://www.macrotrends.net> for each company separately.

If we analyse the data and Table 2, we will see that the observed companies had a drastic increase in profits, at most in 2021 when we had mass vaccination of the population in accordance to recommendations of the World Health Organization.

Table 2. Net income of the biggest pharmaceutical's companies

Company	Annual data in millions of US \$			
	2018	2019	2020	2021
Novartis AG	12,611	11,732	8,072	24,021
Pfizer Inc.	11,153	16,026	9,159	21,979
Johnson & Johnson	15,297	15,119	14,714	20,878
UnitedHealth Group Financial	11,986	13,839	15,403	17,285
Roche Holding AG (RHHBY)	10,735	13,584	15,247	15,240
Merck & Co., Inc.	6,220	9,843	7,067	13,049
AbbVie	5,687	7,882	4,616	11,542
CVS Health Corporation	-0,594	6,634	7,179	7,910
Sanofi	5,223	3,29	14,066	7,362
Anthem, Inc. (rebrand to Elevance Health)	3,750	4,807	4,572	6,104
Cigna Corporation	2,637	5,104	8,458	5,365

Source: Author's presentation based on data extracted from <https://www.macrotrends.net>

Evidently pharmaceutical companies have been increased profit as a result of COVID-19 pandemic because we have drastic increase in demand of healthcare and pharmaceutical products as drugs and vaccines.

While some countries advocated and implemented a complete lockdown, others did not implement such strict measures, and some were perhaps too relaxed until the pandemic spread significantly in their countries.

So here we are talking about a global problem of a global pandemic and great diversity in reaction to it. we cannot compare all countries the same way due to different health care policies, populations and different socio-political and economic opportunities.

Only if we provide more funds on the global level and implement unified health policy for the protection against COVID-19 we can talk about better implementation a health protection of population in all countries.

In order to get a graphic insight into the data from Table 2, Figure 1 shows the net profits of the companies in the last four years, so it is easier to follow the growth of the net profit of each company individually per year.

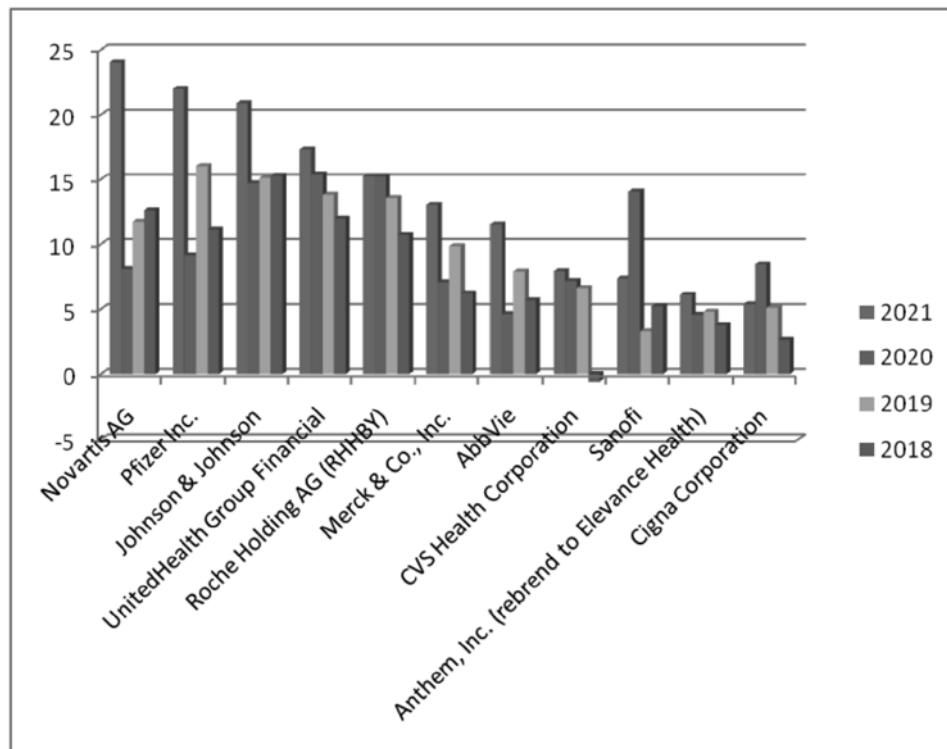


Figure 1.

Net income of the biggest pharmaceutical's companies in the world in millions of US \$

Source: Author's presentation based extracted from <https://www.macrotrends.net>

Logically, due to the pandemic, the need for healthcare products increased, so these companies also recorded significant increases in production and sales, and at the end in profit increase.

Since 2018, COVID-19 vaccine manufacturers like Pfizer and Johnson & Johnson have gained ground on the Forbes Global 2000 list. J & J leaped from 145th in 2018 to 39th this year, and Pfizer went from No. 44 to No. 43. After rising to No. 161 from No. 213 last year, Astra Zeneca fell in our rankings this year to No. 461. Moderna, which didn't make our list before the pandemic, rose from its 2020 debut at No. 1,970 to No. 373 on this year's ranking (Forbes 2022).

Production in other business sectors in large number of companies was blocked because of implementation of protection measures against COVID-19. That measures were defining, among other, the maximum number of employees who can be in a same space and the distance between them. That was a reason of reducing production in many companies around the world.

Faced with pandemic we need to make new action plans in each country in order to provide adequate healthcare, and supply of foods and all necessary goods for human's life. In situation of energetic and economic crisis it is very difficult goal to achieve. But if every human and ever company give the best of itself it is of course possible to reach and fulfil all of this goal. We can't give up and stop now after

lots of efforts that we made. In order to obtain energy, we must focus on saving at first, and then on inventions of new energy resources which will help us to produce the green energy.

So, the update of social responsibility is requested in nowadays, in situation of all three crises: energetic, economic and political crisis which are deeply connected between themselves. We need a peace on a global level, and because of that the diplomats must make the biggest effort in order to obtain it. That means that countries must cooperate between themselves on a fair way to obtain the equal value for each side like in contracts. That is win strategy that can help in solving energetic crisis. We must stop energetic crisis in order to stop inflation, because energy prices have a multiplying effect on the growth of all other prices.

We must consider that in focus of all that action is human, and of his actions depends all. Unfortunately, the draft of standard ISO 26000 was adopted in 2010, but it is not made in the form of a binding law, but only at the level of recommendation regarding its implementation. This means that people, companies, governmental and supreme organizations have been left free to decide whether they themselves will apply and respect the standard or not.

Certification is very important especially for companies that respect all aspects of standard ISO 26000, and it's also important as a good practice, to convict the one big part of a people and organizations who doesn't believe in proper use of all resources and goods in order to save the nature on our planet.

It has been shown that socially responsible behaviour affects the increase of the financial results of companies that have implemented socially responsible behaviour. As evident financial benefits of socially responsible behaviour are necessary to popularize socially responsible behaviour (SRB) as a new business concept. Thus, socially responsible behaviour is slowly becoming an imperative, and new value criterion for measurement of the success of companies. Therefore, it is not only important to achieve a good financial result, but also to see what are the effects of operations of the company, if the company pays the tax, whether human rights are respected, as far as respect the rights of employees, whether they complied with the rules of safety at work, how to take care to protect the environment and more (Dejanović 2015).

These are very important issues that require a global solution, and therefore a role of UN, EU, OECD and other institutions in implementing socially responsible behaviour is a key factor for its success. These organizations have great international influence, and have great power which are reflecting their attitude towards socially responsible behaviour. Within the UN there is a large number of organizations which are deeply connected with different segments of socially responsible behaviour.

The most appropriate way is to constitute a body within UN because they have institutional framework suitable for its global implementation. G20 have political and economic influence and their role in the international negotiating process is high. If socially responsible behaviour is implemented in most countries within the G20 that would be a powerful incentive and impulse to other countries to follow their example. EU gone furthest in practical faithful implementation of socially responsible behaviour, within its strategy of development that is aligned with the Global Compact of UN.

Keith Davis has developed the "The Iron Law of Social Responsibility", where he stated that, by lacking a socially responsible behaviour, a company will lose its power (Davis 1973).

The current political and economic situation in the world, crises and wars that threaten to expand, the problem of large-scale migration population from war-affected areas are certainly problems that are not in the domain of a state and requires a global solution. Contemporary international relations and economic crisis have, a negative impact on socially responsible behaviour of companies, and the need for its full implementation is greater than ever.

Energy plays a critical role in the socio-economic development of countries, and without sustainable and affordable access, countries often struggle to recover from crisis and build a foundation for resilient long-term development. Lack of energy access restricts the ability of people in fragile and conflict-impacted situations to earn a living, secure access to clean water, cook food and access education and health facilities. Lack of sustainable energy prevents and stalls communities in recovering from crises (Korchunov, Rosenberg-Jansen 2022).

Due to the economic crisis ranking of company goals is changed, and they are mainly focused on making a profit, while the need for socially responsible behaviour is marginalized. However, just in a situation of economic crisis, the need for socially responsible behaviour is particularly pronounced. Consequently, defining long-term strategy of corporate social responsibility for sustainable development, appears inevitable. Bowen in his book explains the essence of social responsibility. It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. This definition does not imply that businessmen as a member of society lack the right to criticize the values accepted in society, and to work toward their improvement. Indeed, in view of their great power and influence, they may well have an obligation to do so. It is assumed, however, that as servants of society, the must not disregard socially accepted values or place their own values above those of society (Bowen, 1953).

4. MODEL OF "HOUSE OF SOCIAL RESPONSIBILITY"

For efficient implementation of socially responsible behaviour is necessary to apply the appropriate model. The one of the suggested models is model of "House of social responsibility" which stands on foundation of economic diplomacy.

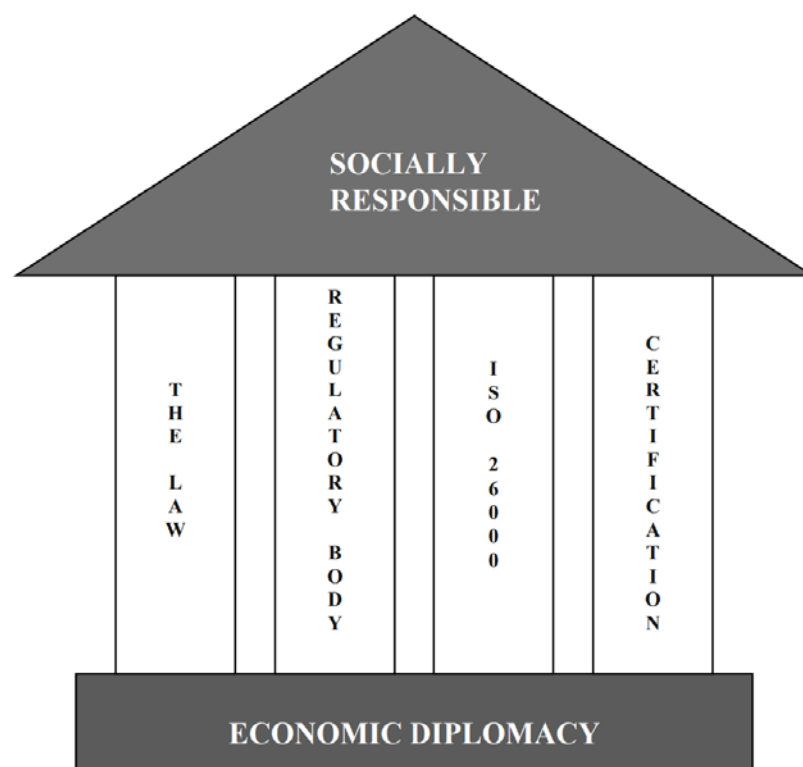


Figure 2.
House of social responsibility (Dejanović 2015)

Economic diplomacy has very important role in negotiation process. House of social responsibility is based on 4 main pillars: law, international regulatory body for socially responsible behaviour, standard ISO 26000, and certification of socially responsible behaviour.

Model of "House of social responsibility" that stands on foundations of economic diplomacy can be very successful tool to save our planet from destroying and self-destroying. The role of government in stimulating socially responsible activities is very important, because should provide the basis and legal framework for the implementation of tax strategy with tax stimulation for investing in socially acceptable projects. It's should help to promote a desirable social values and norms in order to raise the level of morality in society.

Marketing activities are also necessary, and very important for expanding socially responsible values, to create certain moral and ethical standards which will help to make big socially investment for our good. The forces of nature are unpredictable. Man has thus learned a lot about nature, but there is still much that requires research.

There is a serious threat that man, out of ignorance, or total carelessness, will bring the whole of humanity to ruin. That can endanger the supply of basic resources for human life like: air, water, food, shelter. Humanity is really exposed to great risks due to the current negative political situation in the world. Because of that socially responsible behaviour is founded on economic diplomacy. What is a point of everything that man has done so far if everything could be destroyed because of political conflicts? It's like cutting the branch we're sitting on. Political crisis caused the energy crisis, and raise of prices of energy products increased and increase of inflation rate.

The importance of economic diplomacy and socially responsible behaviour is a key factor in solving this problem. That inflation falls into the category of imported inflation because it came from outside. Therefore, the role of scientific, cultural, sporting and political elite is very important, and it's necessary to educate staff in companies, in, government and non-government organizations with key principles of socially responsible way of doing business. Because of that the model of "House of social responsibility" can be successful model for its implementation. At first, we must have a law for socially responsible behaviour, an institutional body that will control the implementation of the ISO 26000 standard and enable the certification of companies for socially responsible behaviour.

In the prevailing challenging crisis, technology-driven circular economy practices in energy production and consumption patterns are useful as technology-led circular economy's sustainable practices help achieve energy efficiency and human food consumption patterns ([Geng 2022](#)).

It is very important to be socially responsible in using energy, especially today when we are facing with serious economic consequences due to the energetic crisis in the world. But survival is not just in energy efficiency, but also with food supply chain and food diversity. That will lead us to the creation of a totally new business philosophy - socially responsible way of doing business that aims to be the two opposing sides reconciled, to unite profit and CSR in one direction of joint action for the general welfare of society.

Philip Kotler and Nancy Lee in their book, *Corporate Social Responsibility: Doing Best for Their Company and for a Selected Social Goal*, highlight the importance of CSR for Sustainable Development, citing examples from the business practice of successful companies, such as Timberland, Levi Strauss, Avon and other ([Kotler, Lee 2009](#)).

5. CONCLUSION

Contemporary international relations, and economic crisis have a large negative impact on social responsibility of companies. Due to the economic crisis, on the scale of the most important companies'

goals is profit, and on the other hand, the need for investing in social responsibility is marginalized. However, in the world, in a situation of economic crisis, the need for a socially responsible behaviour is particularly pronounced. Consequently, the definition of long-term strategy of social responsibility for sustainable development is unavoidable.

The world is facing with three types of crises that are deeply interconnected. The political, energy and economic crisis are bringing the world into a very dangerous zone that can produce global consequences for people's lives in a whole world.

In a crisis situation, underdeveloped and developing countries are the most affected because they pay the highest price of the crisis. They have no money or savings to invest in a better future and a socially responsible community. Now, above all, it is important to invest in healthcare, energy and food, which are the basic requirements for normal human life. Industrial 4.0 has great opportunities for proper implementation and improvement of sustainability.

We must use digitization to better implement and control the implementation of socially responsible behaviour. For adequate implementation of Social responsibility in business and in life of people is recommended the model of house of social responsibility. At first it means that we must have legislation regarding sustainability, regulatory body for implementation and certification of companies for CSR (corporate social responsibility), and a strong state with high willingness to create socially responsible society.

In the coming years that people will face with poverty, refugees from war affected areas, energy crisis, raising inflation and economic crisis it's very important to maintain the level of commitment to sustainable development. Solving all these problems means behaving on responsible way. As there is a solution for every problem, the task of the state and the entire community is to devote itself to socially responsible behaviour with the aim of sustainable development.

We need to implement socially responsible behaviour on the highest level in order to provide the better quality of life of all humans in the world and to provide a sustainable development which will save the planet and resources for the future generation.

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Стратегија за спровођење друштвено одговорног понашања у ситуацији економске кризе

Сажетак:

Креирање и усвајање локалне и глобалне стратегије друштвено одговорног понашања и успостављање националног и међународног тела за сертификацију друштвено одговорног понашања је кључни фактор за успешну имплементацију. Предложена глобална стратегија је примена модела „Куће друштвене одговорности”. Ефикасна примена овог модела захтева: знање, ресурсе, стратегију, законску регулативу, надзорно тело за сертификацију и контролу друштвене одговорности. Нова индустријска револуција позната као Индустрија 4.0 има велики утицај на одрживост и може се користити као алат за његову правилну примену. Након Ковида-19, у временима аполитичке, енергетске и економске кризе, земље се суочавају са новим изазовима који захтевају хитна решења како би се створили услови за стварање друштвено одговорних заједница. Потребна за друштвено одговорним понашање расте у ситуацији политичке, енергетске и економске кризе са више питања и више задатака за решавање. То захтева глобалну промену понашања и ревизију постојеће листе приоритета, како за компаније, тако и за људе.

Кључне речи: друштвено одговорно понашање, енергетска криза, економска криза, ИСО 26000, индустрија 4.0, економска дипломатија