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**THE IMPACT OF CORPORATE SOCIAL
RESPONSIBILITY ON COMPANY'S BUSINESS
REPUTATION**

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(MASTER’S THESIS)**

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY
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АННОТАЦИЯ

Концепция корпоративной социальной ответственности (КСО) строится на современном определении, разработанном Европейской комиссией в начале 2000-х гг., и отражает такие решения бизнес-сообщества (транснациональных корпораций, малых и средних компаний и организаций), которые нацелены на добровольное участие в улучшении благосостояния социума и его граждан, сохранении экологической безопасности и окружающей среды, а также заинтересованы в социальном развитии региона своего присутствия.

КСО проявляется в отношении различных заинтересованных сторон в корпоративных отношениях: сотрудники, поставщики, клиенты, государство, СМИ, инвесторы, НКО. Как мы можем признать, КСО является сложным явлением и включает качественное измерение в своей понятийной структуре, часто сравнивается с социальным инвестированием. Так, реализованные социальные инвестиции обладают особенной степенью сложности проводимого анализа, представляется непростым отследить социально-политический контекст и институциональный дизайн конкретного государства, подотчетность и прозрачность бизнеса, систему социальных мероприятий. В количественном параметре исследования практик КСО достаточно размыта степень оценочных показателей, их результаты и вклад в цифровом выражении (индексы, корреляции и формулы), а также представляется затруднительным использование методик экономического анализа для расчета влияния КСО на деловую репутацию бизнес-субъекта.

Поэтому при анализе корпоративных социальных инвестиций рекомендуется учитывать комплексный подход и сочетать качественные и количественные параметры, такие как индекс социальных инвестиций. Полученные в результате подсчетов агрегированные показатели компаний и детерминанты зависимости состояния социальной активности бизнеса от бюджета на социальные инвестиции и уровнем его деловой репутации

позволяют более тщательно и многосторонне оценить эффективность использования социальных практик.

КСО перед потребителем, партнерами, инвесторами, государством, организованным и неорганизованным гражданским обществом, собственным персоналом является условием и гарантией интеграции в современную мировую экономику. Кроме того, для оценки влияния компонентов КСО на социальную политику и репутацию компании важно учитывать такие проблемные узлы, как многовекторность социальных инвестиций и разнообразие их форм в каждом конкретном случае. То есть анализ эффективности в этом направлении достаточно сложен.

Объектом исследования является практика КСО в современных государствах.

Предметом является анализ и оценка методологии, влияющей на деятельность КСО на деловую репутацию компании.

Целью исследования является проведение комплексного анализа практики корпоративного социального инвестирования, основанного на количественных и качественных характеристиках, для оценки общего развития КСО на основе агрегированных показателей для всех компаний, участвующих в исследовании.

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INTRODUCTION

Relevance and novelty. The concept of corporate social responsibility (CSR) is based on a modern definition developed by the European Commission in the early 2000s and reflects such decisions of the business community (transnational corporations, small and medium-sized companies and organizations) that are aimed at voluntary participation and engagement in improving well-being of society and its citizens, maintaining environmental safety and the ambient environment, and are also interested in social development of the region of their presence. CSR can be included in the full range of corporate work with various stakeholders, whether they are government, media, investors or NGOs, company employees, suppliers, customers. As we can admit, CSR is a quite complicated phenomenon and includes qualitative dimension in its notion structure (institutional design of social policy provided, accountability and transparency of data system for social events, a degree of complexity for implemented social investments) as well as quantitative pillar (in which extent it is possible to estimate and calculate CSR contributions and outcomes expressed in economic analysis features as formulas and indexes) in order to assess its impact on a company's business reputation. Since such an estimation is demanding and causes crux in evaluation, the author has had an attempt to stand by the prolonged effects of CSR practices and lack of immediate effect. Taking into account that struggle, companies may experience increase in net profit or sales in several years, it could be even 10 or more years. However, in some respects the outgoing calculations might be tangible, and econometric verification of interdependencies between net profit and CSR components could be realistic. In the Master Thesis we intend to measure such perspective relying on the index of social investment.

Assessment of the current state of the scientific problem being solved. Possibility to evaluate and consider different and detailed assessment methods for a broader understanding of the nature and impact of CSR and connected to the CSR the notion of social investments and social policies are considered as a core element in business

behaviour and being recognized as essential. In the research we estimate the impact of CSR on the company's business reputation using the following dependencies between the variables: effectiveness for society, effectiveness for business, profitability, expediency, as well as such determinants as capital growth (which can be summing of business, recognition and respect), care, goodwill, participation, success. In order to estimate how much CSR affects the profit we took the CSR costs and other variables that may affect profit of the company, for instance, staff quantity, research and development, number of production units, exchange rate (if company conducts international trade), production costs, etc. After constructing a model, we may assess in which dimensions CSR influence the profit compared to other variables.

Basis and baseline for writing work. Still currently experts and scientists from abroad and from Russia are constantly trying to develop estimates considering CSR. Most often, the analysis includes pursuing special investigations within the enterprise and outside its environment, which triggers significant personnel costs and organizational spending as well as the managerial assessments in terms of methodology applications are demanding. That is why following the impact of CSR on business reputation has its unique theoretical and practical background expressed in the studies of American, European and Russian researchers such as J. Locke, Sh.L. Montesquieu, A.F. Bentley, D. B. Truman, D. Matten, D. Moon, A. Crane, M. Porter, M. Friedman, M. Clarkson, E. Freeman, A. B. Carroll, T. Bredgaard, S.P. Peregudov, I.S. Semenenko, A.N. Shokhin, Yu.E. Blagov, and others.

Object of the research is CSR in modern companies.

Subject is economic relations emerging during the implementation of CSR and affecting the business reputation of the company.

Purpose of the study is to develop recommendations for assessing the impact of CSR and social investments on the business reputation of a company.

To achieve the main purpose the following objectives have been stated:

- to conceptualize theoretical background of CSR and the relations among business, government and society;

- to analyze CSR determination approaches and development stages;
- to assess methodology and CSR strategy implementation tools;
- to investigate international and national experience CSR and compare American, European, Scandinavian, Middle East and Russian CSR models;
- to review development stages within CSR practices in Russia;
- to assess the impact of CSR and social investments on business performance
- to provide methodical recommendations for assessing the impact of CSR and social investments on business reputation;
- to develop the management model applied to the company's index of social investments.

Objectives and methods of research. In the research, we applied such methods of study as retrospective analysis, comparative analysis relying on reductionist and holistic approach to understanding CSR, industry correlation of the social investment index and the main blocks of social investment indicators. There are three basic understandings of CSR related to assessing the effectiveness of various models of applying social investments: firstly, in terms of the social investments dynamics; secondly, evaluation of effectiveness as a comparison with average indicators of costs for internal and external social investments; thirdly, development of optimal (target) normative indicators of internal and external social investments.

Theoretical and practical significance of the work. The main scientific and methodological task of our study is to identify the relationship between the costs (volumes) of internal social investments, expressed in various areas of social policy, and labor productivity parameters in a particular organization. We also take into account the degree of business activity of the company, expressed in terms of capitalization, profit and profitability. Further, our calculations correlate with the study of costs (or volumes) of external social investments, expressed in various areas of social policy, and indicators of intangible assets of business reputation. As a result of the analysis, the author concludes that there is a direct positive relationship between the volume of social investments per one employee of the company and the net profit of the taken company. In other words, amount of net profit of the company increases as the amount of social

investment allocated to events connected with social spectrum. Theoretical and methodological approach includes scholar and scientific works of foreign and Russian scientists and academia on the problems of calculating and forecasting basic social indicators of CSR. As for the empirical base of the research, it is made up of statistic books, balance reports, various open statistic links, and corporate web sites.

In the first chapter the author investigates the nature of CSR and social investment in its development stages retrospective, considers stockholders' theory, agency theory, theory of stakeholders (theory of shareholders), theory of managers (stewardship theory). There are modern approaches to CSR interpretation has been examined: from the point of view of public, scientific and economic interests. Analyzing the CSR Strategy Implementation Tools, we scrutinize the essence of business strategy and gather all necessary pillars of CSR sustainability: economic, social and environmental. Then the author provides some standards, norms and principles of CSR dealing with responsible practices and innovation incentives. The chapter admits, the integration of corporations into the global economic agenda implies the compliance of business practices of domestic companies with international requirements and standards, which to a large extent poses a potential of increasing their competitiveness.

Second chapter reveals historical and conceptual features of the concepts formation in various countries and highlight the most successful and practical mechanisms of state regulation of social responsibility in business. The author distinguishes models of social responsibility of business which are the most common: American and European; separately, the latter divides into British (Anglo-Saxon) and Scandinavian (Danish). Amongst the specific models in contemporary global practice like Canadian model, Latin American, Japanese, Australian, Asian, Chinese, African, in addition to this typologization, we aim to analyze the Middle Eastern (CSR practices of the Islamic world) and Russian. The criterion for distinguishing one or another model is the form of business participation in society.

In the third chapter the author complies with the statement that it is more than beneficial to be acquainted with the CSR topics while comparing important social

performance indicators at the corporate and regional dimensions. The need for such a comparison exists both at the sectoral and regional levels: a large business needs to attract foreign investment, medium and small businesses in need of social positioning, to develop anti-corruption assessments and be transparent. The regional administration has the opportunity to influence the business community, to share and stimulate the voluntary partnership of business and government to solve social issues. At the same time, public organizations and municipal authorities together with civil society can consolidate efforts to develop such a partnership, while the expert and academia community (economists, political scientists, sociologists, environmentalists) is willing to obtain demanded realization of their competence.

Then we applied the model carried out by the Russian Union of Industrialists and Entrepreneurs (RSPP) in terms of calculating the effects of social investment expressed in indexes, in accordance with the program “Effective Social Investment and Social Partnership” (ESISP). The framework was calculated for the beer industry globally and in its Russian perspective (taken multinational Carlsberg Group, with its Russian branch Baltika brewery and fully domestic Ochakovo beer and beverage company) implemented in terms of competitiveness and social impact analysis.

Considering the contribution of the guidelines, we understand that social investment involves the allocation of financial, human, other material and intangible resources to change the people’s livelihoods and solve pressing problems of society. Moreover, it is important to consider the internal and external social environment of the organization. Such practice, as we can judge, directly affects the growth of business capitalization and business reputation. In general, such social investments can be aimed at resolving the prerogatives of sustainable development, such as helping low-income people and combating poverty, improving the quality of medical services, and developing human capital within the company.

Speaking about the CSR concept while improving the effectiveness of social investments and social partnerships under the program, the subsequent general equation may be used as scientific hypothesis of the Master thesis, as follows: ESISP

(social investment index) x (business + recognition + respect) = capital growth. It means that to expect the capital growth of a company we should express already applied index of social investment (based on the mentioned above programme ESISP) and multiply it on the sum of the such important indicators as business, recognition, respect which already gained by a company.

The followed summary has arisen during the study: companies are interested in their intangible assets economically. Ultimately, the more successful and transparent the company's business reputation, the better it fulfills its social role, and more attracts the attention of large foreign investors.

Elements enhancing of scientific knowledge

1. Comprehensive methodological recommendations for different levels of management are offered, which allow optimizing CSR management and business reputation.

2. A management model has been developed based on the index of social investments, which depicts common trends in current economic situation when we analyze the impact of CSR on business reputation.

The possibility of using the results. To assess the CSR components impact on social policy on a company's reputation, it is important to take into account such problematic nodes as the multi-vector nature of social investment and the diversity of its forms in each case (depending on the size of the company, sector, region of presence, number of employees, budget for social initiatives, level of competitiveness, presence of a developed partner network, including regional authorities, media, non-profit organizations). The problem can be solved if a specific technology is developed (the index of social investment, for instance). For the correct application of the methodology, it is necessary to take into account the parameters for evaluating the effectiveness of social policy. In addition, CSR issues and social investment policy, when justified, require special attention at all stages: at the planning stage of a social project and negotiations, at the stage of developing a project or program, rationale its relevance and summing up. Such an analysis is interdisciplinary, multidimensional and complex. Therefore, if it is difficult to

calculate the economic benefits for a particular organization using the tools of economic modeling, then other suitable methods of comparative analysis, for example, the sociological and political science aspect, will help to evaluate the investment efficiency.

According to the research, society perceives the social responsibility of business as a required stage in the public-private partnership development, and permits to unite business entity and global economy. It also establishes relationships with investors, staff, consumers, partners and civil society. We don't speak here about a demonstrative charity, but about effective social investment and social partnership calculated and optimized, ensuring sustainable business development, which is the most important factor of its attractiveness for any investor and partner.

The structure of the Master Thesis includes an introduction, three chapters, conclusion and a list of the literature used in the study. Representative data include 12 tables, 15 figures and 9 formulas.

1 Theoretical and methodological aspects of the Corporate Social Responsibility (CSR) concept

1.1 Theories of CSR

Usually when we start talking about social responsibility of business, we come across the relationship among business (corporate sector), government (administrative sector) and civil society (social sector). That aspect was widespread even in the past drawing attention to the unique opportunities, which may arise within those interrelations.

Over the centuries, a scientific thought has developed about the dialogue and interaction of the private sector and government officials. The presence of social, or public-private partnerships was recorded even in the early stages of the emergence of civil society, for example, in the works of thinkers of the Enlightenment (G.V.F. Hegel, J. Locke, Sh.L. Montesquieu, J.-J. Russo). In the context of studying modern theoretical approaches to the interaction of business and public authorities, there are studies that we are interested in: the impact of interested business groups (stakeholders) on the economic process in countries such as the United States, Great Britain, France, and Italy. The dialectic of the interaction of business with civil society in a modern interpretation reflects the theoretical understanding of American researchers of the twentieth century: A.F. Bentley [6], D. B. Truman [66], R.A. Dahl [17].

Such researchers and economists as D. Matten, D. Moon [44], A. Crane [16], M. Porter, M. Kramer [49], A.B. Carroll [13], I. Maignan, O. Ferrell [43], C. Bhattacharya, S. Sen [7], J. Elkington [21] contributed to the theoretical foundation of corporate social responsibility, corporate citizenship, social relations and the interaction of business and government, sustainable development of society.

In the process of studying foreign experience in establishing a paradigm of relations between business and government, the author suggests taking into account the contribution of representatives of the economic school to the development and

institutional filling of political and social aspects that study the constructive interaction of corporate business and government.

The group of theories is represented by four well-known approaches of the scientific community: stockholders' theory, agency theory, theory of stakeholders (theory of shareholders), theory of managers (stewardship theory) [46].

Thus, the theory of shareholders (F. Robins [56, P. 330], M. Friedman) is recognized by leading American and English economists of the neoclassical school, the main postulate is quoted by Milton Friedman, owner of the Nobel Prize in economics: "The main goal of business is maximizing profits in order to earn a good return on investment capital and be a good corporate citizen, while obeying the law – no more and no less" [32]. It is M. Friedman who was one of the founders of the concept of corporate social responsibility of business and the phenomenon of corporate citizenship, which we will discuss in the following paragraphs of this study.

The theory of the agency (A. Smith, S. Adams [3, P. 46]), or the theory of the "principal" (leader) considers the capabilities of companies and conflicts between interested parties, the relationship of the board and shareholders when the shareholder ("principal") hires a manager (agent) to manage the company for him.

As to the theory of stakeholders (F. Robins [56], E. Freeman [30], M. Clarkson [50]), the success of an organization depends primarily on how well relations with many key groups are built, which include customers, employees, suppliers, financiers and other important public figures or organizations with which the company works. The founders of this concept are E.R. Freeman [31, P. 335], an American expert on corporate ethics and M. Clarkson, Canadian expert in corporate social responsibility of business and ethics.

The above-mentioned groups of theoretical approaches are directly linked to the concept of Corporate Social Responsibility. This approach is one of the most discussed in the current activities of the company in its interaction with the state and society. Often the debate on CSR is not only limited to discussions at the commercial sector level, but also goes to the level of government, non-governmental and non-

profit organizations, intergovernmental organizations such as the United Nations or the World Bank.

According to the classic definition given by the European Commission, Corporate Social Responsibility can be understood as a concept that reflects the voluntary decision of business representatives (enterprises, organizations, small firms and transnational corporations) to participate in the social development of their employees, to contribute to the improvement of society and the implementation of measures aimed at protecting the environment [25].

Otherwise, corporate social responsibility of companies is called social responsibility of business. Despite the increased interest in this topic, there is currently no single approach to the definition of the concept of “CSR” in the scientific literature. Summarizing them, we consider only some modern approaches to its interpretation:

1. Corporate social responsibility of business should be represented as a set of obligations voluntarily assumed by companies on issues related to the protection of public interests and its further development.

2. CSR is a multifaceted and complex concept, the basic definitions of which were introduced into scientific circulation in the middle of the 20th century.

3. Modern science understands CSR as a set of voluntary obligations of the business community, formally accepted by the company, and operating in the entire activity of the organization, in the results of its activities.

4. CSR is a set of measures of a business entity aimed at voluntary participation in the life and work of the team, its social development, to improve the conditions and quality of life of the population, and to maintain a safe environment.

5. CSR is determined by the multi-level participation of various stakeholders, for example, company employees, primarily suppliers, buyers, partners, regulatory organizations, government institutions and entire society.

In modern science, CSR is usually divided into two main types (Figure 1).

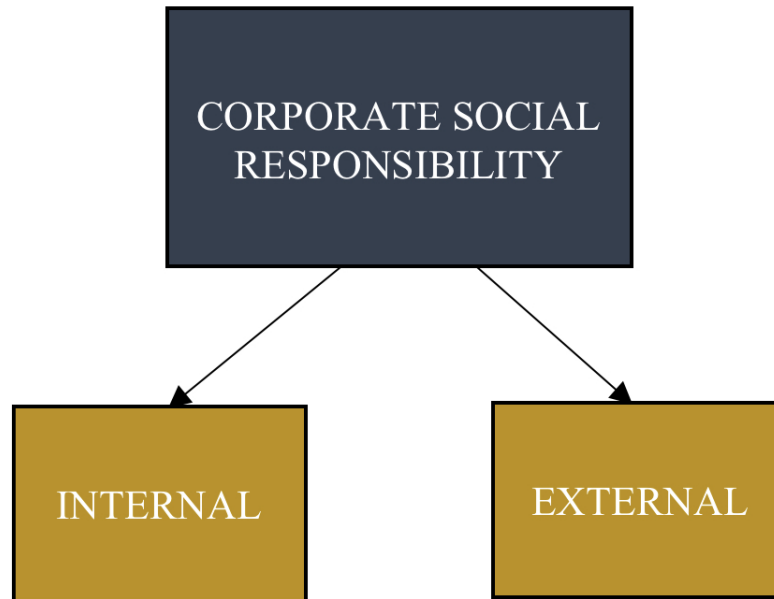


Figure 1 – CSR division [25]

In this case, the notion of social responsibility, that is orientation to external or internal stakeholders, is the defining sign of classification.

External and internal CSR are reflected in the relevant local acts and non-financial reports. The latter are characterized by a biased attitude to reporting on issues related to the implementation of external social responsibility of business.

Each of the CSR types that were shown in Figure 1 has its own focus and characteristics. Let us look at them in more detail. Typically, CSR is understood as internal Corporate Social Responsibility, social investments and activities of which are directed inside the company and focused on its internal stakeholders (primarily employees) [22].

Public opinion is the basis of internal CSR. Every business, in addition to making a profit and paying taxes, should take care of its employees. In accordance with this, the decisive role in the internal social responsibility of the business is given to the formation and implementation of social policies regarding personnel.

The essence of internal CSR is determined by its elemental composition, which includes:

- ensuring safe working conditions;

- guarantee of a stable and decent salary;
- organization of additional medical and social insurance for workers and their families;
- development of human resources through the implementation of training programs, training programs and advanced training.

Traditionally, a special role is given to ensuring the safety of workers and the health of workers, as well as preventing any discrimination. They are considered priority. The following is the composition of a motivational policy and the provision of decent and sustained remuneration for work. This direction requires establishing the level and conditions of remuneration corresponding to market conditions.

One more necessary element of internal CSR is a human capital development. Company's effectiveness depends on the quality of labor resources, their level of professionalism and training, as well as motivation and job satisfaction. The primary role in this direction is given to the training of employees (both professional and personal) and the organization of effective internal communications [52].

Among other things, internal CSR is also aimed at assisting its employees in critical situations (for example, providing housing to victims of a fire or paying material assistance in the event of the death of a close relative).

CSR is generally understood as external Corporate Social Responsibility, social investments and measures of which are aimed at the external environment of the company and, accordingly, are focused on its external interested parties.

The most important external stakeholders: consumers, suppliers, state, local communities and society as a whole.

Otherwise, external Corporate Social Responsibility can be defined as corporate social policy pursued by a business organization for the local community in the territory of its presence. This is reflected in the implementation of various socially significant events and programs of an external orientation.

The main directions of the implementation of external corporate social responsibility are presented in Figure 2.

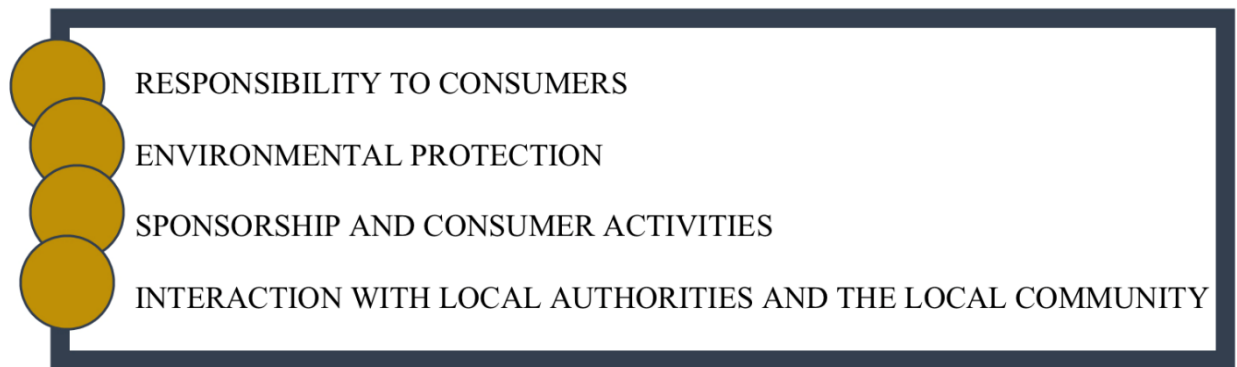


Figure 2 – Directions of the implementation of external CSR [developed by the author]

Their list is not exhaustive and can be supplemented. Let us look at their essence in more detail.

The launch of high-quality goods and services on the market is a manifestation of companies' responsibility to consumers. This implies the compliance with the necessary standards, including internal standards. The higher the quality of the product, the better it is able to satisfy the needs of customers and increase customer utility. High-quality product is the key to the long term successful development of the company.

One of the main vectors of external social responsibility of business is environmental activity. It includes not only financing environmental protection measures, but also energy consumption, conservation of resources, control and minimization of harmful emissions, etc. In recent years, the transition of enterprises to alternative energy sources has become very popular.

The basis for business interaction in government and local communities is the desire to develop the appropriate infrastructure (transport, social, information, etc.). Thus, business contributes to the development of regions of its presence.

1.2 Analysis of CSR determination approaches and development stages

It should be noted that today Corporate Social Responsibility is conceived not only as an initiative of a corporation to estimate its endowment to society and the ability to take responsibility for the company's impact on the environment and the social well-being of its staff. This term is often refers to the endeavor of business, which is not limited only to the framework of environmental protection, but is aimed at cooperation with regulatory bodies, government, and administration.

Despite the huge growth in publications on corporate social responsibility in recent years, scientists, publicists, researchers still find it difficult to give one general definition of social responsibility of the company. This is due to the fact that CSR is a concept with relatively open rules of application [44, P. 404]; CSR becomes the so-called umbrella concept, which acts as a reference point and synonymous with other concepts of the scientific community; in general, CSR is a dynamic phenomenon, prone to changes and additions.

Therefore, there are a large number of author's definitions that try to describe the concepts of CSR. Their content fluctuates with the predominance of the interests of either the commercial sector, or academic scientific interests, or – state ones.

For example, we present three different definitions of CSR given in foreign literature to describe the main stages on which the concept developed:

From the point of view of commercial interests, CSR can be represented in the following definitions:

1. "CSR is a concept according to which companies integrate social and environmental issues into their business activities and interact with stakeholders on a voluntary basis" (European Commission, 2001) [23].

2. "CSR means managing your business responsibly and responsibly for long-term success. Our goal is not, and never will be, profit at all costs, because we know that tomorrow's success is built on the trust that we build today" (HSBC Bank) [37].

3. "At the heart of CSR is the idea that it reflects the social imperatives and social consequences of successful business" (Matten and Moon) [44, P. 409].

From the point of view of public and scientific interests:

1. CSR is a concept of the business community.
2. CSR is a philosophy of responsible behavior of companies and individual business representatives in organizing their activities in line with meeting the expectations of stakeholders for sustainable development.

In this case, the business takes into account the changing expectations of society regarding not only its products, but also its participation in the formation of high social standards, such as, for example, the quality of education. The Corporate Responsibility Managers Association Committee (Russia) formulated this approach [54].

As to foreign underpinnings of this issue, Philip Kotler and Nancy Lee see CSR as “a commitment to improve community well-being through discretionary business practices and contribution of corporate resources” [40]. They also defined a few benefits of CSR such as increased sales and market share, strengthened brand positioning, enhanced corporate image and power, and increased ability to attract, motivate, and retain employees, decrease operating costs, increased appeal to investors and financial analysts. There are also some challenges involved: choosing social issues, selecting an initiative to address the issue, developing and implementing program plans, and evaluation of CSR.

Carroll’s definition of CSR identifies four categories of responsibilities [12, P. 40]: Legal, Economic, Ethical, Philanthropic. Carroll also noted that legal and economic responsibilities are “required” the ethical responsibilities are “expected” and discretionary responsibilities are “desired”, the new responsibilities of corporations make the social contract between business and society much broader and complicated but possible outcomes such as long-term capitalisation and avoiding failure encourage businesses to conclude this contract. Risk management is the central point of many corporate strategies [14].

A reputation that took decades to create can be destroyed in a few hours because of such incidents as corruption scandals or environmental disasters. These events can also attract the undesirable attention of courts, governments and the

media. Creating your own culture of “proper behavior” in a corporation can minimize these risks. To create these cultures, corporations usually appeal to ethics and moral norms. However, what can be considered as unethical behavior? It can be defined as either illegal or morally unacceptable to a larger community. Corporate crimes include price fixing, false advertising, insider dealing, tax evasion, embezzlement, bribes and fraud. Nevertheless, not all cases of unethical behavior can be defined as crimes and be prosecuted. Individuals abuse or lie about sick days, cover up small incidents, lie to customers, discriminate against coworkers and so on. “The potential for individuals and organizations to behave unethically is limitless”, – commented Ronald R. Sims [60].

In relation to this study, the concept of CSR proposed by the European Union in 2009 is of interest. The European Commission’s study, “Towards greater corporate responsibility” [28], reflects two modern approaches to understanding the essence of CSR, in which CSR reflects a wide range of corporate activities on the principle of “Do well” (Moon [44], Rare [53]).

The first approach is the reductionist approach, first introduced in “The Economist” magazine [61], which equates CSR with “good governance”. CSR, which actually lowers profits, is considered “delusional CSR” or “borrowed virtue”, and a type that reduces social security (welfare) is considered as “detrimental CSR”.

Given the wide field of corporate interaction within of the whole society, supporters of this approach also separate CSR from corporate philanthropy or corporate social entrepreneurship, which are independent and free events of existing business strategies or business models of the company. Corporate governance includes compliance with and regulation of ethical standards and forms the main condition for activities in the field of CSR. At the other extreme, global corporate citizenship is what companies do to solve global problems.

The second approach to CSR is a holistic approach, which changes the focus from social expectations and motivation of companies and their rhetoric, in relation to results and productivity: “Corporate social activity is a business configuration of an organization based on the principles of social responsibility, social

responsiveness processes, as well as policies, programs, and observed results, as they relate to the firm’s public relations” [73, P. 698].

Wood’s three-dimensional model can be called a model of public-private cooperation or partnership, as it reflects the principles and drivers of CSR (legitimation, state responsibility, managerial prudence), management principles – institutional, organizational, individual), its internal processes (strategic assessment, shareholder management, problem management), in including issues of stakeholder management, corporate social results (social policy, social programs, social impact). See Figure 3 below.

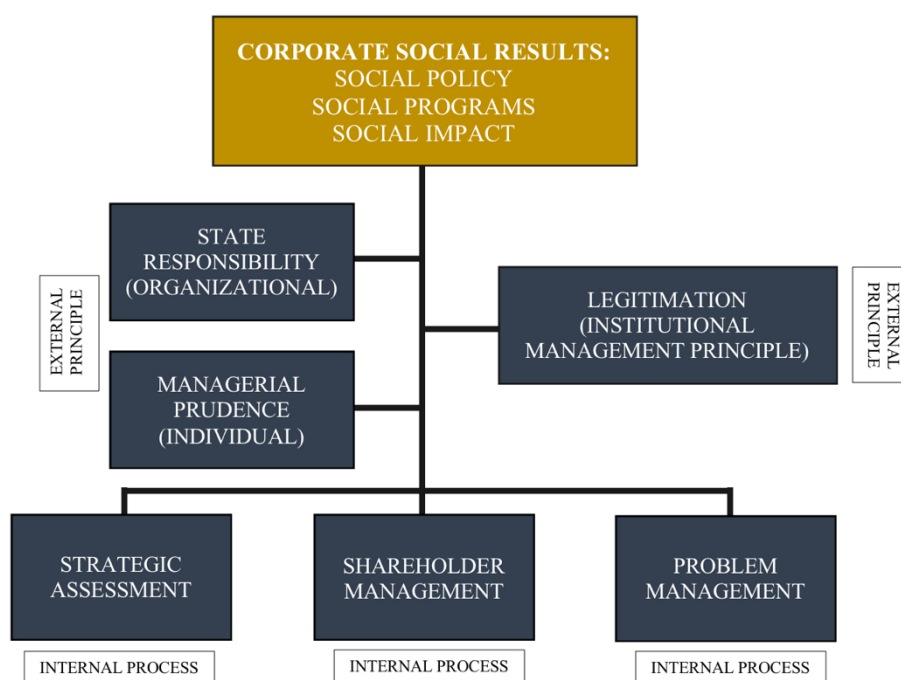


Figure 3 – Corporate social results [73]

At present, corporate social responsibility is a deeply rooted and established institution of civil society that has undergone the following four stages of evolution: philanthropy, corporate social policy under the pressure of society, CSR as PR (public relations), and corporate social policy-oriented strategy [70].

Philanthropy (patronage) is the first and longest period of evolution of corporate social policy (until the 70s of the twentieth century). Despite the existence of successful patronage projects that have remained in history (Rockefeller libraries, Diaghilev’s Russian seasons), charity events were notable for their irregularity and

lack of a clear focus on target groups. Their main motive is the satisfaction of the personal needs of the management; therefore, making decisions on the implementation of a program did not depend on the strategic interests of the company. The main areas of charitable activity at this time were culture and art, assistance to the poor, and the development of education.

The second stage of CSR development includes corporate social policy, working under pressure from society. The pressure of the state and civil society on large corporations of the 1970s–80s (for example, the “green movement”) led to the fact that business in a declarative form recognized the presence of a certain “debt” to society. Business was forced to build relations with the state and society according to the new rules and to develop new targeted programs, primarily in the areas of ecology and labor protection and labor rights of employees. Charities at this stage are developing into a clearly planned set of measures adopted at the level of the board of directors and capable of providing the company with the necessary conditions for doing business.

At the third stage, CSR is considered as an element of public relations (PR) activities, there is an active development of PR methods and communication management (1990s), which led to the fact that the concepts of social responsibility are increasingly recorded in company missions, and specially created departments began to build the image of companies as respectable “corporate” citizens. The main forms of action were conducting public relations campaigns and implementing advertising programs in the field of sports, culture, and education in order to improve the business reputation in the eyes of target audience [71, P. 6]. At the same time, the effectiveness of social policy was determined by financial returns: influence on business development, obtaining a greater market share, increasing profits.

Therefore, D. Kotter and J. Heskett, authors of the book “Corporate Culture and Efficiency”, analyzed the results that showed companies with different traditions in business ethics. The study showed that for 11 years, “high-moral” firms increased their income by 682%, and “ordinary” – by 166%. High-moral firms increased their headcount by 282%, and their less-ethical competitors by 36%, the value of their

shares on the exchange grew by 901% (respectively 74%), and net income increased by 756% (1%) [33].

All these stages can be named as “CSR 1.0”, that characterize the genesis of the practices and current CSR activity, which don’t have any significant impact on the most serious global social, environmental and ethical challenges.

The last element of the evolutionary chain of social responsibility is corporate strategy-oriented social policy. At this stage, CSR is becoming an integral element of not only the mission, but also the company’s strategy. The corporation’s goal is recognized as a stable business development and future orientation. CSR begins to be considered not only from the point of view of a successful PR resource, but also from the position of the reputation of business in society and further sustainable development. The decision-making process in business does not take into account the maximization of momentary profits, but in the long term, taking into account the interests of all stakeholders. The objects of social actions at a new stage are living conditions of the population, rest of employees, improvement of urban infrastructure.

The next stage in current situation paid attention to the sustainability efforts and can be named “CSR 2.0” that corresponds with transformative or systemic CSR and describes emergent CSR practices existing in lots of multinationals around the globe rely on international standards. Theoretically, in nearest future the “CSR 3.0” may be evolving encompasses not only CSR issues within the corporation but also manages the global environmental solutions and social investment in more comprehensive, advanced and mature way.

Thus, the corporation takes over part of the functions of the state, acts as a source of power and becomes “the state within the state” in everyday operating. In an environment where social and economic problems are being addressed and affecting more and more people, this company should pay more attention to issues such as poverty alleviation, education, healthy living, corporate standardization of labor relations, environmental safety, and others.

1.3 Methodology: CSR Strategy Implementation Tools

CSR Strategy Implementation Tools usually include the methodological apparatus to provide managers with the up-to-date principles, techniques and elements of CSR practices, which can be implemented worldwide. That strategy may offer different assessment and planning tools with ubiquitous project management concepts, such as sustainability management tools, risk and technology assessments, technology management. Concept of CSR already emphasizes the essence of Business Strategy and gathers all necessary pillars of CSR sustainability: economic, social and environmental. That is why we are gaining to analyze the basics of this methodology.

We know that CSR deals with the whole cycle of business activities and, to address effectively its corporate responsibilities, it needs to focus on the following improvements in implementation phase:

- to its business impacts by identifying the social and environmental impacts of its operations and assess their significance;
- to the tools or policies to mitigate those impacts: adopting management standard to re-organize its activities and minimize those impacts;
- to the stakeholders' concerns: identifying the most important stakeholders, understanding and prioritizing their concerns, and developing a strategy to satisfactorily address them [38].

These criteria may define the next few tools based on recommended usage of guidelines and published CSR principles and standards (Table 1).

Table 1 – General standards of CSR [24]

Standards	ISO 9001, ISO 14001, EMAS, ISO 50001, OHSAS 18001, SA8000, ISO/IEC 27001, ISO 26000
Global initiatives	GRI, Global Compact, The OECD Guidelines for MNE, UN Guiding Principles on Business and Human Rights, ILO MNE Declaration
Principles	Business Principles for Countering Bribery, Caux Round Table Principles, CERES Roadmap for Sustainability, ETI Base Code, Business Social Compliance Initiative

There are also several examples of using such principles on practice connected with sustainability and promote ideas of sustainable development of CSR concepts, the other aim is to achieve ethical acceptability in corporate reputation. Let us look through them in details (Table 2).

Table 2 – CSR guidelines that promote sustainable development [developed by the author]

CSR Concept	Sustainable development
CSR Tools	Environmental Management Standards: ISO14001, EMAS Energy Management Standards: ISO50001 Corporate Sustainability Standards/Global Initiatives/Principles: AA1000 series standards, GRI, OECD Guidelines for Multinational Enterprises, CERES Roadmap for Sustainability
Implementation CSR concept	ISO14001 & EMAS enjoin companies to develop a specific methodology for identifying the environmental aspects of their activities and evaluating the environmental impacts stemming from their operations/products. ISO50001 assists companies to conserve resources and tackle climate change at large. GRI requires from companies to report performance on indicators covering economic, environment, labour practices and decent work, human rights, society and product responsibility. The CERES Roadmap for Sustainability demands companies to embed sustainability issues in their production operations.

As we can see, the CSR standards that encompass sustainable development goals and prerogatives at the same time directly influence basics of CSR as it has been stated by experts and researchers that we have already covered in part 1.1.

Let us consider the Table 3 depicts the tools, which define ethical acceptability in order achieve general CSR standards presented in the Table 1.

Table 3 – CSR promotes ethical acceptability [38]

CSR Concept	Ethical Acceptability
CSR Tools	Quality Management Standard: ISO9001 Standards/Principles focusing on health and safety/workers' rights: OHSAS18001, SA8000, Ethical Trading Initiative (ETI) base code Corporate Social Responsibility Standard: ISO26000 Global Initiatives/Principles focusing on respect and uphold of human rights: UN Global Compact, UN Guiding Principles on Business and Human Rights, International Labour Organization MultiNational Enterprises (ILO MNE) Declaration

Table 12 (continued)

<p>Implementation CSR concept</p>	<p>ISO9001 requires that companies do not practice price gouging, make misleading advertising claims or sell ineffective, unreliable and unsafe products.</p> <p>OHSAS18001 and SA8000 require the use of safe equipment that does not threaten employees integrity at all stages of companies operations.</p> <p>ISO26000, among other things, requires an ethical corporate conduct.</p> <p>The ETI base code requires companies to apply practices that respect workers' rights and promote enhancement of their living conditions.</p> <p>The UN guiding principles refer to state and corporate obligation to respect human rights.</p>
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Companies interested in changing their business conduct in a way that prioritizes CSR also promote responsible research practices and innovation incentives, whether they are aware of the term or not. The Abengoa S.A., for instance, is a Spanish multinational corporation quite active in the domains of transportation, telecommunications, energy, and also the environment. In their CSR Report they promoted a good and holistic match between their CSR norms and principles of responsible research practices and innovation incentives [2]:

1. CSR norms relate to the implementation of the corporate policy system, its management, auditing and reporting (mapping onto acceptability, societal desirability, anticipation, reflexivity and responsiveness).

2. Quality and environmental management norms focus on customer concerns and environmental aspects of the firm's operations and how these are addressed (mapping onto risk management related to social, ethical and environmental issues).

3. Human resources norms aim at ensuring a fair working environment for employees and covers human rights, diversity, equality, training and occupational risk (mapping onto diversity, inclusion, gender equality and human wellbeing).

4. Management of legal affairs, risk analysis and insurance management norms focus on corporate governance, risk management, including sustainability risks and legal aspects of the firm's operations such as contracts with suppliers and partners (mapping onto risk management related to social, ethical and environmental issues).

5. Consolidation, auditing and management of fiscal affairs norms deal with anticorruption, auditing and internal control and transparency (mapping onto anticipation, reflexivity, ethics, transparency and openness).

For Russian monopolies, for instance, it is also important to provide ethical acceptability and principles of sustainability. A significant part of the funds of most companies goes to the development of social infrastructure and education. Thus, these sections make up about half of all social investments of Rosneft and Bashneft.

Lukoil is more specialized in supporting sports, which makes up more than 35% of the company's social investments. It should be noted that about 30% of the funds Lukoil invests in special funds, which subsequently participate in the selection of projects for financing, including, possibly, in the development of social infrastructure [5].

Among the four companies under consideration, Bashneft stands out for its relatively large share of investments in the health sector, as well as NOVATEK in support of small peoples of the North. In the first case, this is due to the strong concentration of Bashneft in Bashkortostan and the large social role of the company in the republic. Therefore, Bashneft implements a number of projects for the construction and repair of social infrastructure, in which large medical institutions make up a large share. In the case of Novatek, the need to support indigenous peoples is determined by the location of most production facilities, including the extraction and processing of natural gas and the Yamal LNG project, in the Yamalo-Nenets Autonomous Okrug.

Hence, responsible businesses may already be promoting conscious practices and innovative research through their use of CSR tools and may also be aware that applying them can lead to economic and social benefits, as Figure 4 says:

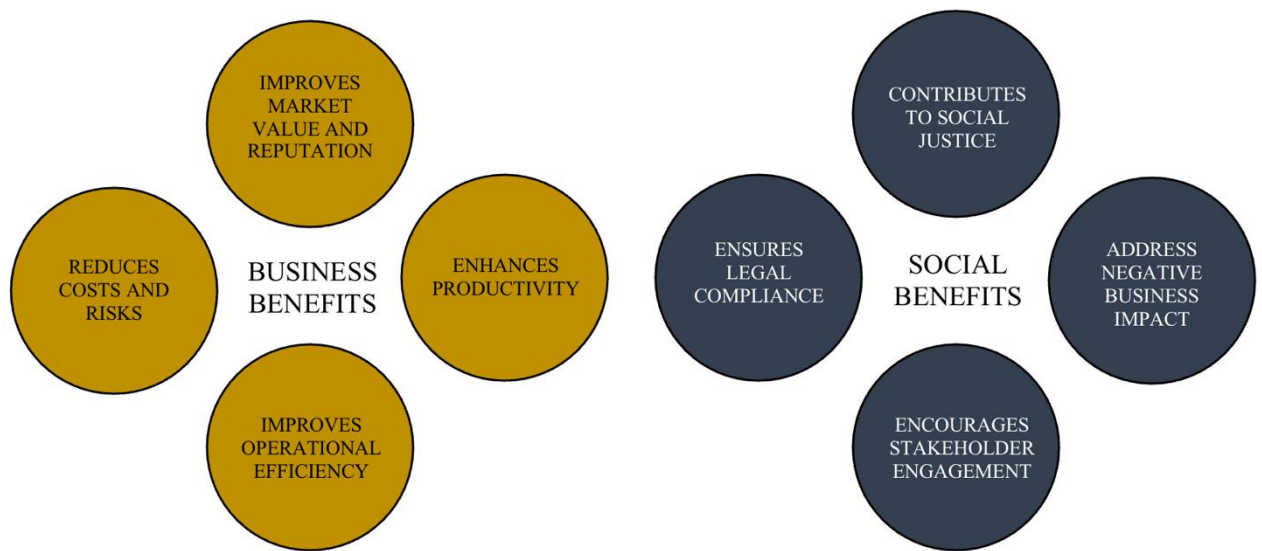


Figure 4 – Business and Social Benefits [developed by the author]

Thus, various international oil and gas companies make different assumptions about the degree of importance of social problems, about the need for assistance and participation of these companies in the process of resolving data. These assumptions become the basis for the formation of future social strategies of domestic oil and gas companies. Undoubtedly, Uzbek companies should not be deprived of the opportunity to use ready-made principles and standards of CSR in their activities. However, with the development of this system, one should refrain from simply copying established positions. Expediency was expected to be since companies should introduce certain elements of CSR taking into account their targets and objectives, as well as the stage of organization development and relationship of all interested parties to the company. Moreover, when evolving national priorities lay on best international practices, as well as when adopting new legal acts in the field of CSR, it is necessary to consider the current economic and legal realities.

Tax authorities and state extra budgetary funds are also owned by direct interested parties, since they receive payment (taxes, fees) from the company for the environmental impact, as well as social security contributions for their employees (pension, social insurance, medical insurance). Consumers are also part of the company's CSR, as the company is working hard to provide them with environmentally friendly products.

Indirect company stakeholders include:

- environmental and environmental organizations and funds (the company seeks to ensure its work with the least damage to the environment);
- charitable organizations and foundations (holding a company of various charity events, holidays, etc.);
- orphanages, schools and kindergartens (holding holidays, receiving material assistance);
- communities of people with disabilities (receiving material assistance);
- the population of the regions (the opening of new areas, playgrounds, libraries and other social facilities).

The integration of corporations into the global economic agenda implies the compliance of business practices of domestic companies with international requirements and standards, which to a large extent poses a problem of increasing their competitiveness. The classical economic methods for achieving and applying competitive advantages in this study can be supplemented by other tools that have the so-called “social context”. So that the company could consolidate its reputation as a socially responsible entity in the global market and thereby comply with corporate standards. CSR has a number of fundamental principles that are often used by business to bring harmony to social relations and social policy in particular.

CSR affects the competitiveness of a company itself. The social environment has an impact on the competitive position of the business, contributes to its sustainable development and functioning. In this sense, CSR works on an external range of public relations, including sponsorship and corporate charity, interaction with local communities, environmental protection, support for civic initiatives, crisis management, and responsibility to consumers and customers.

It follows that thanks to CSR, a business entity gains a competitive advantage over similar companies in the struggle for market share, a positive external image and a high business reputation, recognition (publicity). All this has practical significance for the company, is valuable and can be translated into economic categories (market share, profitability, reading profit). For example, according to the

research of the Ernst & Young consulting agency, a company's success is 30–50% dependent on its positive image and business reputation, and the market value of the company varies on average by 20–25% depending on the value of the company [15, P. 17].

Strategic business goals can be achieved not only using traditional CSR tools. Also, the availability of online promotion, informatization of society, increasing consumer awareness and the transition of mutual communication from offline platforms to social networks affect the business reputation. Here, any unethical manifestation of corporate behavior affects public opinion about the corporation (for example, participation in mergers and acquisitions, dubious transactions, and environmental threats). All this leads to unfair competition, hinders the transparency and accountability of the company. Public recognition is very important for a company that seeks to maintain its own reputation as a socially responsible partner. In the long run, CSR is becoming an important factor in increasing competitiveness. As a result, the value of the company in international and domestic markets rises, the products and services of the company acquire additional value in the eyes of consumers, non-financial risks are reduced, opportunities for new partnerships and attraction of additional investments, access to new markets expand [71, P. 24].

In our analysis, we aim at estimation of the CSR impact on the company's business reputation. In order to do this, we took components of CRS and wanted to know which greater affect the profit would have and defined the dependencies between the variables. In our opinion, the other model should be constructed. To estimate how much CSR affects the profit we can take the CSR costs and other variables that may affect profit of the company, for example research and development, number of production units, exchange rate (if company conducts international trade), production costs, etc. After constructing this model, we may asses how much CSR affects the profit compared to other variables that affect profit. All mentioned planned implications we intend to evaluate in the next part of the research.

To conclude considering theoretical and methodological aspects of the CSR concept, we can agree that the main object of social responsibility of the company are employees of the company, who (in addition to protecting themselves with various social packages from the company) also use various social programs for their employees conducted by corporations.

Overall, CSR is a strong complicated topic; usually it has difficulties in assessment, especially when we conduct its estimation and calculation. Reason for it include that fact that payments for CSR may not have an immediate effect. Companies may experience increase in net profit or sales in several years, it could be even 10 or more years. That is why econometric verification of interdependencies between net profit and CSR components is very difficult.

2 Comparative analysis of corporate social responsibility models

2.1 American and European (continental) national CSR models

CSR models explain the historical and conceptual features of the concepts formation in various countries and highlight the most successful and practical mechanisms of state regulation of social responsibility in business. Currently, the two models of social responsibility of business are the most common: American and European; separately, the latter distinguish between British (Anglo-Saxon) and Scandinavian (Danish in it).

In addition to this typologization, in modern foreign science it is customary to distinguish Canadian model, Latin American, Japanese, Australian, Asian, Chinese, African, Middle Eastern (CSR practices of the Islamic world), Russian. The criterion for distinguishing models is the form of business participation in society.

At the same time, there are some distinctions between countries and continents. They differ in the level of socio-economic and political development, in the particularities of interactions between the state, society and business, civil activism and other features, a special role among them refers to the prevailing national cultural traditions.

Due to cultural values and traditions on each continent and in each country its own national particularity of CSR and corporate participation is being formed. So, in accordance with the proposed terminology of American researchers D. Matten and J. Moon, the model can be considered an “open” (USA) or “hidden” (European countries) type of CSR [44, P. 408]. An open CSR explains the business behavior strategy, which is aimed at accepting corporate responsibility for solving the most substantial and vital problems of the society and touches on voluntary and independent behaviors, corporate standards, programs, declarations on issues that are interpreted as part of the responsibility to the whole society.

The international practice of cooperation between business and government in the social sphere can be systematized according to the models and forms of CSR,

which allows us to systematically consider the role of business as an actor in social policy. So, in foreign countries, according to several scientists, CSR has undergone three stages of formation.

The first stage (1960s–70s) is a philanthropy where traditional charity arose. Businesses planned a budget to help socially vulnerable groups of the population (orphans, veterans, disabled people), without forgetting about cultural and art institutions. At the same time, business (sponsorship) and social (charity) activity were divided. Patronage of arts formed the budget in the form of cash subsidies, medicines, food products, considering the personal interests of top management and the goals of philanthropy.

The second stage (1970s–80s) is philanthropy as marketing. The economic crisis prompted corporate leaders to narrow their philanthropic mission in their strategy and tactics, reduce activity in supporting employees and the local community, and concern for ecology, quality and safety standards. The task of business is to maximize profits through social activities. Strategic charity was focused on optimal profit in the process of solving social problems, provided that the marketing or PR goals of the business coincided with the priorities of the authorities.

The third stage is philanthropy as corporate citizenship (1990s–2000s). Strategic philanthropy is transforming into the concept of corporate citizenship. CSR projected the theory of corporate citizenship into an intersectoral partnership of the public sector, commercial and non-profit, to address the economic and social issues of regional communities. At this stage, it is not just the allocation of funds (goods) for specific needs, but corporations are beginning to become the subject of social ethics with the active position of the developer of partnership programs with all stakeholders, while creating a socio-political and socio-economic context.

At the same time, the effectiveness of social policy was determined by financial returns: influence on business development, obtaining a greater market share, increasing profits. Thus, D. Kotter and J. Heskett, authors of the book “Corporate Culture and Efficiency”, analyzed the results that showed companies

with different traditions in business ethics. The study showed that for 11 years, “high-moral” firms increased their income by 682%, and “ordinary” – by 166%. High-moral firms increased their headcount by 282%, and their less-ethical competitors by 36%, the value of their shares on the exchange grew by 901% (respectively 74%), and net income increased by 756% (1%) [33].

The first significant initiative in the development of CSR through the functioning of non-governmental organizations is the holding of a conference in 1992 in Rio de Janeiro on sustainable development of the community, as well as the subsequent creation of an International Business Council for sustainable development in 1995. The composition of this Council was represented by more than 100 international corporations that “agreed” to conduct an honest, transparent dialogue in accordance with the principles of socially responsible business [63]. The starting point of the Council’s work in the field of CSR is based on the fundamental belief that corporate social responsibility, built on sound ethical principles and the core values of humanity, offers clear business benefits. Sustainable development is based on three basic principles: economic growth, environmental balance and social progress.

The participants in the World Economic Forum attach great importance to the development of corporate citizenship in global economic and political processes. For example, in a joint statement by the leaders of the World Economic Forum in partnership with the Prince of Wales International Business Leaders Forum, “Global Corporate Citizenship. The Leadership Challenge for CEOs and Boards” – states that “over the past decade, the forces of economic globalization, political transition, and technological innovation have created new opportunities to improve the living standards of millions of people” [34].

In this context, the drafters of the document believe that an important role in the development of global citizenship belongs to partnerships with the public and private sectors, as well as with civil society, to help spread the benefits of corporate citizenship principles. In practice, this means, first of all, such obligations of the company that help to be global corporate citizens, and from which it can be seen

how the business works. Secondly, relationships with key stakeholders are fundamental to success inside and outside the business. Thirdly, the highest inviolable leadership in matters of corporate citizenship belongs to company management and board members. This Framework for Action contains a corporate citizenship work template for leadership that is relevant to all companies, industries, and countries. Some may use the concept of corporate citizenship, others – CSR, ethics, a triple-bottom-line, or PPP – People, Profit, Planet) or sustainable development, but the same principles of work are used for all these definitions: ensure leadership; determine what this means for your company; implement this; inform, be transparent [21, P. 170].

One of the first to classify models of corporate social responsibility and corporate citizenship was a leading expert in the field of business and society relations, American scientist A.B. Carroll, offering his interpretation of CSR as “meeting the economic, legal, ethical and discretionary (philanthropic) expectations of society in relation to the organization in a given period” [13, P. 500]. In his article “The Pyramid of Corporate Social Responsibility,” Carroll explained the essence of CSR: “Social responsibility can only become a reality when managers become moral, instead of being immoral or without morality at all”. In his work, the scientist identified the economic, legal, ethical and philanthropic (discretionary) components of CSR (Table 4).

Table 4 – CSR components [13]

<i>Economic components (responsibility)</i>	<i>Legal components (responsibility)</i>
1. It is important to work in accordance with maximizing earnings per share.	1. It is important to work in accordance with the expectations of the state and the law.
2. It is important to strive to be as profitable as possible.	2. It is important to comply with federal, state, and local regulations.
3. It is important to maintain a strong competitive position in the market	3. It is important to be a law-abiding corporate citizen
4. It is important to maintain an e level of operational efficiency	4. It is important that a successful company fulfills its legal obligations.
5. It is important that a successful company can be consistently profitable.	5. It is important to produce goods and services that meet at least the minimum legal requirements

Table 4 (continued)

<i>Ethical components (responsibility)</i>	<i>Philanthropic components (responsibility)</i>
1. It is important to work in accordance with the expectations of societal mores and ethical standards.	1. It is important to work in accordance with the philanthropic and charitable expectations of society.
2. It is important to recognize, and respect new or evolving standards of ethics and morality accepted in society.	2. It is important to assist the visual and theatrical art.
3. It is important to protect ethical standards from the risk of compromise in order to achieve corporate goals.	3. It is important that managers and employees participate in joint voluntary and charity events.
4. It is important to understand that true corporate citizenship consists in doing what is expected of you morally and ethically.	4. It is important to provide assistance to private and public educational institutions.
5. It is important to recognize that corporate integrity and ethical conduct go beyond mere compliance with laws and regulations.	5. It is important to voluntarily help those projects that enhance the quality of life of society.

Based on the above components, A.B. Carroll offers a practice of social interaction – a “pyramid” model (Figure 5).



Figure 5 – CSR Pyramid [12, P.43]

It is based on the economic responsibility of the company, and all four components of CSR are elements of a single system. The second important component is legal. It is important for business to comply with the law, because the law is a coded society’s rules on prohibited and approved behavior. The next fundamental level is ethical, the obligation of the business to do the right thing and be ethical to partners, while avoiding or minimizing the potential risk that the

business can cause to interested parties (shareholders, employees, consumers, the environment). In the fourth stage, the philanthropic component directly affects the business as a corporate citizen, from whom society expects contributions in the form of financial and human resources to improve the quality of life around. All components must work synchronously, make up a single system in the corporation. Then a business can call itself socially responsible.

Carroll further proposes to analyze CSR using a matrix, which is a system of “responsibilities” of the business (economic, legal, ethical and philanthropic) in relation to the expectations of various stakeholders. Stakeholders may be, according to Carroll: business owners, consumers, employees, competitors, suppliers, activist groups, local elites, and society as a whole. Accordingly, CSR can be defined as a rational challenge for a corporation to the system of existing conflicting expectations of society, aimed at sustainable development. This definition is aimed at the sustainable development of any organization and can be considered universal. The subject of CSR is an organization with the strategic goal of implementing a sustainable development policy.

Let us consider the case of the European Union. As we know, since 2000, corporate social responsibility has been the main priority of the countries of the European Union (EU). In 2001, the European Commission issued the Green Paper on Corporate Social Responsibility, which states: “The European Union pays particular attention to corporate social responsibility; its positive contribution is a strategic goal for the development of a competitive and dynamic knowledge-based economy around the world and contributing to sustainable economic growth, the development of quality jobs and greater social cohesion” [22]. According to the Green Book, CSR is understood as a concept where companies integrate social and environmental issues of doing business into their interaction with stakeholders on a voluntary basis. In addition, to be socially responsible means not only to comply with legal requirements, but also to go beyond mere compliance with the law in your work, invest more in human capital, environmental protection and relations with interested parties. The experience of investing in environmentally responsible

technologies and business practices suggests that such work can help enhance the company’s competitiveness.

Moreover, 2005 was declared the year of social responsibility in the EU. According to the document of the European Commission “Corporate Social Responsibility. National public policy in the European Union” [24], there was general agreement in Europe regarding the definition of CSR as a concept according to which companies integrate the solution of social and environmental problems – on a voluntary basis – into their daily business practice, as well as in their interaction with interested parties, shareholders.

In relation to this study, the concept of CSR proposed by the European Union in 2009 is of interest. The European Commission’s study, “Towards High Corporate Responsibility,” [29] reflects two modern approaches to understanding the essence of CSR, in which CSR reflects a wide range of corporate activities on the principle of “Do well” (Moon [44], Rare [53]).

The first approach is the reductionist approach, introduced in The Economist journal [61], which equates CSR with “good governance.” CSR, which actually reduces profits, is considered “delusional CSR” or “borrowed virtue,” and a type that reduces with social security is regarded as “detrimental CSR” (Figure 6).

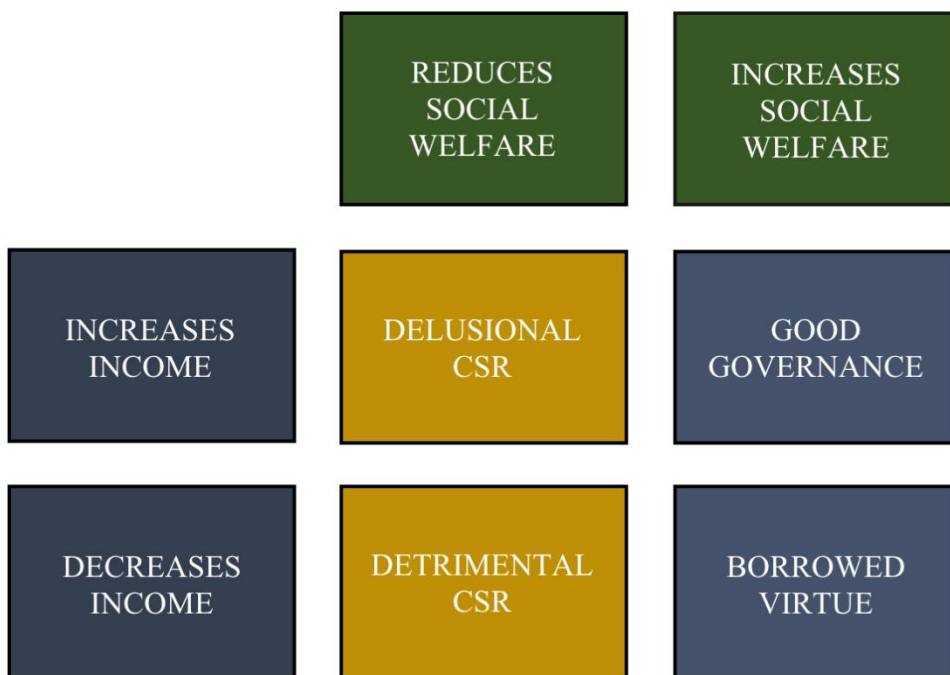


Figure 6 – Reductionist approach to understanding CSR [61]

Given the wide field of corporate interaction within the entire society, proponents of this approach also separate CSR from corporate philanthropy or corporate social entrepreneurship. The latter are independent and free events of existing business strategies or company business models. Corporate governance includes compliance with and regulation of ethical standards and forms the main condition for activities in the field of CSR. At the other extreme, global corporate citizenship is what companies do to solve global problems.

Let us mention five concepts of civic participation presented in Figure 7 represented in the European CSR practice.

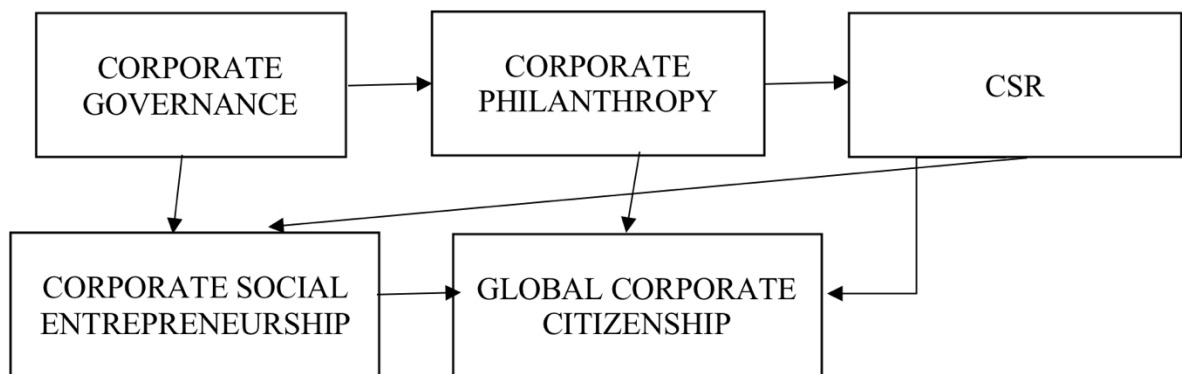


Figure 7 – Five concepts of corporate participation [59]

Corporate governance (related to ethical laws and standards), corporate philanthropy, CSR on a voluntary basis (including volunteering), corporate social entrepreneurship and corporate global citizenship dealing with global challenges and threats [59].

The second approach to European CSR model is a holistic approach that changes the focus from social expectations and motivation of companies and their rhetoric, in relation to results and productivity: “Corporate social activity is a business configuration of an organization based on principles of social responsibility, social responsiveness processes, as well as policies, programs, and observed results, as they relate to the firm’s public relations” [73, P. 714]. Wood’s three-dimensional model can be called a model of public-private cooperation, as it reflects the principles and drivers of CSR (legitimation, state responsibility,

managerial prudence) and management principles – institutional, organizational, individual), its internal processes (strategic assessment, shareholder management, problem management), in including issues of stakeholder management, corporate social results (social policy, social programs, social impact), as shown in Figure 8 below.

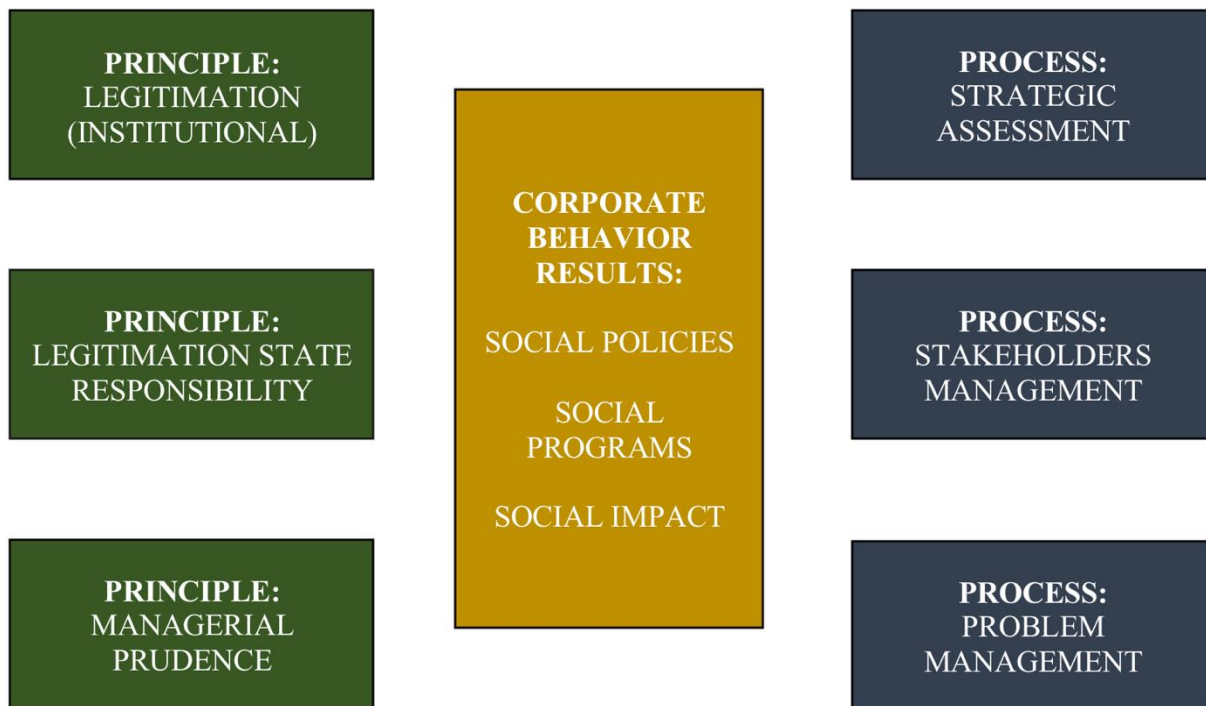


Figure 8 – A holistic approach to understanding CSR [73]

In the USA and Europe, the foundation for socially responsible business was philanthropy and charity. But historical development has formed quite diverse and relatively stable types of relations between the state and economic agents under the influence of the following factors: typology, scale, features of the powers of state public authorities in interaction with civil society and the economy as a whole, historical and national features of political and economic systems.

It should be noted that in European countries, practices in the field of CSR and corporate citizenship have the highest public recognition on the part of governments, heads of state, and coverage of CSR issues in the media and the media of the continent is set at a high professional level. The following factors contribute to the professionalism of CSR: initiatives of the European Commission and national ministries of the EU countries in the field of CSR, the presence of a constantly

updated progressive legislative framework, marketing and advertising support for CSR projects at the macro-regional level (EU), national and sub-regional (lands, regions).

2.2 Specifics of Scandinavian national CSR model in the Middle East

The classification of corporate citizenship models proposed by Danish researcher T. Bredgaard, who made a significant contribution to the study of the institution of social responsibility of business in the context of public policy, seems significant for further analysis. A scientist subdivides the types of CSR based on two criteria: the government or business is the initiator of CSR; CSR emphasis belongs to societal responsibility (relating to a society considered as a whole) or responsibility at the level of personnel and labor market management. Bradgard substantiates four types of CSR [8]: 1) the corporate social responsibility between society and business itself; 2) social responsibility in the process of business management; 3) the corporate social responsibility between government and business; 4) the corporate social responsibility between employment policies, the labor market and business. In accordance with this classification, significant differences can be identified in the American and European approaches to CSR, between European countries and within the national business environment. According to the scientist, the national characteristics of some states are explained by the specifics of the forms of the welfare state.

Thus, the first type of CSR, according to Bredgaard, (social responsibility between business and society) reflects the American approach to social investment and focuses on the initiatives of American society in the area of corporate responsibility in relation to society and the welfare of the local community, environmental protection, charity, and respect for human rights and personnel responsible for the development of third world countries. CSR is an initiative from the business community.

It should be noted that an understanding of ethical categories as an individual characteristic of a business is the basis of the Anglo-Saxon political tradition. The English version of CSR combines elements of the American and European continental models. They relate to the continental model by active state support of business communities. As you know, in the United Kingdom in 2000, the government introduced the position of Minister for CSR, which contributed to the logical expansion of the functions of the government, and was the result of additions to its responsibilities: to increase project awareness and transparency of CSR, to assist the business community in environmental protection activities domestic and international aspects, support initiatives to implement international standards, business practices and relationships.

The British model corresponds to the second type of CSR proposed by Bredgaard – social responsibility in business (that is, the management of human capital and resources within the corporation). Complying with CSR standards, corporations comply with laws and collective agreements on occupational safety, health and working conditions, professional development and skills development, restructuring, and the provision of advisory services, and can voluntarily strive for higher standards of product and workplace quality. This type of CSR is related to human capital and human resources, is common and goes beyond the framework of nationwide differences of states. For example, Anglo-Saxon welfare states are market oriented and have a long tradition of adapting social responsibility for individuals and corporations. It should be noted that in both the first and second types of CSR, according to Bredgaard, the business community or a separate company has a primary role, and the state and public organizations are secondary. Opposing positions belong to actors in the third and fourth types of CSR. We will dwell on this postulate in more detail.

According to the classification of corporate civil participation models proposed by researcher T. Bredgaard, the European mechanisms of CSR functioning are consistent with the third type of social responsibility – social responsibility between government and business (this type corresponds to the European

Commission approach, the Dutch and partly British approaches). Here the first role is played by state governments and social partners (public organizations that contribute to increasing the level of cohesion and transparency of business practices, maximizing the value of a company's brand, and expanding communicative behavior in other corporate entities). So, according to Bredgaard, in continental Europe, in corporatist welfare states, the practice of implementing CSR significantly depends on the degree of development of legal and collective obligations and standards of the business entity.

Separately, Bredgaard considers Denmark and the Scandinavian form of CSR, which he assigned to the fourth type – social responsibility between business and employment policy (Danish approach).

Denmark illustrates an approach to the social responsibility of business, in which, according to the scientist, the leading role belongs to the government, and the emphasis on social relations lies on the responsibility of business and government in the labor market). Social partners and the government have leadership, but the emphasis is different – on the labor market, supply and demand of labor [8]. Denmark, according to Bredgaard, presents the concept of CSR, where the state and social partners are paramount in promoting and initiating CSR programs and standards, because they are narrowly focused on the responsibility of employers in hiring, developing and replacing the workforce. In general, in the Scandinavian welfare states, CSR often changes its vector and comes from the state and public organizations. At the same time, the state provides generous social support, despite the relatively high corporate taxes and salary costs. The generalized distribution of CSR typologies proposed by Bredgaard is presented in Table 5.

Table 5 – Typology of approaches to social responsibility of business [8]

Accent	Initiator	<i>Bottom up (business initiative)</i>	<i>Top down (government initiative, government)</i>
Societal responsibility		Social responsibility between civil society and business	Corporate social responsibility between government and business
Responsibility at the labor market level		Corporate social responsibility within a business	Corporate social responsibility between employment policy, labor market and business

Thus, this typology reveals significant differences in American and European approaches to CSR, between European countries and within the national business environment.

In the process of analyzing models of corporate social responsibility, the Middle East practices define the religious component of Islamic traditional values and national political culture. This is becoming increasingly important in the international arena. Within the framework of Islamic states and their experience (of course, largely taken from the American model and continental European), attention is paid to the distribution of roles between the state, business and society in the way of applying CSR practices.

Analyzing the ways of various institutes of Islamic countries in the field of CSR, one can, in particular, note a curious fact: large companies of the Islamic world (as well as international corporations of a specialized direction) are actively working in the field of CSR, considering social responsibility through the prism of Islamic religion values. CSR in Islamic countries has its own national specifics, this is reflected in PR-promotion of banks, industrial enterprises, investment funds, insurance companies. Large companies are represented in the annual ranking of the DS100 agency (The DinarStandard.com) – the TOP-100 Companies of the Muslim World list which continues to study the corporate environment of 57 OIC member countries (Organization of the Islamic Conference) [19]. As we can see, almost all the TOP-100 companies are state-owned, representing the oil and gas industry, according to Islamic traditions and principles, minerals and the bowels of the state belong to the Muslim community (ummah).

In addition, the role of non-profit organizations in promoting the principles and standards of CSR is also strong in the Islamic world. Middle Eastern CSR non-profit organizations (CSR Asia, CSR Malaysia, The Dubai Center for Corporate Values, CSR Development center (Iran), CSR Association of Turkey) promote innovative and modern CSR mechanisms, competently combining their traditional views of the business elite. At the same time, a low state activity in promoting CSR

can be noted. Therefore, the Dubai Center for Corporate Values opened in 2006, on the basis of the Dubai International Financial Center, with the support of other financial organizations (the Dubai Technology and Media Free Zone Authority (DTMFZA), the Dubai International Financial Center (DIFC) and Dubai Airport Free Zone Authority (DAFZA)). At the opening ceremony, Dr. Omar bin Suleiman, Governor, Dubai International Financial Center, said the model will be based on the work of the European CSR Foundation for Quality Management (EFQM) to take into account the best practices of other global organizations: “Together with our alliance partners, The Dubai International Financial Center seeks to increase the importance of corporate social responsibility in the business agenda in Dubai. This will help companies implement programs that will enable them to become active participants in the social development of the UAE and the region as a whole” [20].

In the Islamic world, the role of banks and investment funds is important. Referring to the list of the largest Islamic banks, according to IslamicFinance.com [4], it can be noted that they, along with the general principles of CSR in the world, as well as international financial institutions, publish annual financial reports, participate in sponsorship and charity projects. There is a ranking of the Best Islamic Banks published by Global Capital and AsiaMoney [64]. Investment funds (Shariach Compliance Funds, Islamic Investment Funds) often act as a kind of social investment funds (endowment funds) and operate in accordance with international criteria representing the principles of environmental efficiency, ethical, religious principles. In addition, in accordance with the principles of Sharia, activities of many Islamic foundations are being built, with the active position of the Sharia Council. As the researchers found out, “charitable or social funds may belong to the state and be built on the basis of mutual business investments” [76].

In recent years, interest in the interpretation and analysis of corporate social responsibility practices on a global scale is only growing. For example, a study of the “50 Best Employer Companies in the UK” [68] shows that small family-owned enterprises can be socially responsible as well as high-tech multinational companies. Latest publications on this subject by “The Telegraph” [18] and “The Sunday Times”

[47] generated tremendous feedback and interest. These polls confirm the fact published in the Green Book earlier: an initiative at the EU level – the annual publication of a list of the best European employers can be an effective tool to encourage companies that strive to become good corporate citizens through attitudes and actions of management. We also note that a similar rating is carried out annually and includes the study “The best employers in Europe” [1], “The best employers in the world” [65], while dividing the companies according to business level (large, medium, small).

It is necessary to summarize the study of foreign models of corporate citizenship and social responsibility, specifying that on each continent and in each country its own national specificity of CSR and corporate participation is being formed. States are determined by the level of socio-economic development, the characteristics and specifics of the interactions between business, the state (government) and society, civic activism, and other characteristics, among which we can distinguish national cultural traditions and norms of socially responsible behavior.

In turn, CSR models explain the historical and conceptual features of the approaches’ formation in various countries and allow us to highlight the most successful and practical mechanisms of state regulation of social responsibility in business. Currently, the two models of corporate social responsibility are the most common: American and European, scientists separately distinguish British (Anglo-Saxon) and Scandinavian (Danish) in the latter; it is also customary to distinguish the Canadian model, Latin American, Japanese, Australian, Asian, Chinese, African, Middle Eastern (CSR practices of the Islamic world). The criterion for distinguishing one or another model is the form of business participation in society.

2.3 CSR in Russia: development stages

Corporate social responsibility as a practical model for the implementation of large business in modern Russia was developed in the early 90's of XX century in the transition from a planned to a market system of the economy.

Let us dwell on the characteristics of the Soviet period, when state paternalism was considered the main mechanism of interaction between the state and society. In the period of the USSR, as we know, the state had monopoly functions in the social sphere, from financing to administration and distribution of goods. Tight political control, the presence of a centralized management system and a system of redistributing resources, leveling the interests of subjects of social policy (the private sector, the church, trade unions and other public organizations) determined the mechanisms of state monopoly. According to researchers, monopoly in the social sphere contributed to the internal unity and integrity of social policy [42].

In the model of state paternalism, the enterprise acted as a social guarantor, carried out a whole range of social responsibilities, and had a social public infrastructure. Among the achievements of the Soviet social system can be identified: a system of free education, health care, pre-school education; lack of unemployment; free access of citizens to spiritual values, development of cultural and sports institutions [72, P. 48].

In the Russian Federation, the interaction of business structures and the state in different historical periods evolved into a unique model, had different goals and patterns. It is the evolution of public-private partnerships, interactions of the state, private and non-profit sectors that determined the features and the vector of development of the concepts of corporate citizenship and CSR. Based on materials of a political, economic, and sociological content and considering publications on the topic of this study [41. P. 110], we can distinguish at least five stages in the development of business relations with the state in their Russian interpretation.

1st stage. 1991–1995. Formation of business and non-profit sector. Non-systematic charity, state paternalism.

2nd stage. 1995–2000. Expansion. The origin of the elements of CSR.

3rd stage. 2000–2008. Implementation. The beginning of the CSR principles application by the largest companies with foreign participation.

4th stage. 2008–2015. Activation. Active application of CSR in practice.

5 stage. 2015–present. The development of a new ideology – corporate citizenship.

We analyze the features of each stage in detail.

The first stage is characterized by the beginning of the entrepreneurial and non-profit sectors formation, holding of non-systematic one-time charity. Here the state had a weak political potential but determined the relationship with entrepreneurship. The business community did not yet have a legitimate political status. The division of state ownership in the primary industries led to the emergence of large resource oil companies, federal and regional. According to Russian scientists, shares of large corporations are actively acquired in the regions, heterogeneous and unstructured banking groups are being created. Privatization of enterprises allowed them to get rid of their social functions, social infrastructure facilities were transferred to municipal authorities, and thus the business turned out to be socially irresponsible. Charitable social activity was a one-time non-systemic character and resembled pre-revolutionary philanthropy [74].

At the second stage, the interaction of government and business structures often takes place through personal and informal relations, which has led to the spread of corruption and growing political influence of large business leaders, and the state has put in the background.

Mid 90s designated as an active stage in legitimizing standards of ethical behavior, professional codes for the work of participants in small businesses, the stock market, business consultants, realtors. Thus, the Russian Union of Industrialists and Entrepreneurs (RSPP) adopts the “Charter of Business in Russia” (1995) with a declaration of the principles of fair and legal business. In connection with this fact, the Chamber of Commerce and Industry of Russia singled out the

development of business ethics and culture of the business community as one of the priority areas of activity in the Russian Business Culture project.

The expansion of the legal framework for the functioning of the non-profit sector was facilitated by the adopted laws “On Non-Profit Organizations”, “On Charitable Activities and Charitable Organizations”, which caused replenishment of the ranks of non-profit organizations throughout the country.

The third stage is characterized by the beginning of CSR practices introduction by the largest Russian companies, as well as companies with foreign participation, due to the restoration of the state’s active role in the economy. Government, according to business scientists and practitioners, introduces innovative mechanisms of relations with the business sector during this period: “equidistance” of the business community and the state; depoliticization of business and government relations; corporatization, participation of trade unions in the system of bilateral interaction; restoration of the importance of the state in the economy; “transparency” of entrepreneurship for state structures [9].

This stage characterizes the beginning of the institutionalization of corporate charity, allocation of private and corporate funds, involvement of NGOs in the implementation of social corporate business programs, professionalization, active discussions on social responsibility issues, conferences and scientific forums.

At the fourth stage of implementing CSR practices, the topic of corporate social responsibility and corporate citizenship is gaining popularity in Russia. The main elements of CSR development are: corporate declarations and strategies of “socially responsible” business; a series of CSR events organized by business; the growth of scientific publications and research on the theory and practice of social responsibility of business; development of norms and standards of CSR, charters and memoranda. According to international databases (www.corporateregister.com), Russia has taken an official place among the list of countries publishing non-financial reporting since 2007.

At the fifth stage, a new understanding of the concepts of CSR is formed – an approach from the point of view of corporate citizenship. In modern economic and

political science, CSR to society and the state begins to be interpreted as a phenomenon of corporate citizenship, and both concepts are integral elements of public-private partnerships.

Russian researchers such as S.P. Peregudov, I.S. Semenenko, interpret corporate citizenship as “a systemic interaction of business with the state and the non-profit sector as part of a partnership to jointly develop a strategy for the development of society and solve global problems” [48].

The continuation of active development of theories and practices of CSR is the introduction in October 2010 of the International Standard ISO 26000:2010 “Guidelines for Social Responsibility”, the document was the first normative regulation in the field of socio-economic relations. The Russian version of GOST R ISO 26000 Standard “Guidelines for Social Responsibility” was published in 2013 and reflected the provisions of the international document ISO 26000:2010. The standards include issues of social support and staff development, relations with potential partners, organization of the workplace and labor, processes of business participation in socially significant projects.

A detailed description of the phased evolution of philanthropy from charity through social partnership to corporate citizenship was presented by Russian researcher S.V. Turkin (Table 6) .

Table 6 – Stages of philanthropy evolution [67]

	First stage	Second stage	Third stage
<i>Purpose</i>	Philanthropy	Strategic philanthropy	Social investment. Corporate Citizenship
<i>Motivation</i>	Altruism	Long Term Interest	Long Term Interest and Business Goals
<i>Strategy</i>	Non-systematic	Systematic	Mutually Beneficial
<i>Management</i>	Administrator	Manager	Integrated System
<i>Initiative</i>	Passive	Response to external requests	Proactive, integrated into work
<i>Contribution</i>	Money or in-kind donations	Money or in-kind donations	Company resources and partners resources (authorities, NPOs, corporations)

Table 6 (continued)

<i>Driving Force</i>	Leadership Sympathy	Considering Beneficiary Interests	Taking into account the interests of partners and business benefits
<i>Sustainability</i>	None	Attempt to achieve sustainability	Sustainability of a business project, part of management

In his opinion, the Russian business community underwent changes in the cross-border period between the classical philanthropy of the first stage and strategic philanthropy. At the same time, the largest business organizations with the participation of foreign capital began to successfully implement philanthropic activities in the third stage.

Based on the analysis of the concepts of corporate citizenship and CSR, one can describe the main segments of the practical implementation of key provisions of theories by Russian business:

- initiation and implementation in practice of standards and normative documents on CSR, adoption of memoranda, charters, codes of corporate governance, is necessary to build a business reputation and a positive image of the business as a “responsible citizen”;

- real chances and opportunity to obtain competitive advantages in domestic and international markets (lack of certification according to ISO 26000 standard may affect a positive consideration of the tender);

- all stakeholders (the state, shareholders, personnel, mass media, local communities, NGOs) impose high requirements on the business; therefore, it is important to develop systemic policies for partnership with each of the social groups;

- public authorities more often involve business structures in solving socio-economic problems of society – it is important for business to have a clear social policy and philanthropic concept and not be sprayed on several issues at the same time;

- professional non-profit organizations and associations can contribute to the effective implementation of social programs of the business community.

Thus, we can conclude that in Russia the practical results of the CSR concept as a whole coincide with similar trends in the international field, but large companies are involved in these processes. Integration of the above factors into the current activities of the business community will expand the ability of business to gain competitive advantages in the market, as well as be full responsible “citizens” in the region of their presence.

We emphasize that the Russian top managers, striving for the standards of international community in the field of CSR, are actively developing social partnership programs in the regions of their presence (environmental initiatives, programs for children, events for professional community and the media, etc.), and implementation of the projects acquires systemic features, tiered and efficient. CSR is spreading in the regions of Russia.

3 Management business reputation by means of social investments indicators

3.1 The impact of CSR and social investments on business performance

As the European Commission states, social investment is about investing in people. It means policies designed to strengthen people's skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation [26].

Possibility to evaluate and consider different and detailed assessment methods for a broader understanding of the nature and impact of CSR and related social investments business policies are the main purpose of business behaviour and are of our particular interest. Besides, it is more than beneficial to be acquainted with the topics while comparing these important performance indicators at the corporate and regional dimensions. The need for such a comparison exists both at the sectoral and regional levels. There are a few points of interest when we talk about the importance of dealing with social investments practices:

- a large business needs to attract foreign investment, to access to global stock markets;
- small and medium-sized businesses are interested in building mutually beneficial relations with state institutions, and in social positioning, with public organizations and staff;
- all business entities are aimed at levelling corruption and introducing anti-corruption measures and assessments;
- regional governments are interested in additional opportunities for influencing large business operating in a particular region, in addition, in using corporate resources to solve socially important problems;

- public organizations, local governments, municipalities, civil society as a whole strive for mutual social partnership and consolidation of efforts in order to realize the goals of social investment;

- the expert community, educational milieu (economists, sociologists, political scientists) can apply the accumulated experience and realize their professional competencies, act as experts in the study, respondents, and interviewers.

An example case study of the situation with “single-industry towns” (which exist in any metropolis and countries) can be taken as a basis in the analysis as a vivid example of a multi-level partnership of interests and consolidation of various socio-political forces in the region to solve specific problems of society. This process is heavily dependent on major cities and metropolitan areas as centres of human capital development providing the best opportunities for education, scientific activities, cultural development, and entrepreneurship.

In 2016–2018, the Institute for Urban Economics, Russia, developed a unique methodology for measuring the gross urban product (GUP) of cities and metropolitan areas, which was used to calculate GUP values for the period from 2000 to 2015 for twenty major metropolitan areas with populations exceeding 1 million [39]. Experts admitted, the locations created the necessary framework for socioeconomic development and public-private partnership (including CSR initiatives and social investments as a whole). They agreed about the best type of government support for such areas. It means that financial support for infrastructural projects in their territories in close connections with business in order to raise the level of independence of municipal administration, and to help enhance the role of such areas in Russia’s economic growth.

Still currently experts and scientists from Russia and other countries are constantly trying to develop similar estimates. Often, CSR research is aimed at conducting specific research in the organization and in its external environment. Such developments entail significant personnel and organizational costs, which, in turn, makes it difficult to test these techniques in any companies. In this regard, social investment researchers are forced to seek or create from scratch an original

methodology based on their own practical experience. On the other hand, to pay attention in the process of developing a methodology to its estimated and quantitative capabilities in terms of international reporting, standardization and accounting. Simplified forms of social audit and social reporting for medium and small companies can be adopted here, valuation methods can be divided into regional and industry depending on the inclusion and accessibility of social partnership and social investment.

Further, to assess the impact of components on social policy on a company's reputation, it is important to take into account such problematic nodes as the multi-vector nature of social investment and the diversity of its forms in each case (depending on the size of the company, sector, region of presence, number of employees, budget for social initiatives, level of competitiveness, presence of a developed partner network, including regional authorities, media, non-profit organizations). That is, the analysis of effectiveness in this direction is complex.

The problem can be solved if a specific technology is evolved (the index of social investment, for instance). For the correct application of the methodology, it is necessary to take into account the parameters for evaluating the effectiveness of social policy. In addition, CSR issues and social investment policy, when justified, require special attention at all stages: at the planning stage of a social project and negotiations, at the stage of developing a project or program, rationale its relevance and summing up. Such an analysis is interdisciplinary, multidimensional and complex.

When calculating the effectiveness of the invested budget for CSR activity and its impact on the corporation, it is important to consider the following points.

Firstly, depending on the content of social investments, there may be different investment directions.

Social investments are most often aimed at:

- the internal environment of the organization and include investments in human capital, such as the development of corporate culture, increasing the

competence and professionalism of personnel, measures for labor protection and workplace safety;

- the external environment of the company, and may include environmental protection measures, social protection and support for certain groups of people, land improvement, financial support for the healthcare industry, housing and communal services, sponsorship of cultural and art events, support for education and a healthy lifestyle, proper nutrition, religious communities. The list of destinations can be expanded to suit local conditions.

Secondly, the effectiveness of social partnerships and social investments is multifaceted in origin and goals and has at least two dimensions:

1. How we work for society – effectiveness for society as a whole. It is important here how exactly social investment in society is considered. If CSR makes it possible to obtain previously inaccessible goods, to expand the number of audiences possessing these goods, then the actual cost of social investment will increase. The contribution of CSR can be assessed according to the principle "the more business gives, the better." Then the business turns into a source of financial income for the population and pays the so-called "social rent" [27].

2. How the costs of social investments affect the conduct of business – we determine the effectiveness for the business. For example, a business can achieve greater goodwill, publicity (brand recognition), track the positive dynamics in consumer perception and public opinion, confirm the growth of capitalization and key financial indicators [26].

Thirdly, it is important to understand what the concept of "effectiveness" consists of. Researchers identify three types of business efficiency:

- efficiency = R / G – the ratio of the result of the business to the goal: if the desired results are most achieved in accordance with the goals of the business, then such an activity is effective;

- profitability = R / C – the ratio of the results to the cost of resources: if a similar result can be obtained using lower costs for its implementation, then such activity is also effective;

- expediency = G / P – the ratio of goals to real social difficulties: if the results and goals at the same time help resolve previously unresolved social points of tension, then again, such activity is effective for business [75].

The problem of assessing the effectiveness of social investment appears to be quite multifaceted, comprehensive and interdisciplinary. Therefore, it is a difficult task to analyze the economic efficiency of CSR, taking into account only economic indicators and models, and relying on professional economic competencies. Here we can adapt some analysis methods from sociological or political science analytics.

Fourth, when analyzing the effectiveness of CSR forms, considering the types of activities and areas of industry in which a socially responsible enterprise operates, it is important to distinguish levels of implementation between other companies, regions, countries. Social investment should be built harmoniously, avoiding internal and external conflicts in each production cycle. For example, the tactics of achieving a concrete task in the short term should not contradict the reputation of the company or go against the strategic vision of the future in business.

Russian business, primarily large, is aware of its role and confirms its participation in the implementation of the global sustainable development goals. According to a survey of more than 200 companies, including large, medium and small businesses, conducted by the Russian Union of Industrialists and Entrepreneurs (RSPP) in 2019, 50% of companies relate their activities to SDG-2030. A significant part of them is large business, 30% are small businesses (Figures 8, 9, 10)

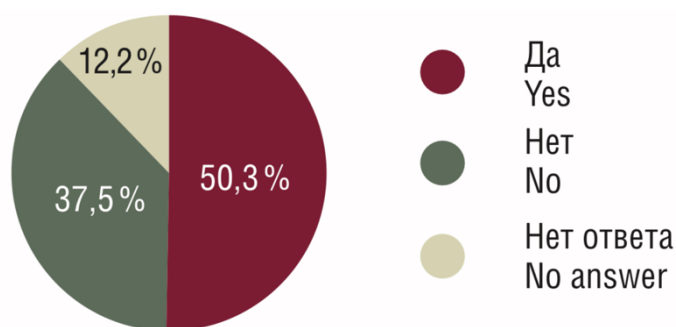


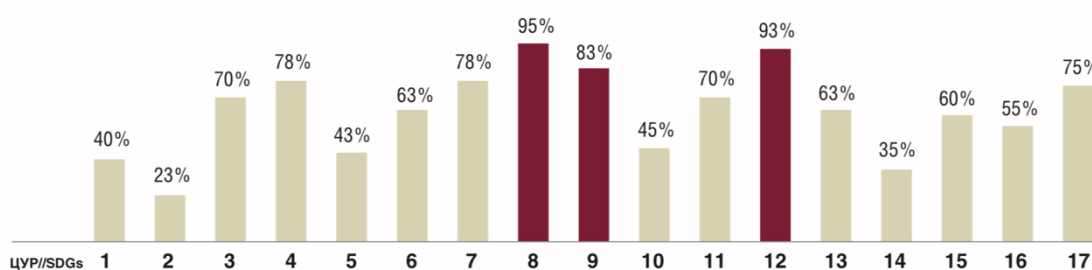
Figure 8 – Percentage of companies that relate their activities to the SDGs 2030, % [58]

Российские компании //
Russian companies

Мировой бизнес //
World business



Figure 9 – The most popular SDGs among business in Russia and in the world 2019 year [58]



* По результатам анализа РСПП – 2019 г. // Based on the analysis by the RSPP – 2019.

Figure 10 – Priority SDGs in the reporting of the Russian companies 2019 year [58]

Ability to compare the degree of social responsibility in different companies is of our particular interest. How we can compare companies presented in different profiles and scales? Or is it possible to evaluate them: Gazprom, Sberbank, Nestle, Wimm-Bill-Dann, British American Tobacco, Claas, Mikoyan, Norilsk Nickel. For sure, each field of CSR activity has its own ways of assessing results and corporate principles. We are going to estimate similar sector companies in the following chapters.

3.2 Methodology for assessing the impact of corporate social responsibility on the Company’s business reputation

In accordance with the Russian program “Effective Social Investment and Social Partnership” (ESISP) which was approved by the Large Academic Council of the International Academy of Patronage of Arts and the International Academy

of Social Sciences in 2008 [51], we understand that social investment involves the allocation of financial, human, other material and intangible resources to change the people's livelihoods and solve pressing problems of society. Moreover, it is important to consider the internal and external social environment of the organization. Such practice, as we can judge, directly affects the growth of business capitalization and business reputation. In general, such social investments can be aimed at resolving the prerogatives of sustainable development, such as helping low-income people and combating poverty, improving the quality of medical services, and developing human capital within the company.

Speaking about the CSR concept while improving the effectiveness of social investments and social partnerships under the program, we used subsequent general equation as follows: $ESISP \text{ (social investment index)} \times (\text{business} + \text{recognition} + \text{respect}) = \text{capital growth}$. It means that to expect the capital growth of a company we should express already applied index of social investment (based on the mentioned above programme ESISP) and multiply it on the sum of the such important indicators as business, recognition, respect which already gained by a company.

According to foreign and Russian estimates, the growth of business capitalization by about 30% depends on the state of intangible assets of the business and reflects the presence of a positive image of the company in the minds of consumers and the business reputation as a whole. These factors are most closely associated with the socially responsible behavior of the business entity, the positioning of the company in society and in domestic and foreign markets.

The followed summary arose during the study: companies are interested in their intangible assets economically. Ultimately, the more successful and transparent the company's business reputation, the better it fulfills its social role, and more attracts the attention of large foreign investors.

The mentioned above programme considers the so-called "information card" of the company formed in accordance with the recommendations of the following institutions:

- the Russian Union of Industrialists and Entrepreneurs, given in the “Basic Performance Indicators” [58];

- requirements of international standards, primarily the GRI Sustainability Reporting Standards, which considered to be the first global guideline in terms of sustainable development. The experts feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts [36];

- methodology relies on techniques of the UN Global Compact guidelines, according to the principle: corporate sustainability starts with a company’s value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another [69];

- other data contains indicators included in the official statistical reporting, as well as indicators of internal reporting.

Evaluation of the effectiveness of corporate social policy in the form of an information card enables the development of an international certification system for the effectiveness of corporate social policy: social investment and social partnership, which was initiated by a team of specialists from the St. Petersburg branch of the Higher School of Economics and the Expert Institute of the Russian Union of Industrialists and Entrepreneurs with the active participation of the European Business Association and the company CNC Communications & Network Consulting, LLC.

According to the research, social responsibility in relation to the consumer, partners, investors, the state, organized and unorganized civil society, own personnel is a condition and guarantee of integration into the modern world economy. And this is not about demonstrative charity, but about effective social investment and social partnership calculated and optimized, ensuring sustainable business development, which is the most important factor of its attractiveness for any investor and partner.

There are three models and three stages of solving the problem with calculations.

The scientific and methodological task is to identify interdependence between the costs of internal social investments and labor productivity indicators, profit, profitability, capitalization, as well as the volumes of external social investments and indicators of sales, intangible assets.

These three main approaches are possible, associated with the corresponding models for assessing the effectiveness of social investments:

1. Evaluation of effectiveness in terms of the dynamics of social investments growth and development of social partnership. The advantages of this approach are obvious: it is aimed at stimulating the costs of corporate social policy. Weaknesses: the growth of social investments may not be justified; the vector of these investments may not correspond to the real social problems of the company.

2. Evaluation of effectiveness as a comparison with average indicators of costs for internal and external social investments, social partnership. The evaluation procedure itself is quite simplified by the proportion above and below the norm. But this approach, unfortunately, consolidates the established (perhaps not optimal) practice, without giving targeted guidelines for solving real problems of social development.

3. Development of optimal (target) normative indicators of internal and external social investments and assessment of effectiveness as a comparison with these indicators. This approach involves the development of a procedure for identifying priority problems and tasks of social development (including in relation to a specific region, place), in other words, the procedure and mechanism for developing a certain social order.

As we can admit, the third approach describes the notion of social investments in the right and complete extent. However, depending on the specific situation and tasks, the application of the first and second approaches might be also justified. Moreover, the second and third approaches involve the accumulation of sufficiently extensive primary materials, based on the processing of which it is only possible to

develop average, and especially target, normative indicators. And the first approach can provide the basis for the accumulation of such information.

Therefore, it is optimal to choose a way to implement an assessment of social investments effectiveness in three stages (but with the development and expansion of the database).

Stage I: performance evaluation based on the dynamics of internal and external social investments costs.

Stage II: identification of average indicators in main areas (vectors) of social investment, taking into account regional and industry-specific features of business activity and social development.

Stage III: identification of target standards and creating a mechanism for their refinement and practicability based on the procedure for developing, adopting and ensuring the implementation of a social order to address priority social development problems.

The methodology allows to evaluate and compare social investments, regardless of the companies and organizations profile and scale of activity. The basis of this comparison is the distribution of basic points (weights) in the main areas of social policy. Actual scores are determined proportionally (as a percentage) of the dynamics of these indicators for a specific time period. The result of the assessment is the amount of points actually earned [51].

At this stage, a preliminary aggregation of indicators characterizing social investment and social partnership was carried out. They were integrated depending on two factors. Firstly, depending on the direction of the corresponding costs (internal and external). Secondly, depending on in whose interests, from whose position effectiveness is evaluated: the business itself or society. In this regard, four main groups of indicators of the effectiveness of social investments can be distinguished.

This classification involves such a matrix with variables:

1. “Care” – internal social investments evaluated from a social position: social investments in human capital, including the costs of increasing the competence of employees, protecting their labor and health, and developing a corporate culture.

2. “Goodwill” – internal investments, evaluated from the perspective of the business itself: social investments in the development of relations with consumers, partners, investors, lenders, competitors.

3. “Participation” – external social investments, evaluated from the standpoint of the external social environment: social investments in the development of the material environment (ecology, landscaping, housing and communal services), as well as social and humanitarian development (health, culture and art, education, faith-based activities, sports, healthy lifestyle).

4. “Success” – external social investments and social partnership, evaluated from the point of view of a business: growth of its goodwill, recognition and respect, stability and development of final economic indicators.

Another important indicator that encompasses the notion and measurements of CSR is an index of social investment.

The idea of this index is to examine the fact of the presence or absence of positive parameters in the respondent company. Private and general indicators of the quality of social investment can be distinguished. The qualitative index of social investments for the “A” company – $Ik(i)$ shows the level of complexity of the company’s social activities (unit of measure – percentage) and is calculated as follows

$$Ik(i) = \left(\frac{1}{m} \sum_{j=1}^m X_{ij} \right) 100\% \quad (1)$$

where

X_{ij} - Boolean variable (Boolean variables are variables that can have only two possible values: true, and false), that takes the value 1 if the “I” sign is present in the “A” company, and is 0 if this sign is absent;

m - the number of signs by which the social activities of companies are evaluated. Ideally, the set of features should be designed in such a way that any of them is “cross-cutting”, i.e. important to every company.

We can calculate this index for each of the 4 blocks of indicators, and then measure the correlation. The dependencies were taken from the research based on the Program of Effective Social Investment and Social Partnership [51].

According to that, indicator Care includes quantitative dimension (social investments for this reason / average number (thousand rubles / person) and qualitative one (the number of employees with corporate insurance (people); occupational disease prevention, medical examination (thousand rubles / person); sanitary and hygienic working conditions (thousand rubles / person)), and others.

Goodwill includes quantitative dimension (social investments for this reason / average number (thousand rubles / person) and qualitative one (warranty repair of the total annual turnover (%); purchase returns (%); quality certificates (number); awards (number); consumer lawsuits (number); lawsuits of partners, competitors (number of claims); participation in business-to-business development programs, (thousand rubles / measures); events with competitors).

Participation includes quantitative dimension (social investments in this area / current expenses (thousand rubles) and qualitative one (saving of natural resources consumption (%); reuse and disposal of waste (%); pollution prevention (number of cases); environmental safety of production and transportation (number of claims); environmentally friendly products (number of examinations); actions on gardening and improvement (thousand rubles); lack of fines, lawsuits, accidents; participation in supporting and developing the infrastructure of the territory (thousand rubles / measures); public-private partnership (number of contracts or financial volume).

Success includes quantitative dimension (publicity, growth of materials in the media (numbers of publications, their volume (%)); negative attitude (decrease in%); positive attitude (growth in%); growth in sales, profitability level.

We can calculate this index for each of the 4 blocks of indicators, and then measure the correlation presented in Table 7.

Table 7 – Correlation of the social investment index and the main blocks of social investment indicators [51]

Correlation	Care	Goodwill	Participation	Success
Care	1			
Goodwill	0,335	1		
Signal (checkable unit)	0,070			
Participation	0,682	0,651	1	
Signal (checkable unit)	0,000	0,000		
Success	0,513	0,346	0,564	1
Signal (checkable unit)	0,004	0,033	0,000	

Thus, to the greatest extent the indicators of the Success block correlate with the indicators of the Participation block, which also confirms the conclusions of the previous analysis.

Now we can identify and evaluate the relationship between the final indicators of the “Success” block and social investment, each of which is expressed individually and independently. All other indicators are also grouped in the blocks “Care”, “Goodwill”, “Participation”. We will use various methods of processing statistical data, for example, factor analysis, correlation analysis, cluster analysis and regression analysis. We calculate the dependencies and dynamics of the “Success” and “Care” blocks.

The results of the correlation analysis show that the volume of social investments in the block “Care” is closely related to the volume of sales, as well as with other indicators that influence CSR, such as the average number of employees, the number of employees with higher education, the intensity of retraining and advanced training of staff, the total volume of social investments and others.

Note that the correlation between the number of employees with higher education and the level of sales is weaker than the dependencies mentioned above.

The correlation coefficient of the “Care” block approaches 1. If we look at the following indicators, then the dependencies will be practically invisible or not relevant.

Note that the “Care” and “Success” blocks directly affect the indicator “positive media coverage of the company”.

Let's look at an example of how it is possible to calculate the dynamics and correlation of the "Success" and "Goodwill" blocks.

The analysis shows a direct positive relationship between the volume of net profit of the company and the amount of social investment per employee. It means that the larger the volume of social investments provided for in the organization's budget, the more net profit is obtained as a result of business activities (Figure 11).

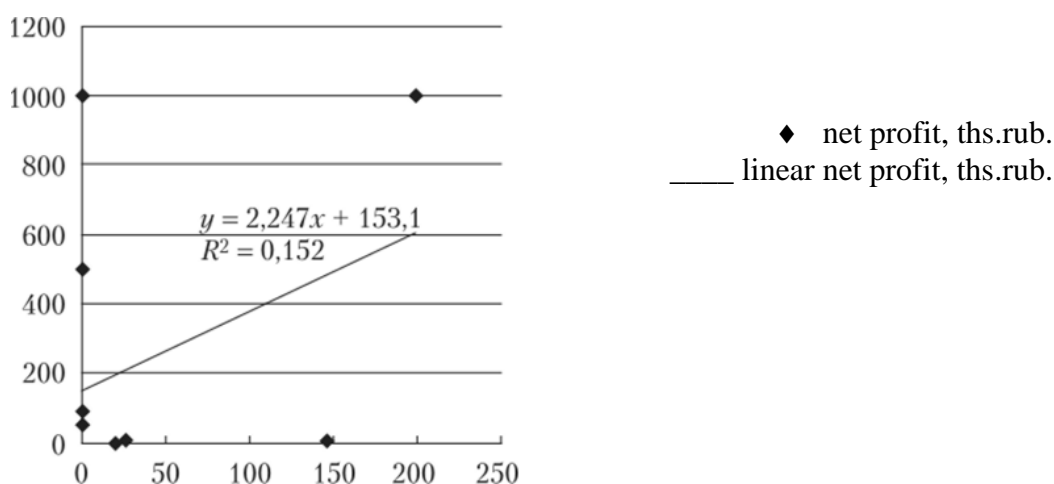


Figure 11 – The relationship between social investment and net profit [51]

The graph shows: on the ordinate axis – the net profit of the enterprise, on the abscissa axis – the volume of social investments and the development of relations with partners, consumers, investors, expressed as a share per employee [51]. As we note, the graph shows a certain distance of the variables from the so-called “line of best fit”, that is, the linear direct relationship between these indicators is insignificant, it is scattered. The diagram also suggests that the selected determinants and their dynamics are weakly dependent on each other. Therefore, to determine the social investment index, it is important to consider not only quantitative, but also qualitative variables.

In accordance with the data obtained, with an increase of investments by 1,000 ths.rub. per employee, the volume of net profit may increase by 2,24 ths.rub. The above model reflects the nature of relationship between variables but is not ideal for describing a situation. The value of the coefficient of determination is quite small. Here it is necessary to take into account additionally other variables that affect the amount of net profit, which are quite a lot (amount of costs, efficiency of using

available capital, scheme of interaction between company divisions and organization of the production process, scope of the company, level of competition and much more).

Then let us identify the relationship between the selected and presented in Table 7 variables which can be graphically demonstrated on Figure 12.

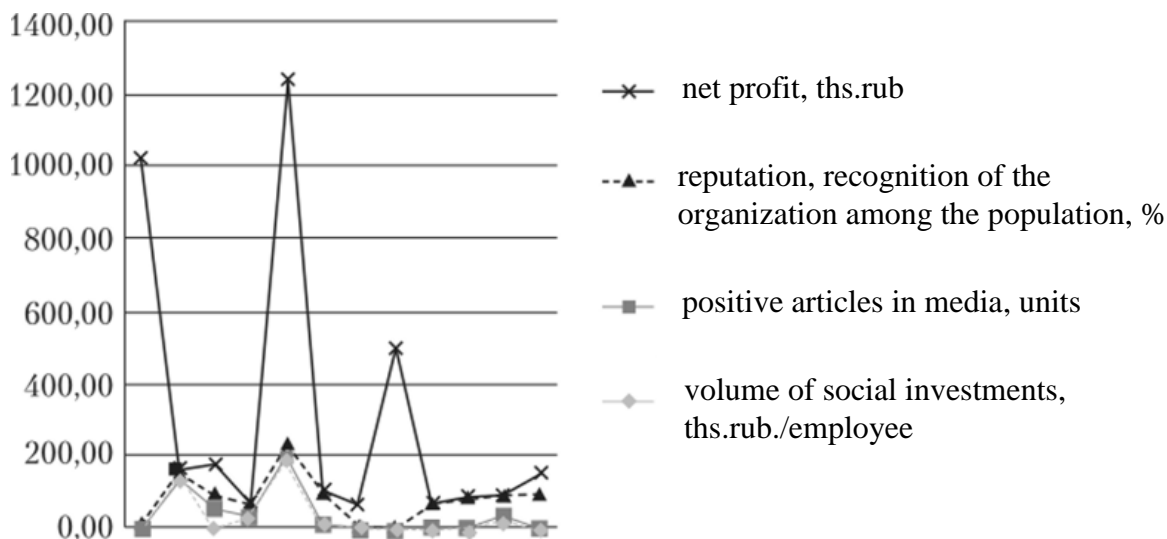


Figure 12 – The dynamics between the volume of social investments and indicators reflecting the “goodwill” of the company [51]

From this graph we can determine the nature of the relationship, it shows the variables dynamics selected for calculations [51]. Thus, the more the company is known and recognizable (publicity), and the more “positive” materials about it are in the media, the greater the amount of social investments to increase the company’s “Goodwill” in relation to consumers, partners, investors, and therefore the higher the net profit. On the chart the ordinate axis shows the net profit of the company:

A generalization of the data allowed us to conclude that the business is gradually mastering the relevant vectors of social investment and social partnership: from investing in human capital to building an effective social partnership in a market environment that goes beyond it, which is a real way to ultimate success, expressed in the final indicators of business performance and activity.

Next paragraph we are about to analyze and compare real business cases in order to investigate the countability of business performance in terms of social investment and its indexes.

3.3 Implementation of management model applied to the company's index of social investments

Before trying to assess the contribution of a business operating in a country or a region to the results of its social and economic development, it is necessary to somehow evaluate the level of socially responsible behavior of specific business structures. Knowing this level allows us to compare the activities of companies on this parameter and specify their role and importance for improving the living conditions of the population of an administrative-territorial entity.

According to the Report on Social Investments in Russia – 2019, definitions of social investments can be divided into two groups: 1) a broad interpretation of social investments as the ideology of corporate social activity, which provides for the “return” of expenses; 2) social investments as a specific type of activity for the implementation of social and environmental projects, in many cases involving public-private and multilateral partnerships [55].

Relying on our estimates, a marked growth in the development of CSR in Russian business is being noted, which today corresponds to the global trend. In the research, we analyzed a set of the following corporations:

- multinationals with mature production chain and affiliate network all over the world including Russian market: Nestle, Philip Morris Int., Carlsberg Group (including brewing company Baltika), Cargill, Claas;
- domestic Russian companies without developed foreign presence, except for product export abroad: Ochakovo, Magnit;
- Russian natural resources monopolies: Sibur, Severstal, Rusal, OMK;

Analyzing corporate websites and reports, we recognize: examined leading multinational companies and large Russian natural resource monopolies have begun to more actively integrate international standards and the UN Sustainable Development Goals into the strategic management system, while joint initiatives of specifically Russian enterprises themselves are mainly limited to charity projects, including corporate volunteering projects and environmental protection initiatives amongst all responsible activities. The quantitative and qualitative indexes of social investments of Russian business in the period from 2003 to 2018 did not undergo significant changes.

That proves the fact, according to the Report on social investments in Russia, prepared by the Russian Managers Association, the quantitative and qualitative social investment indices of Russian business during the period from 2004 to 2019 as a whole did not show positive dynamics. In the structure of social investments, new emphasis is beginning to be traced to support local community and environmental activities [57].

The report is fully dedicated to CSR programs. Although, in the world community, social investments (or impact investments as they called internationally) have long been understood as investments in companies, organizations and funds in order to obtain a significant social or environmental effect while ensuring a return on investment. According to the Global Impact Investing Network (GIIN), the impact investment market was estimated at \$500 billion in 2018. Market growth is estimated at 29% per year. And by 2025 it could exceed \$2 trillion. The GIIN defines impact investments as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. This is taking place all over the world, and across all asset classes [35]. Although the conducted analysis showed, quite a few truly domestic Russian companies have developed CSR strategy and vision which may reflect international standards and the way of preparing qualitative annual report.

In Russia, the situation is much different from global trends, however, we also have research topics. In 2019, the first social impact project (an analogue of the

European Social Impact Bonds Project) was launched, and the Association of Impact Investors continues to develop. We hope that the next report on social investments will go beyond the usual framework of CSR only and will cover all areas and all players of the social investment market with professionally gathered and representative data.

A comprehensive analysis of corporate social investments covers quantitative and qualitative characteristics, as was mentioned above, and being included in the index of social investments. The results obtained allow us to assess the general state of corporate social activity, as well as to trace the evolution of corporate social investments in respondent companies. In order to get an assessment of the overall situation with social investments, a quantitative index is calculated based on aggregated indicators for all companies participating in the study.

Three groups of criteria were taken as the basis for building a qualitative index of social investments (*IK*): institutional design of social policy in companies (guidelines, frameworks, programs), development of accounting system for social events (financial reports) and degree of complexity for implemented social investments (quality, widespread and coverage of CSR practices).

The substantial difference between the quantitative index and the qualitative one is that the quantitative social investments index is designed to assess the level of funds allocated for social investments, and the qualitative index shows how the process of social investment is built within companies, how deeply the principles of CSR are integrated into business strategy and operational activities [55].

Consider the methodology for assessing the quantitative index of social investments. Three varieties of the quantitative index of social investments were used:

- specific social investment index (*IL*), which is the value of social investments of companies examined per one employee (unit of measure – rubles). The formula for this index is as follows

$$IL = \sum_{i=1}^n C_i / \sum_{i=1}^n L_i \quad (2)$$

where

C_i – volume of social investments of the i -th company (including voluntary and mandatory costs of social programs);

L_i – average number of employees of the i -th company;

n – number of companies participating in the study.

- the ratio (share) of social investments of the studied companies to the total volume of their sales IS (unit of measure – percentages). The formula for this index is as follows

$$IS = (\sum_{i=1}^n C_i / \sum_{i=1}^n S_i)100\% \quad (3)$$

where

C_i – volume of social investments of the i -th company;

S_i – gross sales of the i -th company.

- the ratio (share) of social investments of the surveyed companies to the total volume of their profits (before tax) IP (unit of measure – percentages). This index is determined by a similar formula

$$IP = (\sum_{i=1}^n C_i / \sum_{i=1}^n P_i)100\% \quad (4)$$

where

C_i - volume of social investments of the i -th company;

P_i - volume of profit of the i -th company before tax.

All three varieties of the quantitative social investments index are not standardized and can take any positive values. Indices are monotonically increasing, that is, the larger the index, the higher the social activity of the company.

In contrast to the quantitative social investments index, which creates a picture of the phenomenon scale, the qualitative social investments index is designed to

assess the degree of complexity and completeness of such CSR phenomenon. We can distinguish between private and general quality social investment indexes:

- private qualitative social investment index for the j -th attribute $IK(j)$ shows the degree of presence of this qualitative attribute in the statistical sample of respondent companies (unit of measure – percentage) and is calculated as follows

$$Ik(j) = \left(\frac{1}{n} \sum_{i=1}^n X_{ij} \right) 100\% \quad (5)$$

where

n - number of companies participating in the study;

j - one of the features describing various aspects of the implementation of CSR principles.

- general qualitative social investments index IK shows the level of complexity of social activity of the studied group of companies (unit measurements - percentage) and calculated in the following way

$$Ik = \left(\frac{1}{nm} \sum_{i=1}^n \sum_{j=1}^m x_{ij} \right) 100\% \quad (6)$$

where

n - number of companies participating in the study;

j - one of the features describing various aspects of implementing CSR principles;

m - number of features characterizing various aspects of implementing CSR principles.

All private quality social investments indexes, as well as the general integral quality index are normalized and can take values from 0 to 100%. The greater the value of the index, the more integrated is the social policy of companies. A comparison of the indices for different signs allows us to identify the corresponding bottlenecks, that is, those signs that represent the greatest problem for companies.

There are also several approaches to assessing quality of CSR in specific companies. Some of them are based on a comparison of the results achieved with

the standards characterizing social responsibility. Others supplement the estimates obtained with the help of standards with characteristics that cannot always be quantified, but which also characterize the effectiveness of social responsibility, showing its impact on all aspects of society, business and the state. However, the most accessible and frequently used way to assess socially responsible behavior of business structures is surveys of stakeholders and information about their activities in the media. In the previous sections of the work, we have already noted the importance of such activities of business assessment by their environment.

Now we give three examples of companies (multinational and Russian) in relation to maintaining and promoting socially responsible practices. Firstly, the Carlsberg Group, a large business that has been successfully operating in international markets. Secondly, conduct analysis of its Russian acquired subsidiary, brewing company Baltika. Thirdly, compare the implementation of CSR practices with domestic Russian brewery plant and producer of non-alcoholic beverages Ochakovo.

Depending on scale and geography, beer suppliers to the Russian market can be divided into four main groups:

1. Multinational companies AB InBev Efes, Carlsberg Group, Heineken and Oasis CIS.
2. About 75 national producers, represented mainly in regional markets, plus the Trekhsosensky Brewery and Ochakovo with Russian capital but federal coverage.
3. Small brewers: industrial minibreweries that are noticeable in the local market, craft and restaurant microbreweries.
4. Importers of beer.

In 2019, the leader in the Russian beer market changed over the past 20 years: AB InBev Efes took first place, moving Baltika to second place (part of the Carlsberg Group). A VTB Capital survey said that AB InBev Efes accounted for 28% in 2019, and Carlsberg for 27% of the Russian market. The remaining players

account for 45% all [62]. The third largest beer producer in Russia is the Dutch Heineken, the company's share in 2019 was 13.3%.

The Carlsberg Group was established in 1847, by brewer J.C. Jacobsen, in Denmark. They have more than 140 brands in beer portfolio, which spans core beer brands, craft & speciality and alcohol-free brews, encompasses 40 ths. employees. There are 150 markets around the world with regional presence in Western Europe, Eastern Europe, and Asia. These markets account for 73% of total volumes of sales, including 55% share of group revenue in Western Europe (Nordic countries, Poland and France are the segment leaders), 17% share of group revenue in Eastern Europe (main markets are Russia and Ukraine), 28% in Asia (in 2019 China became the Group's largest market in terms of volume, revenue and operating profit). Group beer volumes were 112.5m hl, declining organically by 0.6%, with growth in Asia offset by lower volumes in Western and Eastern Europe. The market and beer consumption per capita in Western Europe demonstrated in Appendix A of the current paper.

In 2017 Carlsberg took lead on sustainability and launches a new sustainability programme, Together Towards Zero, with the ambitions of ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture. In 2018 it launched ground-breaking innovations to reduce plastic waste [11].

In 2019, the Carlsberg Group achieved high results, including a significant increase in sales volumes, a significant increase in profits and a steady financial flow. This success allows the company to invest in technology and innovation, to increase efficiency as well as to commit its goodwill and social investment into human and social capital. It was supported by organic topline growth of 3.2% and operating profit growth of 10.5%.

As to Russian subsidiary, Baltika Breweries, part of the Carlsberg Group, is a leading Russian brewing company and the largest exporter of Russian beer. Baltika owns eight plants in Russia, a wide portfolio of brands. The company is a significant part of the Carlsberg Group and its region (Eastern Europe), which also includes

Azerbaijan, Belarus, Kazakhstan and Ukraine. The number of employees is 9ths people. The Group has number 1 or 2 positions in all markets in Eastern Europe. In Russia and Ukraine, the competitive environment is split between a strong presence of global players and a large number of small, local brewers which has been demanding in terms of competition among beer brands and product marketing. Beer volumes here declined organically by 6.2% due to tough comparables, as 2018 was positively impacted by warm weather and the football World Cup in Russia, as well as market share losses, especially in Russia. The market and beer consumption per capita in Eastern Europe demonstrated in Appendix B of the current paper.

The Carlsberg Group itself increased return on invested capital (ROIC) by improving earnings and reducing invested capital. In 2019, ROIC improved by 70bp to 8.8% with improvements mainly achieved in Asia. These figures considering Return on invested capital (ROIC), in DKK, mln., are demonstrated in the Appendix C of the current paper.

The main driver of the improvement was growth in operating profit, a lower tax rate and lower invested capital. Excluding goodwill, ROIC increased by 130bp to 22.2% (Figure 13).

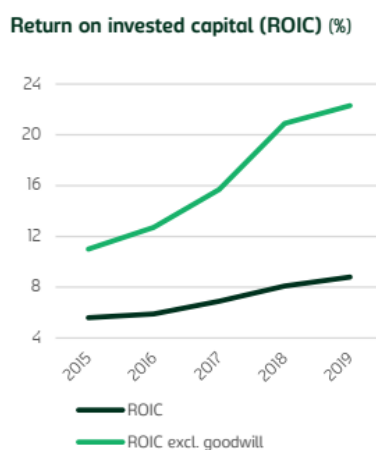


Figure 13 – Return on invested capital (ROIC) [10]

Goodwill is an intangible asset associated with the purchase of one company by another. The value of a company’s brand name, solid customer base, good customer relations, good employee relations, and any patents or proprietary

technology represent some examples of goodwill. As to Carlsberg Group, the calculated goodwill represented staff competences and synergies from expected optimisations of sales and distribution, supply chain and procurement, and the increase in market share. The most significant assets acquired generally comprise goodwill, brands, property, plant and equipment, receivables and inventories. These intangible assets are presented in in Appendix D of the current paper.

As we can compare, the detailed information about quantitative and qualitative analysis with figures is presented in several reports of the whole corporation of Carlsberg Group. As to Russian subsidiary, Baltika Breweries we only can see the qualitative information demonstrated in different reports in terms of gathered CSR initiatives and types. Although the general vision of the company reflects the overall framework of the Group principles.

For instance, the CSR activities implemented in Baltika depict the following strategies:

- cooperation with leading Russian universities, in order to implement programs for developing human resources and ensuring decent working conditions, internships, trainings;
- harnesses the potential of higher education institutions as centers of innovation, supporting promising research and development;
- work in partnership with public organizations and associations, industry unions, public authorities, using best practices and scaling its own achievements;
- plant excursion for different target groups;
- innovations to increase operational efficiency, Carlsberg Excellence program;
- corporate volunteering initiatives;
- sponsorship and charity projects;
- key corporate goals, objectives, programs for achieving SDG 8 “Decent work and economic growth”: ZERO accidents, continuous development and staff training, introduction of innovations, support of social entrepreneurship, partnership development.

Let us describe another participant of the research. Ochakovo was founded 40 year ago in Moscow and remains fully Russian producer of beverages: kvass, beer, low alcohol cocktails, juices, wine, soft drinks, mineral water and strong alcohol. Now, according to information provided by market participants, Ochakovo's market share is about 5%. Imported raw materials account for only 5% of the turnover. It is a leader on the kvass market in Russia. Capacity – 285 mln. decaliters per year, 10 types of products under more than 30 brands [45]. Contains 10 enterprises, among them beer-non-alcoholic plants, a malt house, a winery, agricultural enterprises, a space industry plant, a sanatorium and a camp site. Delivers drinks to more than 30 countries: USA, Canada, China, Germany, Greece, Spain, Vietnam, Japan and others. The number of staff is about 3 ths. of people. Grain for kvass and beer is produced in Russia, on its own fields. Cereal malt is produced at the Ochakovo malt house in Lipetsk region, and then it is transported to four Ochakovo combines in Moscow, Krasnodar, Tyumen and Penza.

As to CSR activities implemented in Ochakovo, we can summarize them relying on the overall description of the company, because there is no any official report and relevant data on CSR and social policy provided. It encompasses the following activities:

- cooperation with leading Russian universities, NGOs for maintaining human resources and ensuring decent working conditions, internships, trainings;
- work in partnership with public organizations and associations, industry unions, public authorities;
- plant excursion for different target groups;
- corporate volunteering initiatives;
- sponsorship and charity projects.

So, according to the study conducted for the Moscow beer and non-alcoholic beverage company Ochakovo on the degree of image perception, a steady neutral attitude towards the company was revealed both from the side of internal and external target audiences. Whereas positive image was taken into account dealing with production of non-alcoholic beverages (kvass, lemonades), while being a

brewery with developed beer manufacturing chain caused mostly neutral or negative feedback from the research (mainly due to the Soviet Union stereotype technological process rooted in the heads of customers). Ochakovo is perceived as a more or less stable, traditional Russian beverages' manufacturer, with financial difficulties arisen due to competitive market situation caused by active coming of regional and local small breweries. As an example, in the South of Russia it is a huge rivalry increased, underpinned with Novoross brewery, Khadyzhenskoye beer, Adygeyskoye beer, and the other local brands produced draught and craft beer.

According to our estimates, when analyzing the financial stability indicator and a clear multifactor orientation towards business development and improvement, Ochakovo has a business reputation as a major stable and traditionally Russian producer of quality drinks, a worthy business partner, an important taxpayer for the regional government, a potential sponsor of social events and reliable employer. At the same time, the company operates in an unconditionally tough competitive environment and faces reasonable risks. The positive image and socially responsible behavior are due to the Russian leadership of the company (this is a family business), a conscious reluctance to be sold or absorbed by a foreign investor. In addition, company management encourages public relations and informing the public about its activities through the media.

The approach to the level of distribution of business reputation, described above, forms a special social behavior of the company and public opinion about it. However, it seems difficult to assess the contribution to the social development of the local community and the degree of social responsibility of the company in quantitative terms, due to the lack of official information and reporting in the media.

Obviously, to calculate economic efficiency, it is important to take into account qualitative indicators of socially responsible behavior. The systematization of quantitative and qualitative methods for assessing the effectiveness of CSR seems appropriate among the business community (they are interested in increasing the level of social attractiveness for partnerships with Russian and foreign investors, for the possibility of accessing the stock and financial markets), among representatives

of regional and municipal authorities (they distribute competency levels between business entities and form standards of behavior and business participation in social projects).

The methodological basis for such calculations and analysis of efficiency is the development and application of the index of social investments (or expenses).

To systematize social investment as a program to improve the business reputation of Russian or foreign companies, one can analyze social investments in two dimensions: 1) a quantitative aspect, which budget is allocated for social events and tasks, and 2) a qualitative one, how comprehensively and in detail the tasks are carried out.

In comparison with beer producers we took representative of the opposite sector of economy, natural resource manufacturer JSK OMK, which presented open data according to the social investment expenditures. OMK is a high-tech integrated manufacturer of steel, rolled products, pipes, pipeline valves, and pipe fittings as well as train wheels and automobile springs. It supports the development of the energy industry, transportation, construction, and other sectors of the domestic economy. OMK products are exported to over 20 countries. The number of employees is 30 ths. people [55]. Social Support Areas of the company presented in the Table 8 below.

Table 8 – Social Support Areas of OMK, mln. rub.[55]

Total social expenses	Years			For 1 employee, thousand rubles
	2017	2018	2019	2019
	558	598	636	28.6
Direct payments of a social nature to employees (benefits, material assistance, payments upon dismissal, social leave, etc.)	164	159	168	7.5
Medical support	179	222	218	9.8
Non-state pension provision	23	20	37	1.6
Sanatorium-resort treatment and rehabilitation of employees and their families	41	42	42	1.9
Catering	106	107	110	4.9
Miscellaneous	45	48	62	2.8

According to the formulas (1-6) presented and described above and in the previous paragraph, we examined information about the analyzed companies and managed to calculate the following index of social investment. Let us calculate the index according to the following abbreviations: where C – Care, G – Goodwill, P – Participation, S – Success. (Table 9)

Table 9 – Calculation of index of social investment (based on the Program of Effective Social Investment and Social Partnership, ESISP) [made by the author]

<i>Correlation</i>	<i>Carlsberg Group</i>				<i>Baltika</i>				<i>Ochakovo</i>				<i>OMK</i>			
	C	G	P	S	C	G	P	S	C	G	P	S	C	G	P	S
<i>C</i>	1	0.88	0.89	0.67	1	0.59	0.75	0.58	1	0.37	0.68	0.51	1	0.8	0.90	0.88
<i>Aver. IK</i>	0.86				0.73				0.64				0.89			
<i>G</i>	0.76	1	0.69	0.61	0.67	1	0.62	0.57	0.37	1	0.35	0.23	0.8	1	0.78	0.81
<i>Aver. IK</i>	0.76				0.71				0.48				0.84			
<i>P</i>	0.89	0.78	1	0.79	0.75	0.62	1	0.70	0.58	0.35	1	0.44	0.90	0.78	1	0.92
<i>Aver. IK</i>	0.86				0.76				0.59				0.90			
<i>S</i>	0.67	0.61	0.79	1	0.58	0.57	0.70	1	0.51	0.23	0.44	1	0.88	0.81	0.92	1
<i>Aver. IK</i>	0.76				0.71				0.54				0.90			

Let us highlight main explanations:

Carlsberg effects: low index correlation CS 0.67 – lost in total revenue for the 2019, GS 0.61 – effect of goodwill after asset acquisition took place in 2019.

Baltika effects: CS 0.58 – overall outcomes from the Group performance for 2019, GS 0.57 – lost leadership in market share as of 2019.

Ochakovo effects: CG 0.37 – no any acquisitions and effect on goodwill, SP 0.44 – no changes in market share (or losing its market share due to the leader's change), PC 0.58 – low employee's engagement, SG 0.23 – none of any disclosure on official information about sales, CSR guidelines and standards.

OMK effects: PS 0.92 – high level of employee's engagement and volunteering, CP 0.90 – high level of social motivating policies.

According to the figures involved, three groups of criteria were taken as the basis for building a qualitative index of social investments (*Ik*) say the following:

1. Institutional design of social policy in companies (guidelines, frameworks, programs): here the leader is Carlsberg Group having the highest *Ik*.

2. Development of accounting system for social events (financial reports): here the leader is OMK.

3. Degree of complexity for implemented social investments (quality, widespread and coverage of CSR practices): here the leader is Carlsberg Group having the highest IK.

The substantial difference between the quantitative index and the qualitative one is that the quantitative social investments index is designed to assess the level of funds allocated for social investments, and the qualitative index shows how the process of social investment is built within companies, how deeply the principles of CSR are integrated into business strategy and operational activities.

Giving a brief summary, we may admit that despite the difficult socio-economic conditions, almost 50% of the analyzed companies, mentioned at the beginning of current paragraph 3.3, maintained the previous volume of social investments, and 40% even increased. Regarding the qualitative index of social investments, the author notes the complexity of the calculations, deficit of reliable and relevant information about regional and domestic companies in open sources and media, and the lack of dynamics among all indexes.

Implementation of international standards of social investments in a company management system by sector of economy is shown in the Table 10 below.

Table 10 – Implementation of international standards [55]

Voluntary International Standards	Sector of economy		
	<i>Raw materials sector, %</i>	<i>Processing sector, %</i>	<i>Services sector, %</i>
Standard ISO 26000: 2010	31	14	41
Other standards of the ISO series (9000, 14000, etc.)	92	71	47
ILO Occupational Safety and Health Standards (OSH)	62	29	6
Stakeholder Engagement Standards and audit of social reporting AA 1000 SES and AA 1000AS	31	14	24
No, but we plan to introduce it in the nearest future	0	7	0
No	8	7	29

In turn, the vast majority of analyzed companies follow the ISO 26000: 2010 Standard; more than 2/3 of companies implementing other standards of the ISO series; as well as 77% of companies implementing OSH standards, have been implementing CSR for more than 10 years.

According to our research, there are the criteria for choosing directions of corporate social investments presented in the Table 11.

Table 11 – Criteria or choosing directions of corporate social investments [55]

Criterion	%
Long-Term Strategy Compliance	76
The severity of a particular social or environmental problem	56
Compliance with the principles and practices of the parent company (if any)	33
Request from state / municipal authorities	27
Availability and content of social investments in competing companies	2
High risks for the organization	11
Shareholder Moral Preferences	22
Management moral preferences	9
Innovation	31

In 2019, about 70% of analyzed companies indicated the importance of improving the effectiveness of the state social policy, and almost 80% indicated the development of public-private partnerships. As before, “social innovations” are considered as the most important type of innovation in this context, and as a rule interpreted quite widely. Moreover, the share of companies pointing to social innovations even increased to 70%. In turn, the share related to organizational innovations decreased to 27%. And finally, marketing, process and product innovations still do not exceed 35%, which indicates an underestimation of the key role of these innovations in business transformation in the interests of sustainable development (Figure 14).

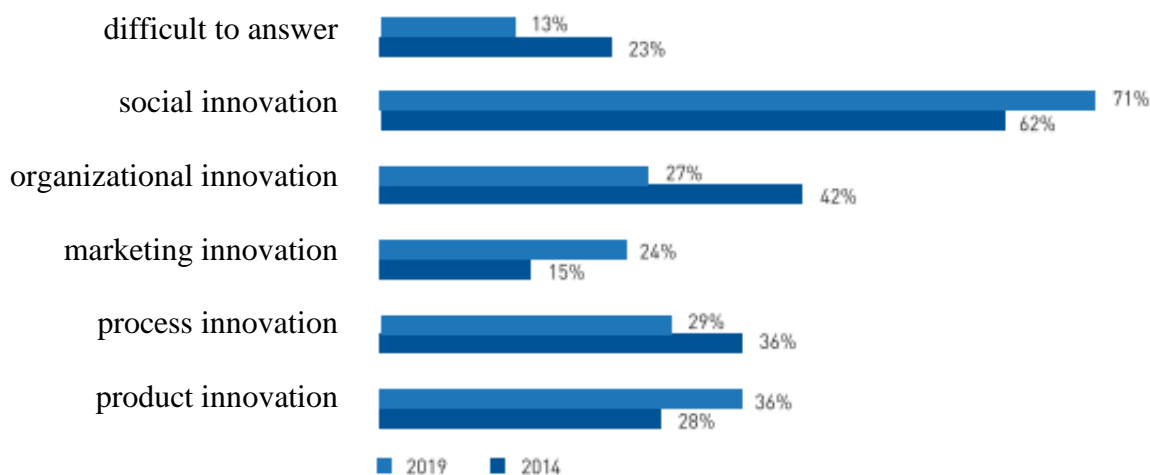


Figure 14 – Correlation of corporate social investments with the type of innovation

All private quality indexes of social investments, as well as the general integral quality index are normalized and can take values from 0 to 100%. The greater the value of the index, the more integrated is the social policy of companies. A comparison of the indices for different signs reveals the corresponding bottlenecks, i.e. those signs that represent the biggest problem for companies. That is why it is necessary to draw our attention to these bottlenecks or issues to alleviate them.

All in all, we would like to propose several recommendations to different levels of management in order to optimize management of CSR and business reputation (Table 12).

Table 12 – Recommendations to the different levels of management [developed by the author]

Level of management	Recommendations	
	<i>Global</i>	<i>Particular</i>
Private sector	To evaluate the modern interpretation of sustainable development in general and the UN Sustainable Development Goals in particular as the most important system-forming factors that determine the role and prospects of business development	To develop CSR as an integrated system of principles, processes and assessed results, formed in accordance with the international standard ISO 26000: 2010 “Guidelines on social responsibility”

Table 12 (continued)

	<p>Consider the current change in corporate sustainability models as an objective global process that determines the survival and competitiveness of a business, requiring the development of intra- and inter-industry cooperation and multilateral partnership</p>	<p>To develop a strategic approach to CSR, integrating the principles of CSR and sustainable development in the corporate management system, strategic planning, in the implementation of basic management functions, and also reflect the results in the framework of non-financial reporting</p>
		<p>Provide training in the field of sustainable development and CSR, including training in effective interaction with internal and external stakeholders, at all levels of the management hierarchy, including board members, heads and managers of all functional divisions</p>
		<p>To support and develop the process of experience exchange and dissemination of best practices in the field of CSR, helping to increase the efficiency of specialized forums, competitions and expert platforms, as well as development of recommendations and methodologies</p>
		<p>To shift the attention of business to the following broad interpretation of social investments as the ideology of CSR, which provides for the “return” of expenses</p>
		<p>To define social investment as a specific type of activity for the implementation of social and environmental projects, in many cases involving public-private and other multilateral partnerships</p>
<p>State / government</p>	<p>Maintain an open dialogue with business on diagnostics and ways of solving urgent problems of the country’s socio-economic development in the context of the UN Sustainable Development Goals and Russian national projects</p>	<p>Actively develop the institutional prerequisites for CSR by improving and implementing relevant legislation and institutional framework (including non-financial reporting and social entrepreneurship regulation),</p>

Table 12 (continued)

		strengthening the mitigation of corruption and development of civil society institutions
	To promote the dissemination of information about business as the most important source of meeting the needs of society, which plays an important role in achieving the UN Sustainable Development Goals and implementing Russian national projects	To promote the development and implementation of academic disciplines and educational programs in the areas of CSR and sustainable development, social entrepreneurship and NGO management in the vocational education system
	To introduce more widely and comprehensively support the mechanisms of trilateral (business – state – NGOs) and multilateral partnerships in the interests of sustainable development as the most important factor in the development of the CSR current model	Together with the business and professional communities, develop and approve the National Concept of Sustainable Development, including measures for joint indicative forecasting and planning, as well as state encouraging of CSR

Thus, it can be assumed that the analyzed companies advanced significantly in the implementation of relevant international standards, mainly if we speak about multinationals. Companies manage to shift the focus in applying the basic concepts of CSR in the direction of relevant interpretations of sustainable development and corporate sustainability.

An analysis of the changes taking place in the “principles”, “processes” and “results” within which a company operates and the calculations of dependencies among such indicators as “Care”, “Goodwill”, “Participation” and “Success” allow us to judge the formation of a group of leading companies that generally correlate with the “CSR 2.0” (or even within the model “CSR 3.0” in future) which we have touched and described during the study of CSR development stages at paragraph 1.2. Leaders can be revealed in multinational corporations with huge foreign capital and run in accordance with transparent international reporting as well as resource monopolies that are obliged to provide social reporting and social investment due to the mining and processing raw materials from the usage of bowels of the earth located on the territory of Russian Federation or any other country.

Let us try to summarize the presented data, accumulate results of the study and construct a general model which depicts common trends in current economic situation when we analyze the impact of CSR on business reputation.

On the Figure 15 we can highlight the dependencies among the extent of social investment, its main trendsetters and possible outcomes.

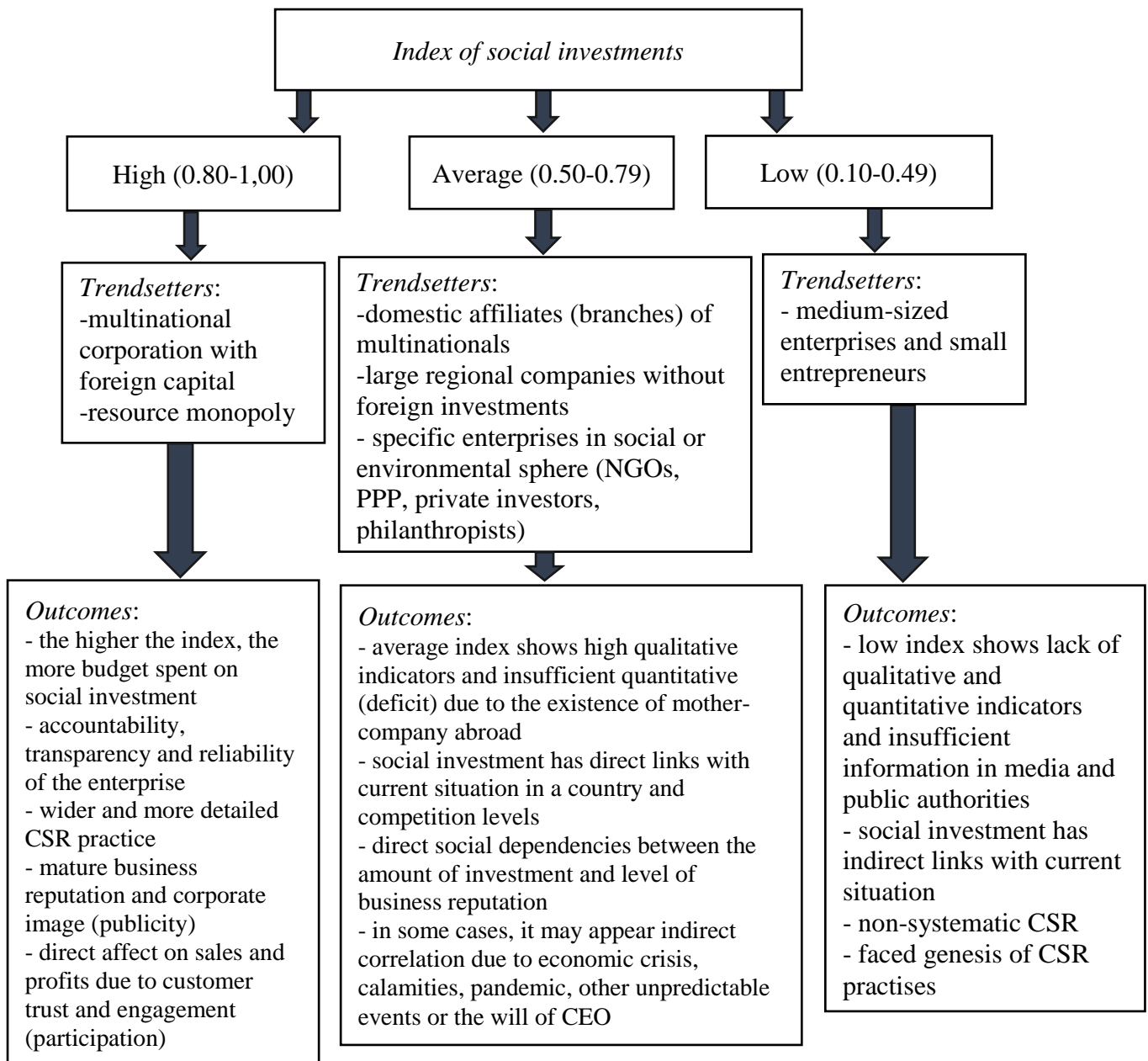


Figure 15 – A model of social investment indicators [developed by the author]

We can conclude that the companies are transforming the corporate social activity system in the direction of relevant corporate sustainability models (we may

call it as “CSR 3.0” model) and correspond it with major global concerns (climate change, water scarcity, resource depletion, poverty mitigation, species extinction and many others).

Approaches to corporate social investment are increasingly oriented towards the development of partnerships – the most important factor in modern business transformation in the interests of sustainable development. Nevertheless, interpretations of the interaction of business with the state and society remain largely contradictory, and the role of the innovation criterion in terms of product, process and marketing innovations remains underestimated.

In turn, the wider coverage of companies by the ongoing transformation, as well as its acceleration, require additional efforts at all levels of intra-and intersectoral interactions.

CONCLUSION

CSR is often considered in relation to various stakeholders, whether they are company workforce, suppliers, customers, government, media, investors or NGOs. As we can admit, CSR is a quite complicated phenomenon and includes qualitative dimension in its notion structure (institutional design of social policy provided, accountability and transparency of data system for social events, a degree of complexity for implemented social investments) as well as quantitative pillar (in which extent it is possible to estimate and calculate CSR contributions and outcomes expressed in economic analysis features as formulas and indexes) in order to assess its impact on a company's business reputation.

Summarizing the research conducted, it can be assumed that the analyzed companies advanced significantly in the implementation of relevant international standards, mainly if we speak about multinationals. Companies manage to shift the focus in applying the basic concepts of CSR in the direction of relevant interpretations of sustainable development and corporate sustainability. Approaches to corporate social investment are increasingly oriented towards the development of partnerships – the most important factor in modern business transformation in the interests of sustainable development. Nevertheless, interpretations of the interaction of business with the state and society remain largely contradictory, and the role of innovation criterion in terms of product, process and marketing innovations remains underestimated.

As the study has revealed, there are also several approaches to assessing quality of CSR in specific companies. Some of them are based on a comparison of the results achieved with the standards characterizing social responsibility. Others supplement the estimates obtained with the help of standards with characteristics that cannot always be quantified, but which also characterize the effectiveness of social responsibility, showing its impact on all aspects of society, business and the state. However, the most accessible and frequently used way to assess socially responsible behavior of business structures is surveys of stakeholders and

information about their activities in the media. During the Master thesis we noted the importance of such activities of business assessment by their environment.

Speaking about the CSR concept while scrutinizing the research the author managed to confirm the scientific hypothesis stated at the beginning of the thesis: $ESISP \text{ (social investment index)} \times (\text{business} + \text{recognition} + \text{respect}) = \text{capital growth}$. It means that to expect the capital growth of a company we should express already applied index of social investment (based on the mentioned programme ESISP) and multiply it on the sum of the such important indicators as business, recognition, respect which already gained by a company.

Thus, we can conclude that the companies are transforming the corporate social activity system in the direction of relevant corporate sustainability models. Although when world community is generally implementing social investments (or impact investments as they called internationally) in order to obtain a significant social or environmental effect while ensuring a return on investment, Russian business society and the other developing markets are still thinking about and fully dedicated its social investment initiatives to CSR programs only (with current limitations to sponsorship, charity and ensuring a safety workplace).

In terms of examining the qualitative social investment indexes, as well as the general integral quality index they were normalized and taken values from 0 to 100%. The greater the value of the index, the more integrated is the social policy of companies. A comparison of the indexes for different signs allowed us to identify the corresponding bottlenecks, that is, those signs that represent the greatest issue for companies. Further, to assess the impact of components on social policy on a company's reputation, it is important to take into account such problematic nodes as the multi-vector nature of social investment and the diversity of its forms in each case (depending on the size of the company, sector, region of presence, number of employees, budget for social initiatives, level of competitiveness, presence of a developed partner network, including regional authorities, media, non-profit organizations). That is, the analysis of effectiveness in this direction is complex.

Therefore, as the conducted analysis showed, quite a few truly domestic Russian companies have implemented a developed CSR strategy and a vision which may reflect international standards and the way of preparing qualitative annual reports. We hope that the next couple of years dealing with CSR and social investment practices will go beyond the usual framework of CSR and will cover all areas and all players of the social investment market with professionally gathered and representative data.

As a result of the study, the author can state the fact that in business models there is an increasing need to take into account three defining aspects: social, environmental and financial (economic).

Looking into corporate websites and reports, we recognized: examined leading multinational companies and large Russian natural resource monopolies have begun to more actively integrate international standards and the UN Sustainable Development Goals into the strategic management system, while joint initiatives of specifically Russian enterprises themselves are mainly limited to charity projects, including corporate volunteering projects and environmental protection initiatives amongst all responsible activities. The quantitative and qualitative indexes of social investments of Russian business in the period from 2004 to 2019 did not undergo significant changes. Although we noticed the interesting outcome: a direct positive relationship between the volume of social investments per employee and the volume of net profit. That is, the greater the volume of social investments, the greater the amount of net profit of a company.

In the framework within the given recommendations of the research, we can highlight several aspects for the successful implementation and application of corporate social responsibility practices and its impact on the company's business reputation:

- in a strategic plan, the requirements of consumers and regulatory authorities cause a need to change existing business models in the direction of sustainable development and environmental friendliness;

- with the globalization development, responsible business practices and human rights come to the fore throughout the world;

- in the operational dimension, exposure to environmental risks increases in parallel with the development of innovations in the field of more sustainable materials and energy sources, more humane consumption of water resources, and in the reduction of hydrocarbon emissions;

- in the organizational plan, employees are increasingly supporting consumer requirements regarding the stability of the work environment and related values, the application of the so-called principle of shared values is becoming increasingly important in a modern company;

- in the personalized dimension, consumers exert growing pressure on companies to increase their sustainability, they affect and influence the company's business reputation by means of social media, feedback, ratings, rankings, surveys;

- consumer organizations and NGOs are interested in disclosing information on working conditions and ways of penetration of goods into markets; investors consider responsible business practices and human rights in their investment decisions, and the published rating of enterprises includes compliance with responsible business practices;

- desire of consumers to buy environmentally friendly products is growing, consumers are willing to pay more for products with less environmental footprint, and companies capable of producing it are conquering wide market segments;

- CSR in such sustainable companies can be considered as social investments, which, if properly managed, will bring dividends and affect the final value and overall goodwill of the company and its brands.

Giving a summary, we may admit that despite the difficult socio-economic conditions, almost 50% of the analyzed companies mentioned in the research, maintained the previous volume of social investments, and 40% even increased. Regarding the qualitative index of social investments, the author noted the complexity of the calculations, deficit of reliable and relevant information about

regional and domestic companies in open sources and media, and the lack of dynamics among all indexes.

According to the research, social responsibility in relation to the consumer, partners, investors, the state, organized and unorganized civil society, own personnel is a condition and guarantee of integration into the modern world economy. And this is not about demonstrative charity, but about effective social investment and social partnership calculated and optimized, ensuring sustainable business development, which is the most important factor of its attractiveness for any investor and partner.

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APPENDIX A

The market and beer consumption per capita in Western Europe (according to the Annual Report of Carlsberg Group):

Markets	Consumption characteristics		Our position		Our operations
	Per capita beer consumption (litres)	On-trade share of market, approx. (%)	Market position (no.)	Market share (%)	Breweries ¹
Denmark	58	21	1	54	1
Sweden	48	21	1	31	1
Norway	47	20	1	51	1
Finland	74	14	1	45	1
Poland	100	11	3	18	3
France	33	28	2	27	1
South East Europe	37-80	26-59	1-3	15-37	6
Switzerland	56	35	1	40	1
UK	64	45	4	9	1
Germany	99	17	1 ²	16 ²	2
Italy	25	38	4	6	1
The Baltics	52-76	4-8	1-2	27-39	2
Portugal	52	64	1	46	1

¹ Breweries with capacity above 100,000 hl. ² Northern Germany.
Source: GlobalData, Carlsberg estimates.

APPENDIX B

Market share and beer consumption per capita in Eastern Europe (according to the Annual Report of Carlsberg Group):

Market	Consumption characteristics		Our position		Our operations
	Per capita beer consumption (litres)	On-trade share of market, approx. (%)	Market position (no.)	Market share (%)	Breweries ¹
Russia	56	19	2	27	8
Ukraine	42	12	2	31	3
Belarus	52	5	1	29	1
Kazakhstan	32	8	1	37	1
Azerbaijan	6	39	1	61	1

¹ Breweries with capacity above 100,000 hl.

Source: GlobalData, Carlsberg estimates.

APPENDIX C

Return on invested capital (ROIC), in DKK, mln. (according to the Annual Report of Carlsberg Group):

2019	Western Europe	Asia	Eastern Europe
Invested capital	39,299	20,521	27,193
Invested capital excl. goodwill	18,372	4,389	11,344
Acquisition of property, plant and equipment and intangible assets	2,100	1,539	602
Amortisation and depreciation	2,025	1,450	710
Impairment losses	42	29	50
Return on invested capital (ROIC)	11.5%	14.2%	5.8%
ROIC excl. goodwill	23.7%	63.5%	13.9%

APPENDIX D

Intangible assets, Carlsberg Group, in mln. DKK (according to the Annual Report of Carlsberg Group):

DKK million	Intangible assets			
2018	Goodwill	Brands	Other intangible assets	Total
Cost				
Cost at 1 January	52,113	27,243	5,715	85,071
Acquisition of entities	2,047	-	-	2,047
Additions	-	-	127	127
Disposal of entities	-	-	-21	-21
Disposals	-	-	-108	-108
Transfers	-	-	8	8
Foreign exchange adjustments etc.	-1,625	-2,215	-38	-3,878
Cost at 31 December	52,535	25,028	5,683	83,246
Amortisation, depreciation and impairment losses				
Amortisation, depreciation and impairment losses at 1 January	1,616	11,553	4,109	17,278
Disposal of entities	-	-	-21	-21
Disposals	-	-	-100	-100
Amortisation and depreciation	-	21	516	537
Impairment losses	-	-	-	-
Transfers	-	-	-	-
Foreign exchange adjustments etc.	-10	-1,269	-37	-1,316
Amortisation, depreciation and impairment losses at 31 December	1,606	10,305	4,467	16,378
Carrying amount at 31 December	50,929	14,723	1,216	66,868