

# **CORPORATE SOCIAL RESPONSIBILITY IN RUSSIA: PROBLEMS AND PROSPECTS**

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**Statement of the problem in general terms.** Corporate social responsibility of business and its role in the social economic development of the country have become an urgent problem. Many companies strive to increase their competitiveness and maintain a positive brand image by working on their business reputation and adhering to the principles of social responsibility.

**The purpose of the study** is to provide an overview of the content of corporate social responsibility and the problems facing Russian businesses today. At the moment, this problem is one of the most discussed in the modern world.

**Presentation of the main research materials.** When you first come across the term “corporate social responsibility”, you immediately realize that this is a more meaningful and meaningful concept than individual responsibility. Going deeper into it, you understand that social responsibility permeates all areas of our lives. Corporate social responsibility is everything that happens around us, and we are all inalienable, irreplaceable and, possibly, it's most important part, because our entire planet can be considered as one big corporation.

The development of corporate social responsibility in Russia is accompanied by global trends, but so far it has been slow and practically does not cover small and medium-sized businesses. The activities of the company should be based on those types of responsibilities that have been considered previously. However, small and

medium-sized businesses in Russia are usually limited only by charity. Only a small part of large Russian companies understands that CSR (corporate social responsibility) is part of strategic management, and not just a function of public relations. The problem of social responsibility of business has received mixed development in recent years in Russia.

On the one hand, in fact, the XIII Congress of the Russian Union of Industrialists and entrepreneurs at which the Russian president in 2003 called on Russian business to become "socially responsible," laid the foundation for a fairly obvious process of voluntary activity in this area by the most conscious and strategically minded part of Russian business. This is mainly a large private business. The President began an active dialogue with interested public groups on the implementation of modern international standards of socially oriented and environmental management, published the first social reports, including reports on sustainable development, and was recognized as the most progressive among world business leaders. Many enterprises have started to implement socially oriented and environmental management in their work. Among them there are mainly the largest Russian companies and some banks, such as MMC Norilsk Nickel, JSC LUKOIL, JSC Tatneft, Ilim pulp Corporation, JSC NOVOGOR-Prikamye, JSC EvrazHolding, SUAL group, JSC Magnitogorsk MK, JSCB ROSBANK and Tolyatti FIA-Bank, and others.

The activities of companies in this area are also aimed at creating clear, regular and effective relations with regional and local authorities, as well as with civil society. One such company is Sanofi.

Most of the Russian research is limited to the historical aspects of CSR, reviews of Western cases and attempts to adapt this experience to Russian companies, although these trends are mainly based on international models. Some works are devoted to the correlation between the social and financial indicators of corporations. Several attempts have been made to study national trends in the development of corporate social activities in Russia. Based on the analysis of the best practices of leading Russian companies, Blogov concluded that their CSR-related activities

usually correspond to the global trend of integrating CSR principles into the company's corporate strategy and policy. **[Error! Reference source not found.]**

Some working principles of social responsibility were proposed to determine the consistent development of the Russian business: reducing the negative impact of business on key stakeholders, increasing the value of socio-economic development by investing in key projects for both shareholders and other stakeholders. Trusting relationships with stakeholders need to be based on transparency and openness in accordance with the code of corporate conduct, aiming at officially high financial results.

Analysis of world practice highlights some types of CSR, which vary depending on the focus of programs and state participation. All these features have had a great influence on the formation of the Russian model of corporate social responsibility. In Russia, this process is at the initial stages of state domination, extremely weak development of civil society institutions and the development of oligarchic business.

Until now, the insider manager who builds a deterministic business management system is the central player in general and corporate governance in Russia. His commitments and common goals are to increase the potential of the business. At the same time, the manager is associated with the owner, guided by his interests, where the main motive is the increase in the market value of the business and the return on invested capital. ROI is the main criterion for the overall business performance for the owner. The classic agent conflict of interest is an important element of the national business environment in Russia.

The organizational culture of a technocratic Corporation and its dominant management style were based on controlling decision-making. The traditional approach sees an economic organization as a "closed" system, its goals and obligations are considered consistent and stable, as well as other operating conditions that are stable enough for a long time, and a sense of duty and effective control are crucial in management methods. One of the directions of socio-economic transformations in the framework of corporate development in Russia is a socially

responsible approach of business to corporate relations without dependence on mandatory and voluntary motives.

Currently, the development of corporate social responsibility in Russia is hindered by the fact that companies do not pay sufficient attention to existing social problems, such as environmental degradation. Another problem is that the state does not provide additional incentives for companies to participate in the public life of the country. It is noteworthy that state-owned companies and large corporations are increasingly taking on corporate social responsibility, while almost nothing is said about medium-sized and non-public enterprises.

However, how the public perceives corporate social responsibility depends mainly on the main market players. At the moment, the government is the most powerful and influential of them. It is difficult to overestimate the role of the state and its influence on how the principles of socially responsible behavior spread and take root in society [2].

Since the state is today the largest employer, it should start with itself. One of the ways the government intervenes in corporate social responsibility is to promote the development of CSR by encouraging the business community and civil society to participate in socially responsible behavior. At the same time, the state can use a variety of instruments and incentive mechanisms, from mild forms of regulation and motivation to certain legal requirements. Among them there are such activities as:

- informing the wide public about the role of CSR. For this purpose, special information centers, websites, brochures, conferences, seminars and round table discussions are created. At the same time, the government should turn to the media with a request to inform the public about the best national and international practices in the field of CSR;

- promotion and support of additional voluntary business initiatives in the field of CSR. The most popular tools are the presentation of special state awards for their contribution to the development of CSR, financial support for social initiatives, the introduction of a social and environmental labeling mechanism that confirms the manufacturer's commitment to CSR ;

— educational, scientific and methodological support. For this purpose, seminars and training schools on CSR are held in many countries for civil servants and business representatives;

— assistance in implementing the system of international management standards, financial reporting; certification of product and promotion of enterprises in accordance with international standards and many others.

**Conclusion.** The CSR culture in Russia is undergoing a formative stage. Increasingly we find involvement of the Russian business community in this process. This is due to the fact that it has recognized the economic benefits and felt some influence from the state and the world community. A clear disadvantage of this process in Russia is the low participation of civil society, which can significantly affect the development of this culture and direct it in the direction necessary for society. The current stage of the increasing development of CSR gives a good possibility to the Russian business community to raise the level of economic culture and to integrate national corporations into the world map of social responsibility. It might become a key-driver to generate a positive corporate climate in Russia.

### **List of References**

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