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**CORPORATE SOCIAL RESPONSIBILITY
DEVELOPMENT IN RUSSIAN BUSINESS
ENVIRONMENT BASED ON NON FINANCIAL
REPORTING**

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CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT BASED ON NON FINANCIAL REPORTING

RÉSUMÉ DE THÈSE

Titre de la Thèse : «Développement de la Responsabilité Sociétale des Entreprises (RSE) dans l'Environnement Commercial Russe»

- Analyse du développement de la responsabilité sociétale des entreprises en Russie à travers le reporting non financier des grandes entreprises russes.

Contexte de la recherche: L'analyse rétrospective de la formation de la responsabilité sociétale des entreprises (RSE) nous a permis de définir les caractéristiques principales et les particularités des trois types de RSE: *altruistic, philanthropic, corporate citizenship*. En utilisant l'approche Triple Bottom Line et les normes internationale GRI pour les rapports non financiers, nous construisons notre modèle afin de mener une analyse de recherche qualitative et d'évaluer et de définir la forme actuelle de développement de la RSE parmi les grandes entreprises russes. Nous avons identifié la tendance positive de la présence de la RSE dans l'industrie pétrolière et gazière. Dans les conditions russes, les entreprises pétrolières et gazières dominent parmi les autres industries dans le domaine de la RSE pour plusieurs raisons. Premièrement, il s'agit de la branche la plus riche de l'économie russe. Deuxièmement, les autorités locales et les mouvements sociaux surveillent de près ces entreprises en raison de leur impact important sur les questions environnementales. Cette industrie représente un engagement fort des normes et pratiques internationales en matière de RSE par ce que elles mettent en œuvre une conduite commerciale durable dans leurs pratiques de gestion. Cela est dû à un impact international élevé et à une expansion active des entreprises à l'étranger en donc elles font des investissements socialement importants pour créer une image positive de leurs entreprises auprès des parties prenantes.

Limites de la recherche : Il existe un manque d'informations sur les activités de RSE parmi les grandes entreprises russes, ce qui indique une faible implication des entreprises dans les rapports non financiers. Ce fait reflète en plus de la faible participation de la RSE dans une grande partie des industries de l'économie russe et aussi un écart important de développement de la RSE entre les industries.

Mots-clés: Russie, pays occidentaux, responsabilité sociétale des entreprises, développement durable, corporate citizenship, éthique, parties prenantes, GRI, rapports non financiers.

ABSTRACT

Title: Corporate Social Responsibility Development in Russian Business Environment Based on Non-Financial Reporting

Context: The retrospective analysis of CSR formation helped us to define the core special characteristics of CSR and divide them on three classifications (forms): Altruistic, Philanthropic Corporate Citizenship. Using the Triple Bottom Line approach and GRI standards for non-financial reporting, we build our model to conduct a qualitative research analysis to evaluate and define the current form of CSR development among large Russian enterprises. We have identified the positive trend of CSR presence by oil and gas industry. Under Russian conditions, oil and gas enterprises are leading among other industries in the sphere of CSR for several reasons. First, it is the richest branch of the economy of Russia. Secondly, local authorities and social movements closely monitor these companies because of their high impact on environmental issues. This industry represent a strong commitment of international standards and practices of CSR by implementing sustainable business conduct in their managerial practice. This is due to a high international impact and an active expansion abroad of the enterprises by making socially significant investments to create a positive image of their companies in front of stakeholders.

Limits: There is a lack of information on CSR activities among large Russian enterprises, which indicates a low involvement of the companies in non-financial reporting. This fact reflects the closeness of activities of certain industries of Russian business environment and a significant gap of CSR development among industries.

Key words: Corporate Social Responsibility, Russia, Western countries, Sustainable Development, Corporate Citizenship, Ethics, Stakeholders, International Standardisation, Non-financial reporting

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INTRODUCTION

You can not escape the responsibility of tomorrow by evading it today...(c)
Abraham Lincoln

The relevance of the research topic is due to the increased attention of the international business community and the general public to the transparency and honesty of conducting large corporations, their principles of business ethics, and the most discussable of which is the principle of corporate social responsibility (CSR). Currently, the issue of social responsibility of business has come to the fore. Social activity of the enterprise and its reputation are interrelated. If a business invests in social programs, thereby providing social guarantees to its employees and guaranteeing the quality and safety of products and services provided, then in the future the enterprise will expect a favourable social environment, and as a result, a stable financial and economic position.

Corporate Social Responsibility (CSR) is a concept that reflects the voluntary decision of companies to participate in improving society and protecting the environment. CSR is based on interaction with stakeholders: employees, shareholders, investors, consumers, authorities and non-governmental organizations. Thus, one of the most important tasks of CSR is communication, clarification of the opinions and interests of all stakeholders in order to take them into account as much as possible in their subsequent activities.

Modern society is developing in the face of acute political, social, economic and environmental problems. Since large business became as a part of social environment, it has a significant impact on its development and the aspect of corporate social responsibility is becoming increasingly important for the process of enter into international business agreements. In such a situation, the value of CSR lies in: minimizing negative consequences of their production activities by companies, solving problems of global and local development, shaping an atmosphere of predictability, trust and common values in society.

Hanks to CSR, large enterprises becomes more sustainable economically and socially. It obtains an opportunity to increase its intangible assets and bears the status of not only an economic object, but also to be a part of social society as a corporate citizen. It is important to note that enterprise that follows the principles of corporate social responsibility, on the one hand, must comply with all legally stipulated obligations and rules, and on the other, assume additional responsibilities for implementing various social programs, both internal and external directionality.

The introduction of CSR principles into managerial practice is fundamentally changing the role of corporations in the world: business considered not only as the main catalyst for economic progress, but also as an institution that is actively involved in maintaining social stability in society. Moreover, the global economic recession and a number of events in recent years have significantly increased the public's expectations regarding the socially responsible behaviour of companies that constantly have to confirm their reputation as “responsible citizens”, while remaining to be competitive and cost-effective.

In the process of international business integration it is necessary to consider the strategies of corporate social responsibility in various countries, since the specifics of national CSR models have a significant impact on the activities of local companies and organizations. The processes of standardization of the principles of CSR due to the increasing globalization and activity of TNCs, the growing pressure from various groups of stakeholders, such as governments, consumers and investors, is of great importance in calculating the riskiness of the transaction. To be more transparent with the regard to environmental, economic and social issues, companies publish sustainability reports, also known as corporate social responsibility (CSR) or environmental, social and non-financial reports.

The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps enterprises, governments, and other organizations understand and report their impact on issues such as climate change, human rights, and corruption. The GRI framework for sustainability reporting helps companies identify, collect and communicate this information in a clear and comparable way reflecting the activities of companies within CSR, which is a key significant parameter in a process of enter into international business cooperation for European Union (EU) partners.

In recent years, CSR has become a major conceptual and practical issue in the economy of Western Europe. The Russian Federation, the fourth largest trade partner of the EU, and it is not yet known how deep Russian business community has integrated CSR concepts in their managerial practice. That is why interest in the formation and implementation of CSR practice of Russian enterprises is relevant. How does such a large industrial country Russia today perceive these already common, but still innovative ideas about corporate social responsibility? Sustainable development and CSR, have they ever penetrated into Russian law and management practice? Russian enterprises began to consider the role of CSR at the heart of business formation and managerial strategy of a company relatively recently, and it is not yet known how Russian enterprises have integrated international standards and CSR practices into their business culture.

CSR has been the subject of many scientific researches. Contemporary studies preceded by fundamental works on the social responsibility of business in the second half of the 20th century by the following authors: G. Bowen, C. Davis, M. Friedman, A. Carroll and E. Freeman, who, in turn, rely on the classical ideas put forward by J. Locke, A. Smith, M. Weber, F. Knight, H. Lenk, T. Parsons, and others. Today, CSR research stands out in an interdisciplinary research area in which foreign authors consider issues such as sustainable development (J. Elkington, N. Finch et al.), business ethics (A. Kr. Shein, D. Matten, and others), corporate governance (F. Kotler, J.K. Rowley, A. Lockett, and others), interaction with stakeholders (M.S. Branko, L.L. Rodriguez, S. Saks et al.), the influence of international institutions and standards (S. Prakash Seti, G. Kell, B. Slob, and others), the problems of legislation (L. Lewin, M.V. Sieger, etc.), etc.

The interest in studying CSR is also increasing in Russia. Thus, Russian authors substantiated the relevance of the social responsibility of business in Russian conditions and its role in the development of the modern economy and society, adapted international CSR concepts, developed practical recommendations, etc. In order to achieve the proposed results in the long run, Russian state should pay a close attention to creating a favourable business environment that would promote economic growth and fruitful three-way partnership relations: government, business and society, which are established on the principles of social responsibility to citizens. Thus, the strategy of corporate social responsibility is an issue of scientific research not only from an economic, but also from a political point of view. The world community has reached the stage of its development when the social and environmental aspects of running business cannot be ignored, and the CSR strategy becomes an important tool used by corporations to manage risks of reputation and achieve competitive advantage. Among Russian researchers and experts who have made a significant intellectual contribution to the study of CSR, it should be noted A.N. Shokhin, S.V. Turkina, S.E. Litovchenko, M.I. Liborakin, F.T. Prokopova, S.P. Peregudova, L.I. Polishchuk, G.L. Tulchinsky, A.E. Kostin and others.

At the same time, owing to the novelty of CSR, the main vector of the research in Russia is either theoretical in nature. A number of theoretical questions that can help analyze the experience and prospects for the development of CSR lying at the junction of scientific disciplines, have not yet been resolved. Particular attention is paid to the undeveloped institutional analysis of CSR, without which, in particular, it is difficult to conduct an exhaustive study of the causes of the fast development of CSR in some countries and slow in others.

The problems of the social and political context of CSR have also been paid a small attention. Attempts to investigate this area were undertaken only by T. Hoskins, D. A. Detotomy, M. Stol, and

others. In their works of recent years, the special focuses was on defining the role of CSR in social development and how to implement it, depending on the existing legal framework. At the same time, such a fundamental topic as the prerequisites, possibilities and consequences of the participation of government institutions in promoting CSR, which is extremely important for countries with a slow development of CSR, has not been studied enough.

Today in Russia, topic of social responsibility is becoming more and more prominent among business community. In this connection, awareness of changes in market conditions and the desire of large enterprises to integrate into the world economy and introduce the principles of social responsibility directly into business practices are traced. The spread of social responsibility principles in Russia is due to the desire to ensure its business sustainable development and to meet the requirements of the modern global economy. The ongoing global market changes prompted Russian large enterprises to consider corporate social responsibility as an integral part of the concept of harmonious, sustainable business development, which is the basic element of contemporary management.

AXIOMATIC SUBJECT OF MATTER

In the studies of Western thinkers, the problem of social responsibility of business has been a subject of serious discussion for several decades. In the studies of L.Nash and D.Rowles the necessity and possibility of the participation of business in solving social problems are justified. The works of D. Dering, C. Davis, S.P. Networks, D.Yu. Stiglitz, D. Oivai et al., interpret various aspects of the interaction of society, government and business. Some scientists perceive socially responsible behaviour primarily in an ethical sense, others - as a concept of legal responsibility. Thus, according to Scherer, A. G., and Palazzo, G. (2007), social responsibility is basically a philosophy or image of the relationship between business community and society, and for their implementation and sustainability over a long period of time, these relations require leadership.

The contemporary stage of development of ideas about social activities of corporate structures is presented in the works of M. Velasquez, P. Drucker, A. Carroll, M. Porter, J. Post, L. Preston, J.Moon, J-P Gond, and others, which develops an idea of socially responsible business integrated in management structure of enterprises at the macro and micro levels. According to A. Carroll's position, corporate social responsibility is multi-level, it can be represented as a pyramid, based on economic responsibility, defined as a basic function related to the company's position as a producer of goods and services in the market. Above it there are respectively legal (implies the need for law-abiding business

in the conditions of the early-term economy); ethical (based on existing standards of morality) and philanthropic responsibility (encouraging the company to take actions aimed at maintaining and developing the welfare of society through voluntary participation in the implementation of social programs).

The A. Carroll's CSR model has recently been a subject of a critical assessment and rethinking, on the basis that ethics is the most important element of all levels of CSR. At the same time, the question of whether CSR is a duty or implies some kind of "non-binding efforts" remains open. Recently, scientists have focused on the development of new interpretations of CSR. For example, the American researcher K. Godpaster made a rationale for the theory of "corporate conscience", considering the corporation as a subject of morality and implying that managers have equal ethical circumstances with respect to all interested parties.

Russian scientists have relatively recently shown an interest in this topic, therefore there are few fundamental scientific works devoted to the problems of socially responsible business, although various aspects of the relationship between society and the economy are discussed in some detail in the works of Afonin Yu.A., Zaslavskaya T.I., Ilina I.Yu. , Korsakova M.I., Litovchenko S.E., Pavlova R.N., Rybkina, A.E. Kostin.

Since the social responsibility of business is shaped under the influence of the social environment and with the active participation of the state, in recent years a number of studies have appeared on the problems of interaction between business and the state, as well as the historical evolution of the institution of social responsibility of business in Russia. Among them should be called the work of Bochkarev VG, Gorin N., Zalyvsky V.P., Komarovskiy B.C., Krupina N.N., Neshchadina A., Tarusina M.A. Tulchinsky G.L. Russian authors have done a lot to develop common approaches to social responsibility of business, but their work has paid little attention to assessing and analyzing specific forms and methods for its implementation, practical recommendations aimed at creating socially responsible corporate activities in specific Russian conditions.

THEORETICAL, METHODOLOGICAL AND EMPIRICAL BASE OF THESIS

The theoretical and methodological basis of the scientific work is the research of Russian and foreign scientists on the issues of business ethics, corporate culture and social responsibility of business. The greatest contribution to the analysis of the principles and aspects of social responsibility of business was made by such authors as S. Aaronson, S. Adams, R. Aguilera, A. Acquir, M. Barnett, R. Bennett, T. Bradgard, D. Wood, P. Drucker, M. Clarkson, B. Cornell, A. Carroll, A. Mac Williams, J. Moon, J-P

Gond, P. Rodriguez, R. Salomon D. Sigel, S. Williams, P. Waichman, S. Waddock, R. Welford, M. Fortster, M. Friedman, R. Freeman, K. Fukukawa, J. Pasquero, S. Hedberg, A. Shapiro and others. Currently in Russia a lot of attention is paid to the issues of business ethics and social partnership models, while research devoted directly to the concept of CSR is not enough. In the Russian scientific community, such experts are A.E. Kostin, I. Barbashin, S. Bratschyuchenko, A. Gizatullin, S. Goncharov, M. Korsakova, N. Krichevsky, O. Kuznetsova, S. Lytovchenko, M. Luchko, V. Sadkov, I. Sobolev and A. Shevchuk.

METHODOLOGY

The methodology of the thesis is based on a systematic approach to the study of CSR issues (Prigozhin 2008, Lefever 2016) and the use of tools of structural-functional and comparative analysis both at the macro and at the micro level. The information used represent materials from research conferences and business forums, analytical materials of news agencies and the media, expert evaluations, documents from international organizations, research of specialized business associations, websites of Russian and foreign companies, corporate non-financial reports.

The empirical basis for this research served, the experience of the four leading Russian oil and gas enterprises: *Gazprom, Lukoil, Rosneft and Sakhalin Energy*, presented in their non-financial reports. The study uses a systematic approach with elements of modelling, dynamic, structural, comparative, discourse and content analyses, which are based on information from scientific publications of Russian and foreign authors, sociological surveys, interviews with members of the expert and business community and key Russian stakeholders, as well as information about the activities of public authorities, business structures, public organizations, etc. As a material for secondary analysis we also used the data on CSR development conducted by Russian Association of Managers, the Russian Union of Industrialists and Entrepreneurs.

- **THE OBJECT OF STUDY** is non financial reports of the large Russian enterprises which represent different industries of the economic formation of Russian Federation.
- **THE SUBJECT OF STUDY** is corporate social responsibility as a form of interaction between business, society and the state. Features of the formation, development and implementation of corporate social responsibility in modern Russia.
- **THE PROPOSE OF STUDY** is to identify the characteristics of the formation and identify promising methods for implementing socially responsible activities of Russian large enterprises in modern conditions.

THE IMPLEMENTATION OF THIS GOAL INVOLVES THE FOLLOWING RESEARCH TASKS

- to analyze the existing concepts of corporate social responsibility and features of their implementation in different countries;
- to reveal the socio-economic background of the characteristics of the implementation of socially responsible business activities in modern Russia;
- to identify the main difficulties of forming a socially responsible business in the modern Russian conditions;
- to analyze the possibilities of managing the processes of forming a socially responsible business in Russia;
- to analyze the experience of the leading industry in terms of the social responsibility of business to society;
- to evaluate the methods and form of implementing social responsibility of enterprise based on the example of the leading industry in implementing CSR practices in Russian business environment.

THE NOVELTY OF RESEARCH

In general the novelty of research present a comprehensive analysis of the problems of formation and characteristics of implementation of corporate social responsibility practices based on the experience of Russian large enterprises. In a more deeper scope the novelty of this research work present in following:

- theoretical foundations of CSR are determined. According to the results of the analysis of scientific researches and existing theoretical approaches for understanding the essence of CSR, theoretical basis for this research that determined the direction of the conceptual evolution of CSR based on Stakeholders theory;
- the main features and peculiarities to identify the form of CSR were reflected in three classifications: *altruistic, philanthropic, corporate citizenship*;
- social responsibility considered as the most important intangible asset of a corporation that enhances the company's adaptability in the market, the quality of its management system, contributes to legitimizing business activity in the eyes of stakeholders, which ultimately strengthens the corporation's reputation, enhances its investment attractiveness and in the long run economic efficiency;

-
- it reveals the possibility of implementing social responsibility in the management of organizations of large business and substantiates the importance of attracting companies to solve social problems of modern Russian society;
-
- social responsibility of business is considered as a system element of interaction between business, society and state. The formation of a research field and a set goal led to the search for a non-traditional way of organizing a socially responsible business that can be beneficial for both business and society;
-
- socially responsible behaviour of a company is assessed in terms of the effectiveness of various mechanisms for its implementation, including through social programs, which, as a specific area of company management, development, implementation and evaluation of the social sphere aimed at increasing the company's value in the business community, government and public. The role of the interaction of the company's stakeholders as well as their influence on the implementation of CSR have been noted;
-
- based on a detailed review of the corporate non-financial reports of Russian largest oil and gas enterprises which represents the leading industry on CSR openness, a comparison was made of the ways to implement the principles of CSR in Russian business practice. Following the analysis, corporate social profiles of the reviewed enterprises were compiled, representing a specific form to the classification of companies in terms of their activities in the field of sustainability. This method reflects the author's approach to the definition of CSR, allowing to take into account the symbiosis of social, economic and environmental aspects of the company;
-
- it is revealed that the social investments of large Russian enterprises are necessary not so much in connection with the requirements of the state, but as a response to public expectations, as well as a prerequisite for its integration into the world economy, which is characterized by an increase in the level of business responsibility to society;
-
- this research determine the potential development prospects of Russian model of CSR.
-

THEORETICAL AND PRACTICAL SIGNIFICANCE OF THE RESEARCH

This thesis is a study on the analysis of trends about existing perspective of corporate social responsibility development in Russian business environment. The work based on studies of well-known foreign and Russian experts in the field of CSR, as well as on the experience of Russian enterprises in finding ways to incorporate CSR into their business practice. The conclusions and recommendations received in the framework of the thesis can be used by various Russian government bodies, responsible for developing the country's policy in the areas of public-private partnerships, taxation, stimulating innovation, increasing the country's investment attractiveness and more broadly when developing the concept of Russian CSR. The results and recommendations can be used in the

work of large Russian enterprises that develop their strategy for social responsible business. The findings obtained in the course of the research can serve as a scientific basis for the development of methods of management impact on the processes of forming a socially responsible business in Russian business environment. The conclusions obtained in the course of this research can be used by international business community, research society and other stakeholders with a goal to enlarge the existing knowledge on CSR formation, developed practices and important extension on the research of responsible business behaviour in developing economies.

THESIS STRUCTURE

The thesis consists of an introduction, three chapters, conclusion, bibliography and applications.

THESIS STRUCTURE

PART I present a historical literature review on the development of CSR concept and its managerial importance for business in the global sense of CSR phenomenon.

CHAPTER 1 examines various theories and approaches to the value of CSR in the managerial context. The theoretical base for this research proposed as a factor influencing the development of CSR from both external and internal sides. This theoretical ground is reflected by Stakeholders theory. The role of stakeholder management and its influence on the formation of directions for strategic CSR is considered.

CHAPTER 2 devoted to observe CSR in Russian context. It considers the historical background of CSR development in Russia, its formation, relevance and problems of CSR implementation in Russian Business environment.

PART II devoted to build a methodological path for conducted a research analysis. Since our study covers several areas such as management and sociology, this research analysis based on a qualitative research method of the problem.

CHAPTER 3 present a detailed description of the formation of qualitative research analysis, which include the following seven steps:

- the first step is a literature analysis dedicated to the development and essence of CSR in the Russian business environment of existing studies of Russian and foreign authors. The purpose of the review, first of all, is to describe what was done on the topic under study: the concepts developed, the approaches of different authors, the current state of the problem, and the range of unsolved problems in this field of knowledge.
- the second step is a dynamic and structural analysis of non-financial reports published by Russian large enterprises since 2000-2016. We would like to observe, if there is a positive or negative trend in publishing non-financial reporting among large Russian enterprises. To define certain presence of CSR openness among different industries, to identify the leading industry on CSR practices and identify the special form of CSR reporting and certain elements of presented practices.
- the third step is content analysis. One of the key advantages of this research method is to analyze social phenomena in a non-invasive way, in contrast to simulating social experiences. The material for content analysis was based on non-financial reports of identified leading industry on CSR openness. Content analysis allowed us to reach out-of-text reality and formulate a conclusion based on certain criteria of the form of CSR implementation among large Russian enterprises.

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- the fourth step - discourse analysis. Corporate discourse can be broadly defined as the language used by corporations. It encompasses a set of messages that a corporation sends out to the world (general public, customers and other corporations) and the messages it uses to communicate within its own structures (employees and other stakeholders). Discourse analysis made it possible to study the hidden meanings of the company's reporting text in the context of its likely interpretation for describing form of CSR implementation: *altruistic, philanthropic and corporate citizenship*.
-
- the fifth step - to confirm the results obtained from the *content* and *discourse* analysis, we analysed the non-financial reports of the identified leading industry for the actual CSR to reflect the real initiatives of analysed companies to approve their characteristics that reflect CSR in a form identified.
-
- the sixth step - present a case study method. The material contributed to the knowledge on how deep CSR practices are implemented while meeting certain CSR criteria. We adopted the secondary data from the companies, which reported on their best CSR practice.
-
- the seventh step - we conducted the qualitative research interview that seeks to describe meanings of central themes in the life world of the subject under study. The main task in interviewing is to understand the meaning of what the interviewees say (Kvale,1996). Interviews are particularly useful for getting the story behind a participant's experiences. The interviewer can pursue in-depth information around the topic.

This thesis engaged a very open and a broad question for the research problematic:

What Form of Corporate Social Responsibility Present in Russian Business Environment Among Large Enterprises?

The following group of subquestions was developed to bring an answer to the general question of this research :

Q.1.1 How CSR present in Russian Business Context?

Q. 1.2 What are the key factors of the CSR formation in Russia?

Q.1.3 What is the structure and composition of CSR reporting in Russia?

Q.1.4 Which Conditions Can Influence Russian Business for Active Involvement in CSR?

CHAPTER 4 reveals the presence of CSR in Russian business environment through the examination of standards and policies on CSR developed by Russian state and business structures, integrated international standards for CSR reporting and revealing the existing experience of Russian large enterprises on publishing non-financial reports.

CHAPTER 5 present dynamic analysis of publishing non-financial reports by Russian large enterprises to identify the leading industry on CSR openness. The implication of content and discourse analysis of non-financial reports of the leading industry on CSR openness helped to define a special form of CSR for communication and interaction with stakeholders. The use of Triple Bottom Line approach reflected the actual practices, declared by analysed enterprises in their non-financial reports for compliance with the identified form of CSR.

PART III devoted to build a Qualitative Case Study to facilitates exploration of the form of Corporate Social Responsibility and reflect Stakeholders Theory approach for CSR development in Russia.

CHAPTER 6 present a case-study method to evaluate the scope of CSR based on the best practices introduced by analysed enterprises. This material contribute to knowledge how deep CSR practices are implemented while meeting the triangulate criteria: special form of CSR, GRI criteria and TBL characteristics.

CHAPTER 7 reflect the role of stakeholders for CSR development in Russian business conditions. We propose a model of stakeholders significance of analysed enterprises, identified stakeholders groups, values and their influence on formation of enterprises CSR. We conduct an interview with a leading expert on CSR development in Russian business environment to obtain certain information of CSR advancement in Russian context linking with stakeholders involvement. This chapter terminate by bringing a light on significant impact of CSR development by Multinational Corporations that manifest as stakeholders to promote social responsible behaviour in contemporary Russian business environment.

CONCLUSION brings an end of this research thesis and summarizes obtained results, discussion, contributions, limitations of this research, and the potential further research.

PART I

THEORY AND PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) DEVELOPMENT

The first part of this thesis devoted to reveal in a most wide perspective the essence of Corporate Social Responsibility (CSR). Following chapters presents a historical literature review of Corporate Social Responsibility progress, related concepts and its managerial importance for business in the global sense of CSR phenomenon.

CHAPTER 1. HISTORICAL OVERVIEW ON CORPORATE SOCIAL RESPONSIBILITY (CSR) THEORIES AND DIVERSITY

Over the past two decades, the social and ethical behaviour of enterprises more commonly known as Corporate Social Responsibility (CSR) have been the focus of social debate. During this time, the CSR has been progressing worldwide, but developing in a heterogeneous way. Variations exist in the conceptual terms of CSR, origins of the concept, paths of its development, the nature of stakeholder involvement, and in institutional aspects (regulation, and cultural-cognitive issues). This field has become the centre of debate in which competing interests negotiate over issue interpretation (Hoffman, 1999). Corporate social responsibility (CSR) has experienced a journey that is almost unique in the pantheon of ideas in the management literature. Its phenomenal rise to prominence in the 1990s and 2000s suggests that it is a relatively new area of academic research (Crane, Matten, McWilliams, Moon and Donald S.Siegel, 2008).

The field of corporate social responsibility (CSR) presents a landscape of theories (Klonoski, 1991; Melé, 2008), a proliferation of approaches (Garriga and Melé, 2004; Windsor, 2006), and different definitions of the concept (Carroll, 1999; Fisher, 2004). According to Matten and Moon (2008), defining CSR is not easy. Firstly, because CSR having relatively open rules of application (Moon, Crane, and Matten, 2005). Secondly, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten and Crane, 2005). Thirdly, it has clearly been a dynamic phenomenon (Carroll, 1999; cited in Matten and Moon, 2008). As we enlarged the scope of our research we found an extensive panorama of theories about corporate social responsibility (Klonoski, 1991; Melé, 2008; Martell, 2011), an abundance of approaches (Garriga and Melé, 2004; Winsor, 2006), and diverse descriptions of the models (Carroll, 1999; Fisher, 2004). According to J.Moon and J.P. Gond (2011), CSR has also emerged in very different national contexts, reflecting different corporate governance, institutional, economic, political, social and ethical contexts such that CSR stories can be told in a variety of countries. Moreover, even within and across countries different sectors have developed distinctive CSR trajectories, often reflecting respective balances of risk and opportunity, or market structure and ownership (J.Moon and J.P. Gond, 2011). A broad range of labels, concepts and constructs have been used to describe and theorize the social phenomena of CSR in following terms - Corporate Conscience, Businessmen Responsibility, Corporate Social Performance, Corporate Social

Responsiveness, The Triple Bottom Line, Corporate Stakeholder Responsibility or Corporate Citizenship—to name a few (J.Moon and J.P. Gond, 2011).

The field of empirical CSR research generally has been hampered by the lack of a consistent definition of the construct of CSR, as well as its operationalisation and measurement, as recently pointed out by Mc Williams, Siegel and Wright (2006) and Rodriguez, Hillman, Eden (2006). They further explain the lack of universal definition about CSR and how it affects research. According to them there exist a few empirical studies which show cross-national differences in managerial attitudes towards CSR this lack of consistent findings can be explained, in part, by the lack of a universal definition of CSR (Williams and Aiguilera, 2008). Some authors denounce a difference between the Canadian (Montreal school of CSR), the Continental European and the Anglo-Saxon approaches to CSR (Williams and Aiguilera, 2008).

J.Moon and J.P.Gond (2011), reflected the dynamic changes of CSR concept as a ‘Chameleon term’, the metaphor that can best describe the changing nature of CSR both as a managerial idea and as an academic concept.

In following subparagraph, we offer a historical overview of CSR, to facilitate the account from a thematic point of view.

1.1 HISTORICAL OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY DEFINITION

In 1950, the main focus was on the responsibility of business to society, and on doing good for society. In the 1960s, key events, people and ideas have played an important role in characterizing the social changes ushered in during this decade. In the 1970s, business leaders on traditional management functions in matters of corporate social responsibility, while in 1980, the business and social interests of the company came closer and become more responsive to their members. In the 1990s, the idea of CSR has become almost universally accepted, CSR also has been associated with the strategy literature, and finally, in the 2000s, CSR has become an important strategic issue in management science (Madrakhimova, 2013).

The beginning of a systematic analysis was initiated in the first research paper by Bowen’s "Social Responsibility of a Businessman" published in 1953 (Harper & Row, 1953). Later, A.Carroll (1979) described CSR through a model that comprehensively describes essential aspects of corporate social performance. The three aspects of the model raised major questions of concern to academics and managers alike:

What is included in Corporate Social Responsibility? What are social issues the organisation must address?
What is the organisation's philosophy or mode of social responsiveness?

The fundamentals of the nature of Corporate Social Responsibility and CSR definition were elaborated in 1980s. This period elaborated the concept of Business Ethics, Corporate Philanthropy, Corporate Social Policy, and Management of Stakeholders. The principle research actors of that period were, Jones, Drucker, Patrick and Cochran, and Epstein. This research movement brought about the original definitions of CSR to be further developed and results in the subsequent research on CSR and alternative thematic frameworks.

Corporate Social Responsibility (CSR) has experienced a journey that is almost unique in the pantheon of ideas in the management literature. Its phenomenal rise to prominence in the 1990s and 2000s suggests that it is a relatively new area of academic research. It is difficult to pinpoint exactly when the concept of social responsibility began to develop. However, in 1889, the industrialist, entrepreneur and philanthropist Andrew Carnegie, a US citizen of Scottish origin, published "*The Gospel of Wealth*", where he held that the life of an affluent businessman should comprise two parts, the first devoted to gathering and accumulating wealth and the second to the subsequent distribution of that wealth for noble causes. Philanthropy was the way to make life worthwhile (Carnegie, 1986).

The beginning of the 1920s, was the creation of the concept of venture philanthropy that related to acts of an individual nature attributable to the owners rather than to internal policies of the company. In the 1930s, Edward Bernays and Harwood Childs, public relations specialists, forecasted that the issue of social responsibility would become increasingly significant in the future development of corporations (cited in Palavecino, 2007). Years later, in 1953, in book *Social Responsibilities of the Businessman*, Howard R. Bowen asked: *What responsibility to society may businessmen reasonably be expected to assume?* Most scholars agree that Bowen at that time marked the beginning of the modern era of social responsibility (SR) (e.g., Carroll, 1979; Butler, 1987; Wood and Cochran, 1992; Windsor, 2001; Spencer and; Tencati, Marens, Garriga and Melé, 2004; Secchi, 2007; Maak, 2008). There is no easy way to summarise how the concept of social responsibility was growing, however, if there was limited evidence of CSR thought in the 1950s and before, the decade of the 1960s marked a momentous growth in attempts to formalise or more precisely state what CSR meant. The term "corporate social responsibility" became popular and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed (De Richard T. De George, 2011).

One of the first, and most prominent scholars in this period to define CSR was Keith Davis, who later extensively wrote about the topic in his business and society textbooks, later revisions, and articles. Davis poses forth his definition of social responsibility by arguing that it refers to: Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest (Davis,1960). Davis argued that the social responsibility was an innovative idea but have to be understood in a managerial context. He mentioned that socially responsible business decisions can be justified by a long, complicated process of reasoning but at the same time conducting to a long - run economic gain to the company, thus paying it back for its socially responsible viewpoint (Davis,1960). Davis was one of the cutting edge with these insights, inasmuch as this view became commonly accepted by the late 1970s and 1980s. Davis contributions to early definitions of CSR were so important that he should be considered as the runner-up to Howard Bowen for the "Father of CSR" designation (The Oxford Handbook of Corporate Social Responsibility, 2011).

In the 1960s, there was a shift in terminology from the Social Responsibility of business to CSR. The predictions about that big corporations have to be accountable to society or else lose asserted ethical values became more frequent after the issue of business ethics started in the late 1970s, and some outstanding researchers, such as William C. Frederick (1960, 1986), expressed their concern over business responsibility and advocated a normative ethical foundation of CSR. One of his views is following :

Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are utilised for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.

Clarence C. Walton (1967), an important thinker on business and society, in a book Corporate Social Responsibilities, addressed many facets of CSR addressing the role of the business firm and the business person in modern society. In this significant book, he presents a number of different varieties, or models, of social responsibility. His fundamental definition of social responsibility is presented in a following quote:

The new concept of social responsibility recognises the intimacy of the relationships between the corporation and society and realises that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals.

Walton goes on to emphasise that the essential ingredients of the corporation's social responsibilities counts a certain degree of voluntarism, as opposed to coercion, an indirect linkage

of certain other voluntary organisations to the corporation, and the acceptance that costs are involved for which it may not be possible to gauge any direct measurable economic returns (Clarence C. Walton, 1967). Despite a vast and growing body of the literature on CSR and on related concepts, defining CSR was not easy. The fundamental basics of CSR is the idea that it reflects the social imperatives and the social consequences of business success. Thus, CSR empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for doing some of the wider societal good. CSR is therefore differentiated from business fulfilment of core profit-making responsibility and from social responsibilities of government (Friedman,1970).

Harold Johnson's *Business in Contemporary Society : Framework and Issues* (1971), one of the first books of the decade to address CSR, presents a variety of definitions or views of CSR. For example, Johnson (1971) proceeds to critique and analyse them. He first presents what he terms "conventional wisdom". Following is a definition that describes this conventional wisdom proposed by Jonson (1971):

A socially responsible firm is one whose managerial staff balance a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation.

It is worth noting that Johnson is alluding to a precursor of the stakeholder approach as he references a "multiplicity of interests" and actually names several of these specific interests-groups. It is clear that the interests of employees and philanthropy-recipients are no longer exclusive with respect to company's CSR initiatives (The Oxford Handbook of Corporate Social Responsibility, 2011).

Significant contribution to the concept of CSR have been elaborated by the Committee for Economic Development (CED) in its 1971 publication, *Social Responsibilities of Business Corporations*. The CED introduced CSR topic by observing that business functions by public consent and its basic purpose is to serve constructively the needs of society - to the satisfaction of society (CED, 1971). The CED mentioned a three circles of social responsibility. The inner circle includes the clear-cut basic responsibilities for the efficient execution of the economic function - products, jobs and economic growth. The intermediate circle encompasses responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees ; and more rigorous expectations of customers for information, fair treatment, and protection from injury.

The outer circle outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment (ex. poverty and urban blight) (CED, 1971). It is important to note that the CED's influential views of CSR was composed of business people and educators and thus reflected an important practitioner view of the changing social contract between business and society and businesses' newly emerging social responsibilities.

Another significant writer on corporate social responsibility in the 1970s was George Steiner. In his textbook, *Business and Society* (1971), Steiner deferred to Davis's and Frederick's definitions of CSR but he did state his opinion on the subject as follows:

Business is and must remain fundamentally an economic institution, but it does have responsibilities to help society achieve its basic goals and does, therefore, have social responsibilities. The larger a company becomes, the greater are these responsibilities, but all companies can assume some share of them at no cost and often a short-run as well as a long-run profit.

Steiner (1973) did not get deep on definitions of CSR, but he extended the meaning and circumstances under which CSR might be expressed and applied. He also presented criteria for determining the social responsibilities of business.

Keith Davis opened the discussion of CSR in his landmark article presenting the case for and against business assumption of social responsibilities (Davis, 1973). He quotes two well-known economists and their diverse views on the subject. Davis quoted Milton Friedman, whose famous objection is familiar to the most. Friedman (1962) contended that few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. For example, Elbing (1970) describes the social responsibility framework (businessman has a responsibility more important than profit maximization), opposed to the economic framework (businessman has one singular responsibility to maximize profits of its owners). Yet, Davis counters this view with a quote by Paul Samuelson, another distinguished economist, who argued that a large corporation these days not only may engage in social responsibility, it had damn well better try to do (Samuelson, 1971). Above these observations, Davis in 1973 proposed to define CSR as follows:

For purpose of this discussion it (CSR) refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.

Though Richard Eels and Clarence Walton addressed the CSR concept in the first (1961), edition of their volume *Conceptual Foundations of Business*, they elaborated on the concept at length in their

third edition (1974). They do not focus on definitions of CSR, but rather take a broader perspective on what CSR means and how it evolved. Eels and Walton (1974) observed:

In its broadest sense, corporate social responsibility represents a concern with the need and goals of society which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business's roles in supporting and improving that social order.

At the same period researchers Hay and Gray (1974) proposed social responsibility of business managers:

Responsibilities that extend beyond the traditional economic realm of profit maximization or merely balancing the competing demands of the sundry contributors and pressure groups.

In a more detailed way Purcell (1974) continued to clarify social responsibility of business managers:

A willingness on the part of the corporate manager (acting not only as an individual but as a decision maker implicating his or her firm) actively and with moral concern to confront certain social problems he or she deems urgent and to bend the influence of his or her company toward the solution of those problems insofar as the firm is able to do so. Such responsibility requires that the manager intelligently balance the needs of the many groups affected by the firm so as best to achieve both profitable production and the common good, especially in situations in which he or she is not required to do so by law or by external pressures that the company cannot easily resist.

The period of 1970s also gives reference on discussions about corporate social responsiveness (Ackerman, 1973; Ackerman and Baner, 1976), corporate social performance (CSP), as well as corporate social responsibility. The major writer who made this distinction was S. Prakash Sethi. In his research (1975), Sethi discussed 'dimensions of corporate social performance' and in the process distinguished between corporate behaviours that might be called "social obligation", "social responsibility", and "social responsiveness". Sethi presented a schema, where social obligation is corporate behaviour "in response to market forces or legal constraints. The criteria here are economic and legal only. Social responsibility, by contrast, goes beyond social obligation. Sethi states :

Thus, social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.

Sethi goes on to say that while social obligation is prescriptive in nature, social responsibility is perspective in nature. The third stage in Sethi's model is social responsiveness. He regards this as the adaptation of corporation corporate behaviour to social needs. This stage is anticipatory and preventive (The Oxford Handbook of Corporate Social Responsibility, 2011).

According to Dow Votaw's (1973), he articulated the concern that many writers in this period had with CSR. He stated:

The term (social responsibility) is a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility of liability; to others, it means socially responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of responsible for, in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of these who embrace it most fervently see it as a mere synonym for 'legitimacy', in the context of 'belonging' or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behaviour on business than on citizens at large.

For example according to Oxford Handbook on CSR, Preston (1978) and Post (1975), following the Votaw's (1973) thinking, stated the following about corporate social responsibility:

In the face of the large number of different, and not always consistent, usages, we restrict our own use of the term social responsibility to refer only to a vague and highly generalised sense of social concern that appears to underlie a wide variety of ad hoc managerial policies and practices. Most of these attitudes and activities are well-intentioned and even beneficent; few are patently harmful.

They lack, however, any coherent relationship to the managerial unit's internal activities or to its fundamental linkage with its host environment.

The mid-1970s elaborated only two examples of initial research on corporate social responsibility. Bowman and Haire (1975) conducted a study on CSR and to place the extent to which companies were engaging in it. While not providing a formal definition of CSR, they illustrated the kinds of topics that represented CSR as opposed to those that were strictly 'business'(Bowman and Haire , 1975). The topic they used were subheads to sections in the annual report. Some of these subheads were as follows: corporate citizenship, public responsibility, and social responsiveness. A review of their topical approach indicates that they had a good idea of what CSR generally meant, given the kinds of definitions developed in the 1970s (The Oxford Handbook of Corporate Social Responsibility, 2011).

An important attempt to bridge the gap between economics and other expectations was offered by Archie Carroll (1979). His efforts culminated in the following proposed definition of corporate social responsibility:

The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time.

As a helpful way of graphically depicting the components of his CSR definition and expounding upon them, he later incorporated his four-part categorisation into a "Pyramid of Corporate Social Responsibility" (1991; 1993). Carroll's Pyramid of CSR is presented in Figure 1.

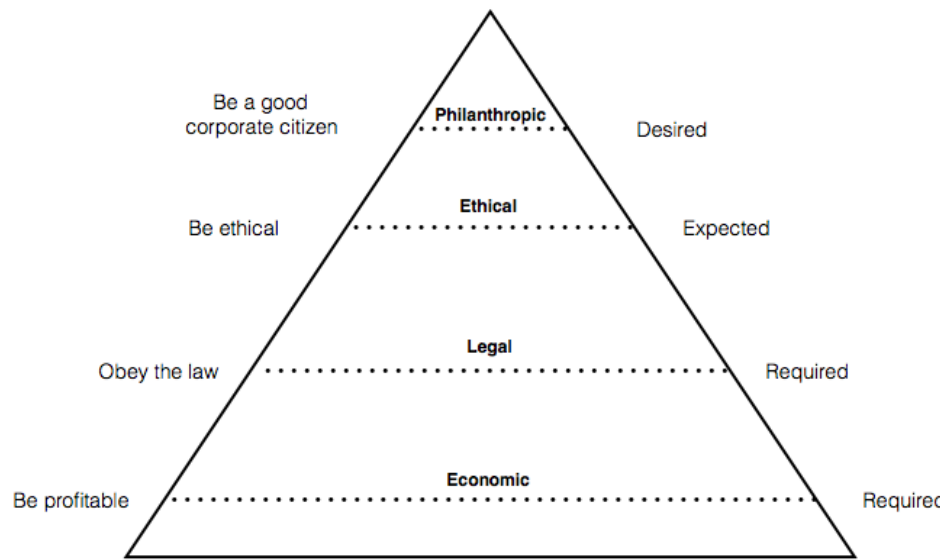


Figure 1. Source: A. B. Carroll, “The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders,” *Business Horizons* (July–August 1991)

Carroll’s four categories or domains of CSR have been utilised by numerous theorists (Wartick and Cochran 1985; Wood 1991; Swanson 1995, 1999) and empirical researchers (Aupperle 1984; Aupperle, Carroll, and Hatfield 1985; Burton and Hegarty 1999; Clarkson 1995; Ibrahim and Angelidis 1993, 1994, 1995; Mallott 1993; O’Neill, Saunders, and McCarthy 1989; Pinkston and Carroll 1996; Smith, Wokutch, Harrington, and Dennis 2001; Spencer and Butler 1987; Strong and Meyer 1992). Several business and society and business ethics texts have incorporated Carroll’s CSR domains (Boatright 1993; Buchholz 1995; Weiss 1994) or have depicted the CSR Pyramid (Carroll and Buchholtz 2000, 2003; Jackson, Miller, and Miller 1997; Sexty 1995; Trevino and Nelson 1995). According to Wood and Jones (1996), Carroll’s four domains have “enjoyed wide popularity among SIM (Social Issues in Management) scholars.” Such use suggests that Carroll’s CSR domains and pyramid framework remain a leading paradigm of CSR in the social issues in management field. Due to the acceptance and impact of Carroll’s CSR contributions, it may be appropriate to re-examine his model to determine whether it can be modified or improved or if there is a possible alternative approach to conceptualising corporate social responsibility. During the two periods since 1980s and 1990s, the responsibilities attributed to businesses changed and became the concept of ‘power’ (Jones, 1980).

In the 1980s the focus on developing refined definitions of CSR gave way to research into alternatives concepts, such as corporate social responsiveness, corporate social performance, public policy, business ethics and stakeholders theory/management, just to mention a few. Thomas

M.Jones (1980) entered the CSR discussion with an interesting perspective. He defined CSR in a following way:

Corporate Social Responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Two facets of this definition are critical. First, the obligation must be voluntarily adopted; behaviour influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighbouring communities.

Thomas M. Jones (1980) entered the CSR discussion with two interesting perspectives. Firstly, he had defined CSR as corporate obligation to constituent groups in society other than stockholders and beyond what is prescribed by law and union contract. Several aspects of this definition received some criticism. Different researchers argued that the obligation must be voluntarily adopted. The critics realised that behaviour influenced by coercive forces of law or union contract are not voluntary. The obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups, such as customers, employees, suppliers, and neighbouring communities. (Ibid). One of Thomas M. Jones contributions was to put emphasis on Corporate Social Responsibility as a process. He argues that it is hard to reach consensus as to what constitutes Socially responsible behaviour. He illustrated how a firm could engage in a process of CSR decision making that should constitute CSR behaviour (Ibid). For successful application of CSR, businesses needed to be dealing with the same concept and to have the same understanding of (Okoye, 2009). Later in 1983 Archie B. Carroll further elaborated on his 1979 four-part definition of CSR:

CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible ... than means that profitability and obedience to the law are foremost conditions to discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent. This, CSR is composed of four parts:
economic, legal, ethical and voluntary or philanthropic.

The period of 1980s also brought researchers to the new reflection on Corporate Social Performance as a more comprehensive theory under which CSR might be classified or subsumed. The next step of CSR concepts was introduced by Rich Strand (1983). He investigated a paradigm of organisational adaptations to the social environment that had illustrated how such related concepts as social responsibility, social responsiveness and social responses are connected to organisational-environmental mode.

A prominent business spokesman of that period stated that a definition of CSR does not need to be complicated, as it is merely about seeing social issues as business opportunities. The solution to this

problem came with Peter Drucker in 1984. He suggested that CSR should: “tame the dragon, that is, turn a social problem into an economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs and into wealth.” (Ibid, Drucker).

In 1987, professor Edwin M. Epstein from Haas School of Business University of California Berkeley, proposed a definition of CSR in connection to social responsibility, responsiveness and business ethics, and then brought them together into “Corporate Social Policy Process.” In 1987, Edwin M. Epstein provided a definition of CSR in his quest to relate social responsibility, responsiveness, and business ethics. He pointed out that these three concepts dealt with closely related, even overlapping, themes and concerns (Edwin M. Epstein, 1987). He defined CSR as a following :

Corporate Social responsibility relates primarily to achieving outcomes from organisational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders. The normative correctness of the products of corporate action have been the main focus of corporate social responsibility.

In addition to defining CSR, Edwin M. Epstein, (1987). proposed a definition to corporate social responsiveness and business ethics and then brought them together into what he called the “corporate social policy process”. He added:

The nub of the corporate social policy process is the institutionalisation within business organisations of the following three elements ... business ethics, corporate social responsibility and corporate social responsiveness.

Until the 1990s, publications on CSR came in peaks and troughs, rather than a steady rise (De Bakker et al., 2005). And even since then, knowledge on CSR has arguably been more expansive than accumulative. For a subject that has been studied for so long, it is unusual to discover that researchers still do not share a common definition or set of core principles, that they still argue about what it means to be socially responsible, or even whether firms should have social responsibilities in the first place (The Oxford Handbook of Corporate Social Responsibility, 2011). Empirical researchers have been similarly unable to agree on the answer to the one question that has dominated CSR research probably more than any other over the past 30 years, which is whether CSR is good for business or not. Thus, a subject that even its proponents regard as “that most naïve of concepts” (Mintzberg, 1983), and which its critics acknowledge has “won the battle of ideas” (Crook, 2005), has become a major area of research despite a degree of ambiguity and disagreement that might ordinarily be expected to lead to its demise (Hirsh and Levin, 1999).

Bibliometrics analyses of the CSR literature show that despite its identifiable set of core concerns, not to mention its relatively long history CSR is its a developing field of research. Although there is considerable value in Carroll's four-part model, his use of a pyramid framework to depict his CSR domains may be confusing or inappropriate for some applications. First, to some, the pyramid framework suggests a hierarchy of CSR domains. One may be led to conclude that the domain at the top of the pyramid, philanthropic responsibilities, is the most important or highly valued domain, that should be strived for by all corporations, while the economic domain at the base of the pyramid is the least valued CSR domain (Schwartz and Carroll, 2003).

For example, Reidenbach and Robin (1991) use a pyramid to depict their conceptual model of corporate moral development, and suggest that the top of the pyramid represents the highest or most advanced stage of moral development (i.e., the "ethical" corporation), while the base of the pyramid portrays the lowest or least advanced stage (i.e., the "amoral" corporation). This is clearly not the perspective of the pyramid's rankings of CSR priorities that Carroll (1991) intended, since he stipulates that the economic and legal domains are the most fundamental while philanthropic responsibilities are considered less important than the other three domains. However, the pyramid framework could lead one to misunderstand the priorities of the four CSR domains.

Second, a pyramid framework cannot fully capture the *overlapping* nature of the CSR domains, a disadvantage recognised by Carroll (1993). Such mutuality is an integral characteristic of CSR (Clarkson, 1991) and of such fundamental importance that it must be included and clearly depicted in any proposed CSR model. Carroll's use of dotted lines separating the domains does not fully capture the non-mutually exclusive nature of the domains, nor does it denote two of the critical tension points among them, the tension between the economic and ethical and the economic and philanthropic domains (Carroll, 1993).

As a general statement, it should be observed that very few unique contributions to the definition of CSR occurred in the 1990. More that anything else, the CSR concept served as the base point, building block, or point-of-departure for other related concepts and themes, many of which embraced CSR thinking and were quite compatible with it.

The period of 1990s, has transformed the concept of CSR to interconnection with following theories: Stakeholder theory, Business Ethics theory, Corporate Social Performance, and Corporate Citizenship. During this time there were now elaborated any new definitions of the concept of CSR understanding, but it had enriched the body of CSR literature. In time of this period it been possible to trace an influx of different researchers attempting to create certain possibilities

by linking business and society, which, according to American professor Donna J. Wood (1991) are interwoven rather than distinct entities.

According to Donna J. Wood (1991), Corporate Social Responsibility manifest as a form of corporate self-regulation integrated into business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the law, ethical standards and international norms (McWilliams, Abigail; Siegel, Donald, 2001). Wood expanded and set forth a Corporate Social Performance model that captured CSR concerns. She presented her model as primarily build on Carroll's three-dimensional CSR model (Carroll, 1979) and the Warwick and Cochran (1985) model.

The three dimensions of Carroll's CSP model became principles, processes, and policies under the Patrick and Cochran (1986) formula. Wood (1991) reformulated these into three principles. First, she stated the principle of CSR taken from Carroll's four domains (economic, legal, ethical and discretionary) and identified how they related to the CSR principles of social legitimacy (institutional level), public responsibility (organisational level), and managerial discretion (individual level). Second, she identified the process of corporate social responsiveness, which went beyond Carroll's articulation of responsiveness categories (reactive, defensive, accommodative, proactive) that Patrick and Cochran (1985) had formulated as policies, and Wood highlighted such processes as environmental assessment, stakeholder management, and issues management (Wood, 1991). Third, Wood took Patrick and Cochran's (1985) policies, which were their elaboration of Carroll's "social issues" category, and reorganised them under a new topic of concern outcomes of corporate behaviour. Wood's (1991) placed CSR into a broader context that just a stand-alone definition. An important emphasis in her model was on outcomes or performance. Although outcomes or performance were implicit in the earlier models, Wood made this point more explicit, and this was a meaningful contribution (Carroll, 1999).

Some time later, the notion of corporate social responsibility was recognised by Cannon (1992). He has argued that business contribute to society and community in which it operates in 'efficient, profitable and socially responsible' manner (Cannon,1992). After Cannon's investigation to the concept of CSR, Reder, (1994) defined CSR efforts for business by highlighting two processes:

Corporate social responsibility' refers to both the way a company conducts its internal operations, including the way it treats its workforce, and its impact on the world around it.

During last decades concerns and definition of the CSR concept has expanded significantly. But despite that fact of the growing attention to the notion of CSR, a little theoretical attention has been

paid to understanding and explanation why or why not corporations have to act in socially responsible conduct (Rowley & Berman, 2000; Ullman, 1985). It can be viewed that a lot of attention on corporate social responsibility has been more descriptive or regulative than positivist in tone (Harvard Business School Press, 2003). Maignan and Ralston (2002) conceptualised corporate social responsibility as motivating principles (driven by values, stakeholders, performance); processes (programs and activities aimed at implementing CSR principles and/or addressing specific stakeholder issues, including philanthropic, sponsorships, volunteer, code of ethics, quality, health and safety, and managing environmental impacts); and stakeholder issues (community, customer, employee, shareholders, suppliers). It can be said that, as an ideology, social responsibility is aimed at enhancing the legitimacy of large business' and its management (Acquier and Gond 2007, Moon, Kang and Gond 2010, Pasquero 2005). Corporate social responsibility presents an attractive field of scientific interest with giving attention to 'implications for academia, industry and society (Okoye, 2009).

Despite the high interest of CSR research among academic discussion, there is still significant lack of consensus regarding unified definition of CSR (Font et al, 2012). Even a cursory examination of foreign materials on CSR tends to suggest that there is a tendency to evolution of business behaviour and changes of paradigm. The existing literature also reminds us of the diversity of CSR in different countries, which should also be taken into consideration¹.

The 21st century opened a special attention to the notion of "stakeholder" diversity and their significant role for CSR, whereas before it was presented and used simply to describe stakeholders impact by individual businesses. According to Epstein E., (2002), this century gave a push to the appearance of the following theories: "sustainable development", "corporate citizenship", "corporate sustainability", "corporate reputation", "socially responsible investment" and "corporate social reporting". According to Hopkins (2003) after the long evolution, Corporate Social Responsibility became an ethical and responsible route for business, thus CSR is a way of creating higher and higher standards of living, whilst preserving the profitability of the corporation, for

¹ The Canadian (Montreal school of CSR), the Continental European and the Anglo-Saxon approaches to CSR (Saether, Kim T.; Ruth V. Aguilera, 2008) have individual specifics. These specifics are known as a certain way of cliches, as examples, for Chinese consumers, a socially responsible company makes safe, high-quality products; for Germans it provides secure employment; in South Africa it makes a positive contribution to social needs (Knox, Simon, 2007). In Europe the discussion about CSR is very different (Habisch et al., 2005). As a more common approach to CSR it can be viewed as corporate philanthropy. This includes monetary donations and aid given to nonprofit organizations and communities. These donations could be made in areas such as the arts, education, housing, health, social welfare and the environment, among others, excluding political contributions and commercial event sponsorship (Tilcsik, A. & Marquis, C., 2013).

people both within and outside the corporation. Hopkins (2004) narrated that CSR means the ethical behaviour of business towards its constituencies or stakeholders.

Nevertheless, there are a wide variety of concepts and definitions associated with the term “corporate social responsibility”, but no general agreement of terms. Some companies use the terms corporate citizenship, some ethical corporation, while others use good corporate governance. These flaws lead some companies to consider CSR as pure corporate philanthropy, others as a new corporate strategic framework, while others dismiss the notion entirely. Hopkins, (2004) is of the opinion that using the term corporate responsibility (CR) instead of corporate social responsibility changes the nature of what the concept is all about. Many practitioners included the term “social” to encourage corporations to look at their social responsibilities as well as their usual “responsibilities”. Hopkins (2004) further expressed that ‘Corporate Sustainability’ is another parallel concept to CSR that has led to a lot of useful work on quantifying the issue of sustainability.

In fact CSR cant be viewed a traditional management tool, thus it can be presented as a moral duty or obligation of enterprise rather than management tactics (Zwetsloot, 2003), which is reinforcing the need for clear guidance and a deeper understanding of the sense which have social responsibility of enterprise (Boeger, Murray and Villiers, 2008). A different guidance can be used as a framework that can divide CSR into manageable chunks and processes. According to Boeger, Murray and Villiers (2008), CSR must be defined to contain a number of minimum requirements and to entail a system of corporate accountability through regulatory intervention and enforcement of obligations.

According to the Commission of European Union (2001) CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Following an evaluation of the impact of current European CSR Policy, the European Commission puts forward a new sense of CSR, which reflects it as responsibility of enterprises for their impacts on society. The Commission of European Union then states following:

To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders. Enterprises must be given the flexibility to innovate and to develop an approach to CSR that is appropriate to their circumstances.

The balance between minimising risks through accountability and maximising opportunities through transparency and social innovation lies at the very heart of European Commission Enterprise 2020 initiative.

The United Nations Industrial Development Organisation defining corporate social responsibility:

a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that (UN IDOC web page).

The World Business Council for Sustainable Development emphasised that:

CRS is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life, workforce and families as well as the local community and society at large.

According to The World Education Incorporation (2015) it induces the notion “corporate social responsibility” with two meanings:

First, it is a general name for any theory of the corporations that emphasises both the responsibility to create money interest and the responsibility to interact ethically with the surrounding community.
Second, corporate social responsibility is also a specific idea of gaining profit while playing a role in community welfare in a broader sense

Fundamentally, Corporate Social Responsibility must also have common actions (Jones, Tegan, 2013). These actions are the following:

-
- Environmental sustainability: recycling, waste management, water management, renewable energy, reusable materials, 'greener' supply chains, reducing paper use and adopting Leadership in Energy and Environmental Design (LEED) building standards (Matthews, Richard, 2012);

 - Community involvement: it can include raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices, etc. (Workforce Management, 2013);

 - Ethical marketing: companies that ethically market to consumers are placing a higher value on their customers and respecting them as people who are ends in themselves. They do not try to manipulate or falsely advertise to potential consumers. This is important for companies that want to be viewed as ethical.

Concluding the paragraph on historical definition of CSR, according to M. Scilly (2014), corporate social responsibility in its nature embraces four principal elements presented below.

Economic responsibility is primarily concerned with profit. This is for the simple fact that if a company does not make money, it will not last, employees will lose jobs and the company will not even be able to take care of its social responsibilities at all. Before a company thinks about being a good corporate citizen, it needs to make sure that it can be profitable in the first place.

Legal responsibility is the requirements that are placed on it by the law. Next to ensuring that a company is profitable, and obeys all laws, it is the most important aspect according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labour law, environmental law and even criminal law.

Ethical responsibility of a company considers its employees, customers and society as a whole. Ethical responsibilities are imposed on the company by itself, because its owners believe it is the right thing to do and not because they have an obligation to do so. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries.

Philanthropic responsibility has to go above and beyond what is simply required or what the company believes is right. It involves making an effort to benefit the society, for example, by donating services to community organisations, engaging in projects to aid the environment or donating money to charitable causes.

1.2 DIVERSITY OF CSR UNDERSTANDINGS

In this paragraph we are going to describe developed approaches of Corporate Social Responsibility, the structural elements of CSR and elaborated concept to evaluate social performance of enterprise.

The field of corporate social responsibility (CSR) has grown significantly and today contains an abundance of theories, approaches, and terminologies. Furthermore, some theories combine different approaches and use the same terminology with different meanings (Garriga and Melé, 2004). These theories are: "sustainable development", "corporate citizenship", "corporate sustainability", "corporate reputation", "socially responsible investment" and "corporate social reporting" (Epstein E., 2002). Until now, it has no generally accepted common framework, however, most agree that one of its main characteristics is undertaking a commitment with society. In order to facilitate its incorporation, a largely voluntary corporate responsibility infrastructure has been created, including, among others: business principles; business-related standard setting; accreditation and certification organisations; corporate responsibility consulting organisations; business membership organisations with sustainability and responsibility orientation; industry-

specific initiatives; business-related corporate responsibility institutions; and stock indexes with responsibility orientation (Waddock, 2008). Several scholars have offered a number of classifications of the concept. For example Frederick (1987, 1998), and Garriga and Melé (2004). Frederick (1987, 1998) presents the evolution of CSR based on a conceptual transition and classifies it in four chronological phases:

CSR	I. philanthropic and voluntarily assumed approach;
CSR	II. + III. company could be recognised by the quality of its corporate culture and the normative society that embodies universal human rights principles vital to society, while granting economic enterprises the degree of flexibility and practicality needed for successful market operations;
CSR	IV. truly corporate global citizens.

Table 1. CSR based on a conceptual transition and classifies it in four chronological phases

In their turn, Garriga and Melé (2004) present a classification that considers each theory from the perspective of how the interaction phenomena between business and society are focused:

Instrumental theories	focusing on achieving economic objectives through social activities
Political theories	focusing on a responsible use of business power in the political arena
Integrative theories	focusing on the integration of social demands
Ehical theories	focusing on the right thing to achieve a good society

Table 2. The interaction phenomena between business and society

Over six decades the field of CSR has developed several approaches, each within its own theoretical framework. Which theory is the best? It depends on what you are looking for, states Melé (2008), In *Figure 2*, Melé (2008) presents chronology of the various theories and approaches to CSR with historical account.

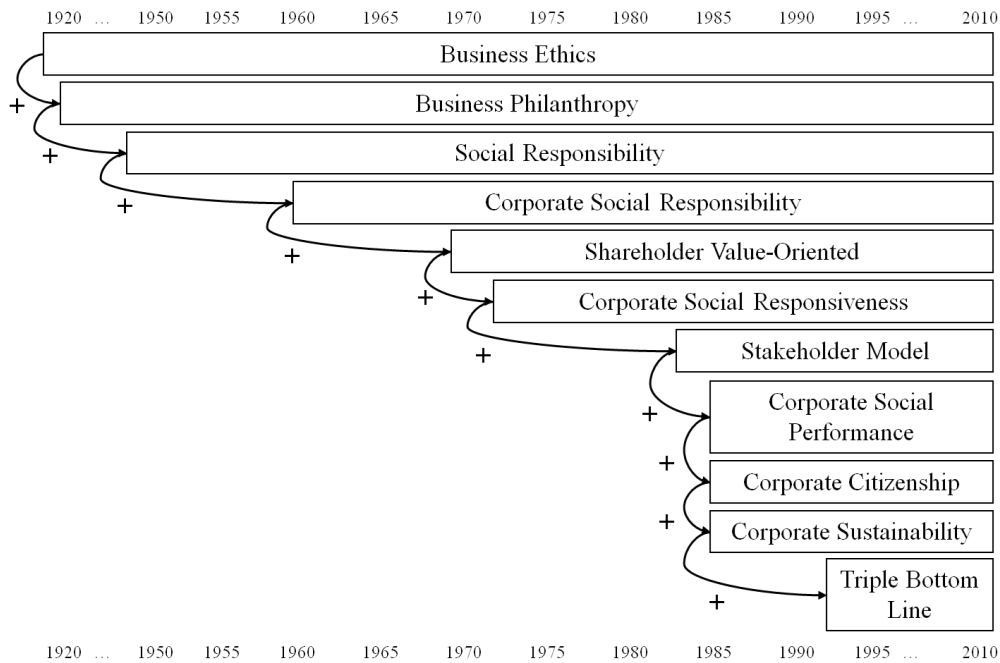


Figure 2. Corporate social responsibility (CSR): theories and approaches Melé (2008)

The curved arrows and the plus signs are intended to emphasise that the emergence of every new theory and approach has contributed to the enrichment of CSR and the awareness and comprehension of the issue. An impressive history associated with the evolution of the concept and definition of corporate social responsibility brought alternative themes and thematic framework. The following table present a short genesis of the Concept of Corporate Social Responsibility.

As it can be seen from *Figure 2. Corporate social responsibility (CSR): theories and approaches Melé (2008)*, one of the key pillars of Corporate Social Responsibility is its inseparable bond with business ethics. According to Immanuel Kant on Business Ethics (Lectures on Ethics: The Cambridge Edition of the Works of Immanuel Kant, translated by Peter Heath, 1997) the following expression used in this work:

In law a man is guilty when he violates the rights of others. In ethics he is guilty if he only thinks of doing so.

We will stress the meaning and importance of CSR connection with business ethics concept later in following subparagraph.

1.2.1 THE STRUCTURAL ELEMENTS OF CORPORATE SOCIAL RESPONSIBILITY

It is important to mention some differences in understanding the substitute terms of the concept of CSR. Carroll (1979) defined Corporate Social Performance in a model with three aspects:

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- definition of social responsibility (need to address the entire range of obligations business has to society; it must embody the economic, legal, ethical, and discretionary categories of business performance);
 - list of social issues involved (consumerism, environment, discrimination, product safety, occupational safety, shareholders);
 - philosophy of responsiveness (philosophy, mode, or strategy behind business response to social responsibility and social issues).
-

Wartick and Cochran (1985) define Corporate Social Performance (CSP) as expanded conceptualisation of social responsibility integrating responsibilities, responsiveness, and issues through a principle, process, policy approach. CSP solves three main challenges to social responsibility:

-
- economic responsibility is incorporated as one level of CSR;
 - public responsibility is incorporated as one level of CSR with the underlying orientation for macro and micro level concerns existing simultaneously;
 - social responsiveness is incorporated as the action-oriented complement to CSR and the underlying approach to developing responses to social issues.
-

In addition, CSR-related constructs differ depending on whether they integrate the economic responsibility dimension into their definitions. Since Carroll's (1979) watershed conceptualisation of corporate social performance (CSP), most scholars have recognised that both CSR and CSP include an economic responsibility dimension (e.g., responsibilities toward shareholders), not just social or environmental aspects.

Regarding Corporate Sustainability (CS), some scholars identify corporate sustainability as simply one approach to conceptualising CSR, or vice versa. The World Commission on Environment and Development (WCDE) in 1987 popularised the term Sustainable Development (SD). The Commission's definition of sustainable development, since widely adopted, was: "Development which meets the needs of the present without compromising the ability of future generations to meet their own needs." (WCED 1987). Many researchers base their work on the WCED definition, even though corporate sustainability did not reach star status in business journals until the 1990s. Since then, both academics and practitioners have argued that for development to remain sustainable, it must simultaneously satisfy environmental, social, and economic standards. There are two very different ways of defining and conceptualizing corporate sustainability. One approach uses the term *ecological sustainability* to identify corporate sustainability primarily with

the environmental dimension of business (Shrivastava, 1995b; Starik & Rands, 1995). Other scholars follow the WCED definition in a broader sense, identifying corporate sustainability as a tridimensional construct that includes environmental, economic, and social dimensions (Bansal, 2005; Gladwin & Kennelly, 1995). Gladwin and Kennelly (1995) defined Sustainable Development as a process of achieving human development in an inclusive, connected, equitable, prudent, and secure manner. Sustainable development components are :

1. inclusiveness (environmental and human systems, near and far, present and future);
2. connectivity (world's problems interconnected and interdependent);
3. equity (fair distribution of resources and property rights);
4. prudence (duties of care and prevention);
5. security (safety from chronic threats).

For example, Garriga and Melé (2004) recently tried to map the CSR territory, and they listed “sustainable development” as one of several theories and approaches used to conceptualise CSR. It is interesting that they also list CSP, corporate citizenship, issues management, and cause-related marketing as alternative approaches. This evidences the variety of constructs and approaches used within the CSR territory. The CSR and CSP constructs have similar conceptualisations of economic, social, and environmental dimensions, however, researchers tend to ask different questions about them (Montiel, 2008). The examination of foreign literature on CSR tends to suggest that there is a tendency of changing business behaviour and evolution of management paradigm. Foreign literature also reminds about importance of existing diversity of CSR in different countries, which should be taken into consideration².

After the long period of its evolution, Corporate Social Responsibility became an ethical and responsible behaviour for business, thus according to Hopkins (2003) CSR is a way of creating higher and higher standards of living, whilst preserving the profitability of the corporation, for people both within and outside the corporation. Zwetsloot (2003) argues that technically, CSR is not a traditional management tool, thus it can be viewed as a moral duty rather than a business tactics, which is reinforcing the need for clear guidance and a deeper understanding of social responsibility (Boeger, Murray and Villiers, 2008). A different guidance could be a framework that breaks CSR down into manageable chunks and processes CSR must be defined to contain a number of minimum

² For example, the Canadian (Montreal school of CSR), the Continental European and the Anglo-Saxon approaches to CSR (Saether, Kim T.; Ruth V. Aguilera, 2008)

requirements and to entail a system of corporate accountability through regulatory intervention and enforcement of obligations (Boeger, Murray and Villiers, 2008).

1.2.2 THE TRIPLE BOTTOM LINE (TBL) ACCOUNTING FOR SOCIAL AUDIT

The first articulation of the approach of triple bottom line was made by Freer Sperckley (1981) in a publication called *Social Audit - A Management Tool for Co-operative Working*. The idea of Triple Bottom Line (TBL) accounting expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance. According to F. Sperckley (1981), he argued that enterprises should measure and report on social, environmental and financial performance. The TBL approach pioneered by the Institute of Social and Ethical Accountability emphasises that companies are responsible for multiple impacts on society, with associated bottom lines. TBL as it is evolving is a systematic approach to managing the complete set of a company's responsibilities.

In 1994, the term "Triple bottom line" (abbreviated as TBL or 3BL) was coined by John Elkington (Scerri, Andy, James Paul, 2010) and it was articulated more fully in 1997 in his book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business* (Brown, D., J. Dillard and R.S. Marshall, 2006). At its narrowest, the term is used to refer to a framework for measuring and reporting corporate performance against economic, social and environmental parameters. At its broadest, the term is used to capture the whole set of values, issues and processes that companies must address in order to maximise the positive impacts of their activities and generate added economic, social and environmental value (Elkington, 1999). TBL is an accounting approach which taking into account three following parts: social, environmental (or ecological) and financial. These three aspects are also called the 3Ps: people, planet and profit, or the "three pillars of sustainability". The TBL approach for accounting have been adopted by many organisations to evaluate their performance in a wider context (Slaper, Timothy F. and Hall, Tanya J., 2011).

A Triple Bottom Line Investing group advocating and publicising these principles was founded in 1998 by Robert J. Rubinstein. For reporting their efforts companies may demonstrate their commitment to Corporate Social Responsibility (CSR) through the following: Top-level involvement (CEO, Board of Directors); Policy Investments; Programmes; Signatories to voluntary standards; Principles (United Nations Global Compact); Reporting (Global Reporting Initiative). The CIPS Chartered Institute of procurement and Supply defined TBL as following:

The triple bottom line (TBL) is a technique used increasingly in corporate social responsible (CSR) reporting by organisations ... and by external stakeholders and third parties to rate an organisation's performance ... [on] measures of environmental, social and economic performance ... [It] determines that businesses have positive impacts on the three P's: people, profit, and planet.

Triple Bottom Line represents theory of corporate social responsibility and works on the assumption that the corporation is a member of the moral community, and this gives it social responsibilities. This theory focuses on sustainability, and requires that any company weigh its actions on three independent scales: economic sustainability, social sustainability, and environmental sustainability. The concept of TBL demands that a company's responsibility lies with stakeholders rather than shareholders. In this case, "stakeholders" refer to anyone who is influenced, either directly or indirectly, by the actions of the firm.

The main function of the TBL approach is to make corporations aware of the environmental and social values they add or destroy in the world, in addition to the economic value they add (Henriques and Richardson 2004; Elkington 1997; Berger et al. 2007; Morland 2006). Recent research indicates that for a variety of reasons, corporations adopting Triple Bottom Line (TBL) reporting are making changes to the way they behave, or at least think about, business (Kimmitt and Boyd 2004). TBL has become a dominant approach today in terms of corporate reporting and being more transparent in accounting practices (Robins 2006; Savitz and Weber 2006). A mere six years after Elkington's coining of the term, the search engine Google would reveal 52,400 web entries concerned with the topic, and as of 9th September 2009, the number of hits is 1,190,000 (Alhaddi,2015).

Corporations are vigorously creating and publishing TBL reports in order to showcase an image of care for the economic, environmental and social dimensions of social responsibility (Raar 2002; Morland 2006; MacDonald and Norman 2007; Robins 2006). The TBL provides a framework for measuring the performance of the business and the success of the organisation using the economic, social, and environmental lines (Goel, 2010). The term has also been referred to as the practical framework of sustainability (Rogers & Hudson, 2011). The TBL approach therefore looks at how corporations manage all three responsibilities (Figure 3) and attempts to account for these inter-related spheres of activity for a more balanced view of overall corporate performance (McDonough and Braungart, 2002; Panapanaan, 2002; Sauvante, 2002). Targeted toward corporations, the TBL agenda puts a consistent and balanced focus on the economic, social, and environmental value provided by the organizations.

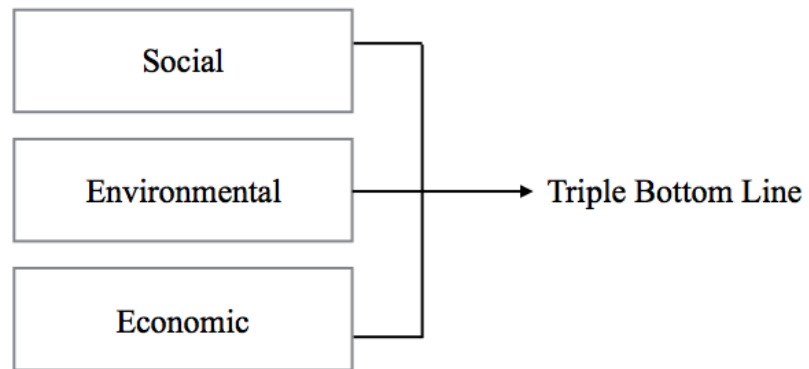


Figure 3. The Triple Bottom Line Approach

• *Economic Line*

The economic line of TBL framework refers to the impact of the organization’s business practices on the economic system (Elkington, 1997). It pertains to the capability of the economy as one of the subsystems of sustainability to survive and evolve into the future in order to support future generations (Spangenberg, 2005). The economic line ties the growth of the organisation to the growth of the economy and how well it contributes to support it. In other words, it focuses on the economic value provided by the organization to the surrounding system in a way that prospers it and promotes for its capability to support future generations (Alhaddi,2015).

• *Social Line*

The social line of TBL refers to conducting beneficial and fair business practices to the labour, human capital, and to the community (Elkington, 1997). The idea is that these practices provide value to the society and “give back” to the community. Examples of these practices may include fair wages and providing health care coverage. Recent examples in the industries have revealed that there are economic costs associated with ignoring social responsibility. The social performance focuses on the interaction between the community and the organization and addresses issues related to community involvement, employee relations, and fair wages (Goel, 2010).

• *Environmental Line*

The environmental line of TBL refers to engaging in practices that do not compromise the environmental resources for future generations. It pertains to the efficient use of energy resources, reducing greenhouse gas emissions, and minimising the ecological footprint, etc. (Goel, 2010).

Similar to the social aspect of TBL, environmental initiatives impact the business sustainability of organisations. An analysis by Kearney (2009) was done on 99 sustainability-focused organisations

across 18 industries to examine the impact of environmental activities on the performance of the organisation. The industries in the analysis varied from technology, automotive, and chemical to food, media, retail, and tourism. The analysis period lasted for six months and the research methodology aimed towards determining whether organisations with sustainable practices are more likely to withstand the economic downturn. The sample of the study included sustainability-focused organisations that were part of the Dow Jones Index. The analysis was done in two phases: a three-month phase and a six-month phase. The analysis revealed that during the current economic downturn, organisations with practices that are geared toward protecting the environment and improving the social well-being of the stakeholders while adding value to the shareholders have outperformed their industry peers financially. The financial advantage has resulted from reduced operational costs (energy and water usage, etc.) and increased revenues from the development of innovative green products (Kearney, 2009). Hence, while the appeal of TBL integration cannot be discounted – reminding managers of ecological and social equity concerns and the need to report on measures of performance other than just financial ones – there is till date no precise management framework that provides for linking these fundamental, yet seemingly disparate pillars of sustainability (GRI, 2003).

The reasoning behind this tripartite theory is that if businesses calculate their gains and losses in this way, they will be more likely to take actions which are to the benefit of both the business and the community. Also, there is a lot of criticism of practical implication and use of the TBL approach. The measurement of TBL is complex. The measurement systems a company uses to measure intangible assets such as loyalty or reputation can be hazy, and it is a challenge to link changes in these areas to separate activities in the short term. In order to expand their measurement and reporting systems, corporations constantly and consistently state the different choices they have to make: whether it's in developing a reporting process that is integral to their business alone or to use external guidelines; where is the limit in terms of how much resources are used; what techniques or methods are best in terms of measurement. In addition, the objectivity and reliability of the values obtained through measurement is doubtful.

More attention should be paid not only to 'how to measure' but also to 'how reliable the values once obtained are' (Sridhar and Jones, 2013). The first limitation of the TBL approach revolves around social measurement. Before discussing this limitation in detail, the advent of the Global Reporting Initiative (GRI) and their guidelines need to be discussed to uncover how the framework has tried to overcome this limitation. The Global Reporting Initiative is arguably the largest and most widely accepted framework for corporate sustainability reporting. A 2008 survey by KPMG showed that

more than 75 % of 250 sustainability reports surveyed adhered to the GRI guidelines. The GRI consists of a number of guidelines listing reporting principles, parameters and provides 79 performance indicators for quantitative and qualitative reporting of non-financial information (GRI 2006). GRI has put out the G3 guidelines which can be applied to corporations of different sizes and locations. It functions on a principles-based approach, and continues the multi-stakeholder process. There is insufficient guidance in G3 on the reasons why indicators were considered to be core or not. The 'Relevance' section in the framework could be expanded or a 'Materiality' section added to describe why a particular indicator was considered to be important to one or more stakeholder groups. GRI implications will be looked at in more details in the next part of this research.

The second limitation found in the TBL approach is the lack of ability to aggregate the results across the three principles of TBL. This is a limitation, because TBL promised in its aggregation a claim to provide a social profit and loss number, whereby the claim states that the social metrics can be quantified into a single number using various formula, for any firm (Norman and MacDonald 2003). Hence, TBL has been a catalyst for confusion in measurement through a lack of aggregation, as it had promised. The third limitation found in the TBL approach is the lack of integration. Firstly, the integration between the three dimensions of TBL will be hard as people are trained to be experts in each of the three dimensions and not across all of them, and this leads to the data collection within each area separately (Gibson 2006).

TBL mentioned the need for integration between the economic, environmental and social areas, as this provides a better picture to the community in terms of impacts (Downes et al., 2002). In practice, the TBL focuses on the co-existence of the three bottom lines but doesn't show their interdependence. The consequences include a tendency to ignore the profound interdependence of these factors, and to see them as likely to be conflicting rather than potentially complementary. The TBL approach is often accompanied by an assumption that sustainability is about balancing (Hacking and Guthrie 2008), which contradicts both the key insights concerning the interdependence of factors and the need for mutually supporting advances on all fronts (Archel et al. 2008). In addition, the TBL approach does not necessarily address the concerns that are usually expressed by citizens who are the intended beneficiaries of strategic and project level undertakings (Ho and Taylor 2007). These concerns rarely fit into the social, economic or ecological categories. The lack of systems focus in TBL approach is perhaps the fundamental flaw that negates the basic premise of the approach. If reporting frameworks of this kind are to gain a practical credibility, they must be seen to effectively enhance the planning process. Recognition that TBL reporting does not end with data collection and analysis, but extends into the planning process arises from the

straightforward observation that planning sustainable development is a process, not a singular event. It is a process not just because it happens over time, but rather because it involves a range of interests and a range of possible interpretations of those interests. This process is open to research, which in turn offers the prospect of facilitating the integration of social, environmental and economic reporting. The need for research in this area has not been raised in other articles (Sridhar, K. & Jones, G. Asian J Bus, 2013).

Majority of corporations today demonstrates their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Governments use laws and regulations to point business behaviour in responsible manner what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behaviour that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes (Jones, Parker & et al., 2005).

According to Peter Drucker, business reflects CSR as an umbrella term indicating that an ethical business must act as a responsible citizen of the community. At the same time Cristoph Luetge (2013), expressed business ethics as a part of the philosophy of business, the branch of philosophy that deals with philosophical, political, and ethical underpinnings of business and economics.

Ethical issues include the rights and duties between a company and its employees, suppliers, customers and neighbours, its fiduciary responsibility to its shareholders. The range and quantity of business ethical issues reflect the interaction of profit-maximising behaviour with non-economic concerns. If a company behaves in a socially responsible way and improves corporate and international economic performance and competitiveness, the policy makers and companies would be wise to facilitate the creation of CSR tendencies.

As we have already noted, one of the key aspects of Corporate Social Responsibility is its inseparable bond with business ethics which entails the idea of legitimate management in corporate business model. In following paragraph we would like to stress the meaning and importance of business ethics concept for a business society on a global scale.

1. 3 CORPORATE SOCIAL RESPONSIBILITY THROUGH BUSINESS ETHICS APPROACH

This paragraph briefly brings a light on inseparable connection of Corporate Social Responsibility and philosophy of ethics. As well in this paragraph we provide discussion on significant impact of philosophy of ethics and moral business behaviour on the essence of CSR.

Business ethics is the part of applied ethics that examines ethical principles and moral problems that can appeared in business environment. The rise of ethics training inside corporations, some of it required by government regulation, has helped CSR to spread in business behaviour of entreprice, as well as, helped employees to make ethical decisions when the answers are unclear (Tullberg, J., Tullberg, S., 1996). The most direct benefit is reducing damaged reputations for breaching laws or moral norms. This actions brought to organizations the increased employee loyalty and pride in the organization (Thilmany, J., 2007).

The necessity for established ethical frameworks and practices in business communities has never been greater. CSR has also risen up the corporate agenda, as society is increasingly demanding that corporations should act responsibly. *Webster's Collegiate Dictionary* defines ethics as the discipline dealing with what is good and bad and with moral duty and obligation, a set of moral principles or value, or a theory or system of moral values. Ethics helps individuals in taking decision when an act is moral or immoral, right or wrong. Ethics can be grounded in natural law, religious tenets, parental and family influence, educational experiences, life experiences, and cultural and societal expectations.

Business ethics (also corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organisations (Stanford Encyclopaedia of Philosophy, 2008). Business ethics can serve as a guide in the way to decide what kind of career to pursue, what choices to make on the job, which companies you want to work with, and what kind of economic world we want to live in and then leave behind for those coming after.

1.3.1 EMERGENCE OF BUSINESS ETHICS

Business ethics (BE) is one form of applied ethics. It is the application of principles about right and wrong to that range of institutions, technology, transactions, largely a creation of the twentieth century, with a quickening of interest and activity in the period 1970-1986. McHugh (1988) traces the history of BE from 1900 to 1986, dividing it into four phases:

Phase 1. Business in search of an ethic: 1900 - 1920. Criticisms of both liberalism and socialism were frequently conducted in ethical and theological discourse, which meant that the moral values of economics and business were brought into the debate. This was one of the ways in which BE became a matter of debate (McHugh, 1988).

Phase 2. Professionalism and business ethics: 1920 - 1950. These decades mark the development of codes of ethics and standards of trade practice. Two new developments in Western society were beginning to affect the discussion of BE, and indeed, to have a decisive influence on its later form: the growth of the professions and the emergence of management as a distinct occupational grouping. Consciousness of the new separation of ownership and control, and the growing awareness of their distinct occupational identity, stimulated the new managerial class to set up institutes, academic courses, conferences and journals to deal with matters relating to BE (Ibid.,).

Phase 3. Business ethics and growing complexity: 1950 - 1970. BE was becoming a growth point in academic curricula and the 1960s was a boom period for writers on the subject matter. More important, however, was the improved understanding of the task of business ethics to analyze the role of business in a changing economic structure. Although the history of BE from 1900 to 1950 reads largely like a history of American BE, it is evident that from the early 1950s onwards there was a growing European interest in the subject (Ibid.,) [emphasis added].

Phase 4. Business ethics imposing some order: 1970 - 1986. The period witnessed a growth of interest in ethics coming from the side of industry itself. The same can be said of professional organizations and public bodies (Ibid.,).

Business ethics took on a new and larger significance in which the corporation was seen as a moral unit (French, 1979; Goodpaster and Mathews, 1982; De George, 1987); and with this, the BE agenda is now becoming increasingly concerned with corporations rather than individuals. The shift in focus occurred when people began exploring the morals of managers. According to De George (1987), the development of BE as a specialty began in the 1970s, and the first half of the 1980s marked the beginning of its consolidation as a disciplinary specialty.

Lozano sets forth in his book *Ethics and Organizations* (2000) a discussion about corporate social responsibility, which represents, above all, the consolidation of the transition from individual to

corporation as the object of ethical reflection of its contribution to society, and what legitimizes its existence (Lozano, 2000). There is a three-tier ethical reflection:

Ethics in relation to the economic system / in relation to companies and organizations / applied to the actions of individuals in their professional roles and their institutional functions.

The need to institutionalize and make operative all these reflections on business practice materialized mainly in the development of codes of ethics and other self-monitoring documents, the fundamental aim of which was to enhance the ethical actions of individuals in the organization, thus generating greater social legitimacy and a coherent corporate culture. Subsequently, Ackerman (1973), Sethi (1975), and others started to pay attention to corporate responsiveness, or adaptation of corporate behavior to social needs and demands, even acting in a proactive manner.

Archie Carroll created a model of CSR, and in his four-part conceptualization of CSR, he included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well (Carroll 1979, 1991). More recently, Schwartz and Carroll proposed a new approach based on three core domains: economic, legal, and ethical responsibilities (Schwartz and Carroll, 2003). Social responsibility of business is to use its resources and engage in activities designed as shareholder-value oriented. The shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities do not belong to the domain of organizations but are a major task of governments. This approach can also contribute to the aim of business, which is the creation of long-term value for the consequence. A great debate took place between researchers those who defended the business enterprise as being responsible only for making as much profit as possible, always in compliance with the law, and on the other, several leading scholars who argued that corporations have much power, and power entails responsibility; consequently, corporations have responsibilities beyond the economic and the legal (e.g., Bowie, 1991; Frederick, 1994; Gallagher, 2005; Grant, 1991; Lee and McKenzie, 1994; Litzinger and Schaefer, 1987; Lozano, 1999; McAleer, 2003; Mulligan, 1986; and Ostas, 2001).

In the 1980s, the CSR debate focused more on research applied to business practices, enriching it with an orientation towards organizational processes. According to Frederick (2008), beginning around 1980, CSR took on a new meaning that went beyond philanthropy and social activism. A company could be recognized by the quality of its corporate culture, the type of ethical climate it displays, and the normative principles being an integral part of their culture and organizational climate, move well beyond to become normatively articulation of CSR with business ethics.

1.3.2 APPROACHES TO ETHICS IN BUSINESS

The issue of business ethics continued to evolve and, as a result, began to emerge as a new field of study. Even theology and philosophy also laid the groundwork for ethical behaviour in the 1970s and identified a set of moral values that were acceptable with respect to business activities. Based on those foundations, professionals began the educational process to teach and write about corporate social responsibilities offering practical strategies (Ferrell, Fraedrich, & Ferrell, 2013). The moral philosophies or ethical "theories" that has serve as the foundation for ethics in business presented in *Table 3* (Adapted from: Ferrell, Fraedrich, and Ferrell, 2002).

Table 3. Approaches to Ethics in Business (Adopted from Ferrell, Fraedrich, and Ferrell, 2002)

Approach	Related actions
Teleological	Actions are judged as ethical or unethical based on their results.
Egoism	Actions are judged as ethical or unethical based on the consequences to one's self. Actions that maximize self-interest are preferred.
Utilitarianism	Actions are judged as ethical or unethical based on the consequences to "others." Actions that maximize the "good" (create the greatest good for the greatest number) are preferred.
Deontological	Actions are judged as ethical or unethical based on the inherent rights of individual and the intentions of the actor. Individuals are to be treated as means and not ends. It is the action itself that must be judged and not its consequences.
Justice	Actions are judged as ethical or unethical based on the fairness shown to those affected. Fairness may be determined by distributive, procedural, and/or interactional means.
Relativism	Actions are judged as ethical or unethical based on subjective factors that may vary from individual to individual, group to group, and culture to culture.

According to Tom Donaldson's *Corporations and Morality* (1982) and Patricia Werhane's *Persons, Rights, and Corporations* (1985) they take business ethics to be concerned centrally with questions about the corporation's proper role in and relationship to the social order. The term "ethics" is defined as the analysis of the nature and basis of morality where moral judgments, standards, and rules of conduct are identified and addressed (Ferrell et al., 2013). Business ethics, therefore, consists of the values, ideals, and standards that guide behaviour in a business climate. In this field, organisations define specific principles that outline pervasive behavioural boundaries which are all-encompassing and absolute (Ferrell, Fraedrich, & Ferrell, 2013).

From the outset the ethical issues related to business situations were firstly discussed within the domain of philosophers and theologians in churches, synagogues, mosques, and other spiritual institutions. It is there that subjects like fair wages, labour, and the morality of capitalism were

contemplated (Ferrell, Fraedrich, & Ferrell, 2013). According to Handbook of Research on Business Ethics (D. George, 2005) and CSR by Daniel E. Palmer, the paradigm of the evolution is from Business Ethics to Business Law:

Although academic instruction explicitly devoted to the relationship between ethics and commerce can be found in U.S. business schools as early as the first three decades of the 20th century, particularly in Catholic colleges and universities, creation of academic positions dedicated explicitly to business ethics in U.S. business schools tracks closely waves of corporate scandal from the 1980s to the present.

In 1986, in response to a series of reported irregularities in defence contracts, a special Commission Report on the situation led to the establishment of the Defence Industry Initiative (DII) on Business Ethics and Conduct, was signed by thirty-two major defence contractors. Each participant gave his agreement to have a written code of ethics, to establish appropriate ethics training programs for their employees, to establish monitoring mechanisms to detect improper activity, share their best practices, and be accountable to the public. Here are the six principles of this initiative:

- 1) support of a code of conduct;
- 2) ethical training for employees;
- 3) an open atmosphere for employees to report violation without fear of retribution;
- 4) inclusion of internal audits with effective reporting;
- 5) preservation of integrity in the defence industry;
- 6) adopting a philosophy of public accountability.

The DII became the model for what has been the most significant governmental impetus to the business ethics movement, known as the 1991 U. S. Federal Sentencing Guidelines for Corporations (Ferrell, Fraedrich, & Ferrell, 2013). By the mid-1980s at least 500 courses in business ethics enrolled 40,000 students, using some twenty textbooks and at least ten casebooks supported by professional societies and journals of business ethics. European business schools adopted business ethics after 1987 starting with the European Business Ethics Network (History of business ethics, 2010).

There are many approaches to the individual ethical decision-making process in business. One of the most common ones was developed by James Rest in 1986 and was called the “four-step” or “four-stage model of individual ethical decision-making”. Numerous scholars have applied this theory in business context. The four-component model is based on: ethical issue recognition, ethical (moral) judgment, ethical (moral) intent, and ethical (moral) behaviour and briefly described below.

Ethical issue recognition: before a person can apply any standards of ethical philosophy to an issue, he or she must first comprehend that the issue has an ethical component. This means that the ethical decision-making process must be "triggered" or set in motion by the awareness of an ethical dilemma. Some individuals are likely to be more sensitive to potential ethical problems than others. Numerous factors can affect whether someone recognizes an ethical issue; some of these factors are discussed in the next section.

Ethical (moral) judgment: if an individual is confronted with a situation or issue that he or she recognizes as having an ethical component or posing an ethical dilemma, the individual will probably form some overall impression or judgment about the rightness or wrongness of the issue. The individual may reach this judgment in a variety of ways, as noted in the earlier section on ethical philosophy.

Ethical (moral) intent: once an individual reaches an ethical judgment about a situation or issue, the next stage in the decision-making process is to form a behavioural intent. That is, the individual decides what he or she will do (or not do) in regard to the perceived ethical dilemma. According to research, ethical judgments are a strong indicator of behavioural intent. However, individuals do not always form intentions to behave that are in accord with their judgments, as various situational factors may influence the individual to act otherwise.

Ethical (moral) behaviour: the final stage in the four-step model of ethical decision-making is to engage in some behavior with regard to the ethical dilemma. Research shows that behavioural intentions are the strongest indicator of actual behaviour in general, and ethical behaviour in particular. However, individuals do not always behave consistent with either their judgments or intentions with regard to ethical issues. This is particularly a problem in the business context, as peer group members, supervisors, and organisational culture may influence individuals to act in ways that are inconsistent with their own moral judgments and behavioural intentions.

1.4 CORPORATE SOCIAL RESPONSIBILITY THROUGH STAKEHOLDERS THEORY PERSPECTIVE

In this paragraph we will discuss the genesis of stakeholders theory. Its approach as a new conceptual framework for management. Evolution of stakeholder theory, distinction between various parts of this theory and how this parts may go with together contributing to the literature. A final area of certain importance in literature pertaining to stakeholder theory and its link with CSR. This paragraph provide a special attention to Stakeholders engagement for Social Responsible Reporting and specially the role of international standardisation, the most significant is Global Reporting Initiative (GRI).

Already during the long time a growing number of researchers and practitioners have been experimenting with concepts and models that facilitate understanding of the complexities of today's appearing new business challenges. Among these, "stakeholder theory" or "stakeholder thinking" has emerged as a modern narrative to understand and remedy certain interconnected business problems — the problem of understanding how value is created and traded, the problem of connecting ethics and capitalism, and the problem of helping managers think about management in such responsible a way that the first two problems are addressed. According to Freeman (2010), the notion "stakeholder", the way how it is used today, first appeared in an internal memorandum at the Stanford Research Institute

(SRI International, Inc.) in 1963. The term was meant to challenge the notion that stockholders are the only group to whom management need be responsive. In addition, little attention, since Barnard (1938), had been paid to the ethical aspects of business or management.

In 1984, R. Edward Freeman developed the stakeholder theory approach as a new conceptual framework for management. The main starting point is the claim that corporations are not simply managed in the interests of their shareholders alone but that instead a whole range of groups have a legitimate interest in the corporation as well as any group or individual who can affect or is affected by the achievement of certain corporation (Freeman, 1984). Throughout the 1980s and 1990s, Freeman and other scholars shaped this vocabulary to address three interconnected problems relating to business: understanding how value is created and traded, connecting ethics and capitalism, and helping managers think about management. These three interconnected problems relating to business shortly presented in Table 4.

The Problem of Value Creation and Trade:	In a rapidly changing and global business context, how is value created and traded?
The Problem of the Ethics of Capitalism:	What are the connections between capitalism and ethics?
The Problem of Managerial Mindset:	How should managers think about management to: a) Better create value and, b) Explicitly connect business and ethics?

Table 4. Three interconnected problems relating to business

Stakeholder theory suggests that if business would orient its management strategy doing the link between business and the groups and individuals who can affect or are affected by it, then company have a better chance to deal effectively with these three problems. From a stakeholder perspective, business can be viewed as a set of relationships among groups that have a stake in the activities that make up the business (Freeman, 1984; Jones, 1995; Walsh, 2005). It represent the sense how customers, suppliers, employees, financiers (stockholders, bondholders, banks, etc.), communities and managers interact to jointly create and trade value.

According to Freeman (1984) it is the executive's task and responsibility to manage and moderate these relationships to create as much value as possible for stakeholders and to manage the distribution of that value. Where stakeholder interests conflict, the executive must find a way to re-think problems so that the needs of a broad group of stakeholders are addressed, and to the extent this is done even more value may be created for each (Harrison, Bosse, & Phillips, 2010). According to Philips (2003), he argues that an effective management of stakeholder relationships provides businesses to survive and thrive in capitalist systems, it is also a moral endeavour because it concerns

questions of values, choice, and potential harms and benefits for a large group of groups and individuals. It is worth to mention that a description of management which focuses attention on the creation, maintenance, and alignment of stakeholder relationships better equips practitioners to create value and avoid moral failures (Post, Preston, & Sachs, 2002; Sisodia, Wolfe, & Sheth, 2007).

There has been a dispute of discussion about what kind of entity, stakeholder theory really is. Some researchers arguing that it isn't a theory, because theories are connected sets of testable propositions. Others have proposed that there is just too much ambiguity in the definition of the central term to ever admit of the status of this theory. As well there is also propositions that it can be viewed as an alternative theory of the firm. According to Parish (2010), the stakeholder theory can be viewed as a framework, a set of ideas from which a number of theories can be derived. Frequently use of "stakeholder theory" refer to the rather substantial body of scholarship which depends on the centrality of the stakeholder idea or framework.

The stakeholder perspective has been widely applied in a wide variety of disciplines, including law, health care, public administration, environmental policy, and ethics (Freeman, et al., 2010). Before to turn to these applications it also important to mention some important limitations for stakeholder theory.

According to Cambridge press (2010) the stakeholder theory is capable of encompassing a variety of normative cores. This cores presented as an explicit effort to answer two basic questions facing all corporations, researchers and community : what is the purpose of the firm? And to whom does management have an obligation? These questions may be answered by stakeholder theory through a number of different lenses presented in *Table 5* below.

Kantian Capitalism	Provides an ends-means argument for stakeholder interests based on the philosophy of Immanuel Kant (Evan & Freeman, 1998, 1993).
Doctrine of Fair Contracts	Draws on Rawls to map principles for normative core. Stakeholder theory is extended to a genre (Freeman, 1994).
Convergent Stakeholder Theory	Asserts common ground between normative core and instrumental justification of stakeholder theory (Jones & Wicks, 1999).
Fairness	Asserts a cooperative scheme wherein participants are obliged through the taking and giving of benefits (Phillips, 1997)
Libertarian Stakeholder Theory	Uses five libertarian principles to underpin a stakeholder view of value creation and trade (Freeman & Phillips, 2002).
Society	Notions of common good and the good life used in the context of the corporation (Argandona, 1998; Hartman, 1996).
Integrative Social Contracts Theory	Describes the moral substructure of economic life related to stakeholder theory (Donaldson & Dunfee, 1999).
Feminist Theory	Emphasis on inter-relatedness of individuals as basis for management (Wicks, Gilbert, & Freeman, 1994; Burton & Dunn, 1996).
Critical Theory and Habermas	Distinguishes three types of stakes—legitimacy, morality and ethics with guidance for priority (Reed, 1999).
Personal Projects	Human-centric view of enterprise management (Freeman & Gilbert, 1988).

Table 5. Stakeholder Theory: The State of the Art , Adopted from Cambridge press, 2010

Many researchers interpret stakeholder theory as primarily linked to moral theory; that is, to find a moral basis to support the theory and to show its superiority to a management preoccupation with shareholder wealth (Donaldson & Preston, 1995; Goodpaster, 1991; Boatright, 1994). According to Jones & Wicks (1999), stakeholder theory represents a bridge between the normative analysis of the philosopher and the empirical/instrumental investigation of the management. Such an agenda gives researchers on both sides of the ethics/social science divide an important role in the future development of stakeholder theory.

1.4.1 THE ESSENCE OF STAKEHOLDERS THEORY VISION

In the evolution of stakeholder theory, some researchers has suggested a distinction between various parts of this theory and how this parts may go with together (or fail to fit together) at the same time contributing to the literature. According to Donaldson & Preston (1995) explicitly acknowledge and systematically discuss the notion that stakeholder theory has four distinct parts: descriptive (e.g., research that makes factual claims about what managers and companies actually do), instrumental (e.g., research that looks at the outcomes of specific managerial behaviour), normative (e.g., research that asks what managers or corporations should do) and managerial (e.g., the research that

speaks to the needs of practitioners). They proclaim that all discussed parts are playing an important part in the theory, but each has its own particular role and methodology. The first two strands of stakeholder theory are explicitly part of the social sciences and involve matters of fact. The third, the normative dimension, is explicitly moral and is the domain of ethicists. Donaldson & Preston (1995) claim that the normative branch of stakeholder theory is the central core, and that the other parts of the theory play a subordinate role. As well they argued that stakeholder theory first and most fundamentally that specifies the obligations that companies have to their stakeholders (Parish et al, 2010).

Besides this statement in a contrast, Jones & Wicks (1999) explicitly claim that there are important connections among the parts of stakeholder theory and that the differences are not as sharp and categorical as Donaldson & Preston suggest. As well, Freeman (1999) explicitly rejects the idea that it is possible to sharply distinguish between the three branches of stakeholder theory. He argues that all these forms of theory are forms of story-telling and that all three branches have elements of the others embedded within them. Freeman (1999) argues that there is no value-free language, nor is there epistemological privilege for social science inquiry. According to this it is possible to make pragmatic distinctions between the parts of stakeholder theory. The focus of theorizing needs to be about how to tell better stories that enable people to cooperate and create more value through their activities at the corporation. In pragmatic way, a good theory serve to help managers to create value for its stakeholders and enable them to live better lives in the real world because of the enterprise respect of their expectations.

It is worth to mention that a common misconception that stakeholder theory casts a very large net in terms of who is considered a legitimate stakeholder (Phillips, Freeman, & Wicks, 2003). Freeman (1984) defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives. The notion of legitimacy, following Ackoff (1979) is further clarified by the definition that a stakeholder represents a group that the firm needs in order to exist, specifically customers, suppliers, employees, financiers, and communities (Dunham, Freeman, & Liedtka, 2006). Others have differentiated between primary and secondary stakeholders. Primary refers to groups whose support is necessary for the firm to exist, and to whom the firm may have special duties towards. Secondary stakeholders have no formal claim on the firm, and management has no special duties pertaining to them; nevertheless, the firm may have regular moral duties, such as not doing them harm (Carroll, 1993, Gibson, 2000).

1.4.2 THE ROLE OF STAKEHOLDERS THEORY ON CORPORATE SOCIAL RESPONSIBILITY ADVANCEMENT

A final area of certain importance in literature pertaining to stakeholder theory is its link with CSR. As we have already discussed in the beginning of this chapter, there are many different of concepts fall under the CSR umbrella: corporate social performance (Carrol, 1979; Wartick & Cochran, 1985; Wood, 1991), corporate social responsiveness (Ackerman, 1975, Ackerman & Bauer, 1976, Sethi, 1975), corporate citizenship (Wood & Logsdon, 2001; Waddock, 2004), corporate governance (Jones, 1980; Freeman & Evan, 1990; Evan & Freeman, 1993; Sacconi, 2006), corporate accountability (Zadek, Pruzan & Evans, 1997), sustainability and the triple bottom line (Elkington, 1997), and corporate social entrepreneurship (Austin, Stevenson, & Wei-Skillern, 2006). Stakeholder engagement has been critical to helping CSR researchers identify and specify the social obligations of business conceptually (Davis, 1960, 1967, and 1973; Post, 1978, 1981, Frederick, 1994) and empirically (Ackerman, 1975; Ackerman & Bauer, 1976; Sethi, 1975; Frederick, 1978, 1987, 1998; Carroll, 1979 and 1991; Wartick & Cochran, 1985; Ullman, 1985; Epstein, 1987; Wood 1991).

The issue of value creation does not fall into the scope of CSR, unless the question rises on how a company creates value effects society are its operates. By adding a social responsibility to the existing financial responsibilities of the firm, CSR actually exacerbates the problem of capitalism and ethics. The recent financial crises show the consequences of separating ethics from capitalism. The large banks and financial services firms all had CSR policies and programs, but because they did not see ethics as connected to what they do – to how they create value – they were unable to fulfil their basic responsibilities to their stakeholders and ended up destroying value for the entire economy (Cambridge University Press, 2010).

There have been a variety of studies which aim to examine the empirical link between corporate social performance and corporate financial performance (Ackerman, 1973; Graves & Waddock, 1997; Barnett, 2007). They analysed 95 empirical studies that examine the relationship between corporate social performance (CSP) and corporate financial performance (CFP), concluding that the positive relationship claimed in over 50% of CSP-CFP studies is questionable at best. They claim that this instability in the results is due to a variance in the way these studies were conducted, specifically variance in the samples of firms used by researchers, the operationalisation of CSP and CFP, and in control measures. Consequently, they also set a new agenda for CSR research (Margolis & Walsh, 2003). Their view is follows: there are significant social problems in the world that need attention. According to an economic logic, firms need to maximise their profits, therefore attempts

to legitimise corporate social activities have tried to appease this economic logic by: discovering an empirical relationship between CSP and CFP; retaining an instrumentalist logic.

From a stakeholder theory perspective, Corporate Social Performance,³ which is an inclusive and global concept to embrace CSR, responsiveness and the entire spectrum of socially beneficial activities of businesses (Carroll, 1999), can be assessed in terms of a company's ability to meet the demands of its multiple stakeholder groups (Ruf et al., 2010). According to Ruf et al., (2010) moreover, companies have to seek how to satisfy the demands of stakeholders as an unavoidable cost of doing business. Thus, stakeholder theory asserts that companies have a social responsibility to consider the interests of all actors affected by their business decisions. Likewise, CSR suggests that companies' responsibilities extend beyond the shareholders to include other stakeholders such as employees, suppliers, clients, consumers, and communities at large. Moreover, among different stakeholders, the CSR literature appears to prioritise responsibility toward the local community, including the welfare of employees, as opposed to the organisation's responsibilities to a wider society.

There has been a fundamental difficulty understanding the exact definition of the CSR concept and what it involves. Pinpointing such a definition could provide a framework or model for systematic collection, organisation, and analysis of corporate data related to this issue (Clarkson, 1995), and this lack of definition, alongside other problems, has slowed down empirical testing of the theories (Wartick and Cochran, 1985; Wood, 1991). In this context, the model presented by Wood (1991) defines CSR as the configuration of the following: principles of social responsibility, processes of social responsiveness, policies, programs and observable outcomes relative to the relations of the company with society. The definition presented by Wood (1991) makes the analysis of social responsibility possible from different focal points, and has been complemented by advocates of the stakeholder view of the firm (e.g., Clarkson, 1995; Wood and Jones, 1995). They argue that businesses are not really responsible to society in general, but only to their stakeholders. Based on this argumentation, Wood and Jones (1995) proposed that stakeholder theory is the key to understand the structure and dimensions of the firm's societal relationships. By redefining outcomes as internal stakeholder effects, external stakeholder effects, and external institutional effects, Wood and Jones (1995) proposed that stakeholders have following roles: the norms for corporate behaviour and the effects of corporate behaviour. The outcomes of companies' behaviours in terms of how the companies have met expectations and have affected the groups and organisations in their environment.

³ Corporate Social Performance is the stakeholders' assessment of the CSR. It is a business organisations configuration of principles of responsibility, processes of social responsiveness and policies, programs, and observable outcomes as they relate to the firm's societal relationships (Wartick and Cochran, 1985)

For example, Carroll (1991) provides a link to stakeholder theory by mentioning the natural fit between the idea of CSR and an organisation's stakeholders. Moreover, Carroll (1991) argues that the concept of stakeholder personalises social responsibilities by specifying groups or persons to whom companies are responsible and should be responsive (ibid.). Clarkson (1995) criticizes the way in which the business and society fields are disregarded in the definition of CSR, and believes that the social issues concept was foreign to managers, while the notion of stakeholders was sensible and integral to their orientation. To overcome this issue, the author conducted a range of stakeholder studies in order to test stakeholder theory and its relationship to other economic and organizational variables.

More recently, Freeman suggested that the concept of CSR should be renamed to company stakeholder responsibility to reflect both an association with stakeholder theory and the fact that small businesses as well as large corporations have responsibilities (Freeman and Velamuri, 2006). A while ago, the adherence of stakeholder theory have focused also on the role of international organisations in CSR. The study of Janney (2009), which investigates stock market reactions to a firm's joining the UN Global Compact, suggests that even though the Global Compact is not a traditional stakeholder of the company (e.g., supplier, community), its role in providing affiliation proves valuable. The article of Gilbert and Rasche (2007) reveals problems and opportunities created by standardised ethics initiatives (e.g., the UN Global Compact, the ISO, the Global Reporting Initiative, and the SA 8000 from the perspective of stakeholder theory.

The research investigation in this subject also bring a light to the question of whether CSR should be voluntary. According to Carroll (1999), the CSR of the company should strive to make a profit, obey the law, be ethical and be a good corporate citizen. In his view, this includes voluntary socially responsible actions. Stakeholder theory seeks to systematically address the question of which stakeholders do and do not deserve or require management attention, and it does so through an evaluation of relationships between organisations and stakeholders based on exchange transactions, power dependencies, legitimacy claims, or other claims (Mitchell et al., 1997). The two previously mentioned statements show that the idea of exceeding the requirements of the law is also a feature of the CSR literature.

For example, Mosley (1996) argue that CSR refers to managements' obligation to set policies, make decisions and follow courses of action beyond the requirements of the law that are desirable in terms of the values and objectives of society (Mosley et al., 1996). The majority of the statements mentioned above illustrate that differing interpretations of CSR encompass varying degrees of

stakeholder involvement and commitment to CSR. They come to show that stakeholder theory is considered to be a necessary process in the operationalisation of CSR, as a complementary rather than conflicting body of literature (Matten et al., 2003).

1.4.3 STAKEHOLDERS ENGAGEMENT FOR SOCIAL RESPONSIBLE REPORTING (NON-FINANCIAL REPORTING)

As of the beginning of the 21 century grave events and crises awakened an urgent need for change: deterioration of the environment, human rights abuses, millionaire financial frauds, market globalisation, poverty, and health crises. The criticism of business was more far-reaching than ever before. According to Craig, this was in part because, with globalisation business itself was more pervasive and more powerful (Craig, 2003). Other events have disconcerted the conscience of society, such as the recent global crisis, affecting people all over the world. The insights that global markets must be embedded in a social consensus of shared values; that markets need an underpinning of laws and rules that go beyond the imperative of economic efficiency; and that liberalization itself is the outcome of deliberate policy choices and must have social legitimacy to be sustainable over time, all provided useful points of reference. And so long as governments remained local while markets went global, there was a real gap in global governance, which, if left unattended, could be exploited by narrow interests at the expense of many.

As it was discussed above, the stakeholders have increased their influence on company business activities in the early 21st century as community citizenship and social responsibility are being consistently integrated into business management. International organisations, Governmental organisations, customers, employees, international and local communities and different business partners are key stakeholder groups in company decisions and activities (Neil Kokemuller, 2007). Branco and Rodrigues (2007) described stakeholder perspective of CSR as a set of views of corporate responsibility held by all groups or constituents with a relationship to the firm. In their regulative model the company accepts these views as long as they do not hamper the organisations' activity. The stakeholder perspective fails to acknowledge the complexity of network interactions that can occur in cross-sector partnerships. It relegates communication to a maintenance function, similar to the exchange perspective (Shumate, M., O'Conner, 2010). While opinions differ on how responsibility should be allocated across the public and private sectors, corporate stakeholders (which typically include shareholders, employees, customers, suppliers, communities, governments and regulators) are demanding that companies recognise a broader scope of responsibility in

addressing those problems. As a result, companies are increasingly working with stakeholders to understand their views and concerns on various environmental, social, corporate governance and economic issues (such issues often referred to as CSR issues) and to incorporate and address those views and concerns in the company's strategic decision-making processes (Noked, 2013). Stakeholder engagement and understanding and addressing stakeholders' CSR concerns have become especially important as shareholders and potential investors are increasingly evaluating CSR issues when analyzing investment decisions. Under sustainable and responsible investing (SRI) principles, investors apply various CSR criteria in their investment analysis (The Forum for Sustainable and Responsible Investment, 2012).

An increasing number of transnational corporations (TNCs) and large domestic companies, supported by business and industry associations, are adopting a variety of so-called voluntary initiatives that aim to improve their social, environmental, and human rights record. Such initiatives include, for example, codes of conduct; measures to improve environmental management systems and occupational health and safety; company 'triple bottom line' reporting on financial, social, and environmental aspects; participation in certification and labelling schemes; dialogue with stakeholders and partnerships with NGOs and United Nations agencies; and increased support for community development projects and programmes (Utting, 2005). The rise of welfare legislation in post-war Europe, for example, occurred in a context where the labour movement and other ideological and political forces associated with social democracy were relatively strong, and big business had been weakened through previous decades of depression and war (Gallin, 2000). The adoption of non-binding international standards for TNCs by the ILO and the OECD in the 1970s, and of UN codes of conduct related to specific products in the 1980s, was due largely to influences and pressures associated with civil society activism, regulatory threats for binding international regulation of TNCs, and calls from developing countries and others for a New International Economic Order (Hansen 2002; Richter 2001).

The idea that the United Nations (UN) could assert itself as a stabilising force, while placing emphasis on market inclusion, seemed both fitting with the mission of the organisation and timely in light of the ongoing lack of leadership around trade, business and social issues. These macro arguments gained further momentum as social priorities became, once again, a lightning rod in trade negotiations. The world was witnessing changing perceptions about the role of business in society, and companies were under pressure to adopt proactive social and environmental policies to maintain their operating licenses. Social and environmental responsibility is a core business issue

(Orlitzky, Schmidt and Rynes, 2003; Walsh et al., 2003). In this context, the universal legitimacy of the Global Compact principles provided the UN with an institutional advantage in dealing with the burgeoning debate around CSR (Kell, 2005). The UN Global Compact (UNGC) launched in July 2000, with the support and participation of multinational companies, global trade unions and civil society organisations.

The UNGC is about integration of the ten principles in the areas of human rights, labour, the environment, and anti-corruption in business operations, and also about company engagement in the development of the poor parts of the world. It may be its catalytic impact on the organisation, fostering a new era of cooperation with the business community (Kell, 2005). In May 2010, the UNGC and Global Responsible Initiative (GRI) announced a new collaboration. The agreement is intended to provide companies in compulsory annual disclosure requirement, also known as the Communication on Progress (CoP). This new collaboration offers a unique opportunity to provide a clear roadmap to sustainability and change business practices on a global scale (csr-news.net). The UNGC offers internationally recognised principles on what to do, and the GRI on how to measure and report what is done. This collaboration could help to annual CoP. The Global Reporting Initiative (“GRI”) G4 Guidelines is a resource that can assist companies in drafting their CSR reports. More than half of the S&P 500 companies publishing CSR reports use the GRI reporting framework. The performance indicators address all the aspects of CSR, and can distinguish between those businesses focused on all stakeholders, including the environment. This aspects described in *Table 6* below.

Economic Considerations	disclosing the company’s impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels.
Environmental Issues	disclosing the company’s impacts on living and non-living natural systems (land, air, water and ecosystems), including impacts related to inputs (such as energy and water), outputs (such as emissions, effluents and waste) as well as environmental compliance and expenditures.
Ethics and Integrity	disclosing the company’s values, principles and standards, and its internal and external mechanisms for (1) seeking advice on ethical and lawful behavior and (2) reporting concerns about unethical or unlawful behavior and matters of integrity.
Social Impact	disclosing the company’s impacts on the social systems within which it operates, including those relating to human rights, society and product responsibility.
Stakeholder Engagement	disclosing the company’s stakeholder engagement during the reporting period and not limiting it solely to engagement conducted for purposes of preparing the CSR report.

Table 6. The performance indicators address all the aspects of CSR

1.4.4 GLOBAL REPORTING INITIATIVE (GRI) FOR NON-FINANCIAL REPORTING

The GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts (GRI, 2012). The vision of the Global Reporting Initiative (GRI) is :

A sustainable global economy where organizations manage their economic, environmental, social and governance performance and impacts responsibly, and report transparently.

And its mission is:

To make sustainability reporting standard practice by providing guidance and support to organizations.

As a network-based organization it developed its reporting framework in collaboration with stakeholders from business, government, labor, and professional groups in order to ensure credibility and relevance. GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organizations can increase the trust that stakeholders have in them, and in the global economy (GRI, 2012):

GRI is a network-based organisation. A global network of some 30,000 people, many of them sustainability experts, contributes to its work. GRI's governance bodies and Secretariat act as a hub, coordinating the activity of its network partners .

The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organisation's economic, environmental, and social performance in a format that mirrors financial reporting and creates more transparency. It can be used by companies of any size, as well as for non-profit and government organisations. The organisation publishes Sustainability Reporting Guidelines that are a "free public good." These guidelines and performance indicators can be used by organisations to report and assess their progress toward achieving CSR goals each year. They allow organisations to differentiate between what is required by external laws and codes, and what is voluntary. The guidelines require that companies provide evidence of stakeholder engagement (GRI, 2012):

[...] the identities of the stakeholder groups (communities, civil society, customers, shareholders, suppliers, employees), the basis on which they were selected as significant to the organisation, the manner and frequency of the engagement (surveys, focus groups, panels), and key concerns raised during the stakeholder engagement activities.

The guidelines establish the principles and performance indicators that organisations can use to measure and report their performance in six categories (GRI, 2012):

-
- The Economic Category requires economic performance market presence and indirect economic impacts.
-
- The Environment Category includes materials; energy; water; biodiversity; emissions, effluents, and waste; products and services; compliance; transport; and overall.
-
- The Social Category includes sustainability and the impacts an organisation has on the social systems within which it operates, as well as labour practices and human rights based on internationally recognised universal standards such as the United Nations Universal Declaration of Human Rights and its Protocols.
-
- The Human Rights Category includes investment and procurement practices, non-discrimination, freedom of association and collective bargaining, abolition of child labour, prevention of forced and compulsory labour, complaints and grievance practices, security practices, and indigenous rights.
-
- The Society Category addresses community, corruption, public policy, anti-competitive behaviour, and compliance. The Product Responsibility Category includes customer health and safety, product and service labelling, marketing communications, customer privacy, and compliance;

Thus, these reports also require data on how products affect the health of customers and the community, how well the company tracks the adherence to human rights principles of its suppliers, and how well the company is decreasing its own use of resources like water and polluting energy. Each performance category has indicators a company must address (core) and indicators that may be addressed (additional) (GRI, 2012c).

In 2011, 2,809 organisations posted reports, and “more companies are having their sustainability reports assured, resulting in more accurate and trustworthy data” (GRI’s Survey, 2010). The proportion of reports being assured increased from 45 percent (510) in 2009 to 47 percent (664) in 2010 (GRI, 2010). Ernst Ligteringen, Chief Executive of the GRI, explained the importance of assurance (GRI’s Survey, 2011):

More and more organisations around the world are realising the importance of their impacts on the economy, the environment and society, and they are starting to report on their performance in those areas. Similarly, investors are looking more closely at sustainability data to determine the long-term health of a company. An important way to ensure that this kind of data is useful, meaningful and accurate is to have the report assured

As an example, Nestle` was one of the first food companies to help the GRI develop a global reporting standard and indicators on sustainability in the food sector. Its mission and values are focused on internal employees and performance. Nestle` participates in the UN framework to tackle climate change and in the International Cocoa Initiative. In 2010, it applied at B + level, which requires a third-party assessment. Although many of the Performance Indicators are not addressed, especially in the environmental biodiversity and recycling, it does report that 91 percent the number of suppliers that are either ISO14001 or OHSAS 18001 certified. Nestle`’s Social area reports significant support for improving farming methods, particularly irrigation for local farmers. It

invested over CHF 175 million in environmental sustainability initiatives during 2010 (Wilburn and Wilburn, 2013).

The UNGC is working with GRI toward a Realising Rights/The Ethical Globalisation Initiative, which would increase integration of human rights principles into corporate sustainability reporting, and increase the number of publicly disclosed policies and practices relating to human rights (CSR, 2011). In 2013, the fourth version of the GRI (G4) Manual was presented in its renewed final version. This event is an important step in the development of the theory and practice of non-financial reporting, as GRI G4 accumulates the global experience gained from previous versions of the GRI Guidelines and provides the basis for further progress. The GRI G4 was preceded by a more than two-year development process, which involved thousands of participants around the world. Among many features, the new Standard Disclosures GRI G4 include:

- Generic set of Disclosures on Management Approach (DMA)
- Report why the Aspect is material. Report the impacts that make this Aspect material
- Report how the organization manages the material Aspect or its impacts
- Report the evaluation of the management approach
- Supply Chain Standard Disclosures
- Governance Standard Disclosures
- Ethics and Integrity Standard Disclosures
- Anti-Corruption Standard Disclosures
- Energy and GHG Emissions Standard Disclosures

As with all versions of GRI's Guidelines, G4 includes references to widely accepted and used issue-specific reporting documents, and is designed as a consolidated framework for reporting performance against different codes and norms for sustainability.

The G4 Guidelines support organizations to report on the implementation of the following documents (among others):

-
- Organisation for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises, 2011
-
- United Nations (UN), Guiding Principles on Business and Human Rights. Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011
-
- United Nations Global Compact, Ten Principles, 2000

GRI is further committed to updating the linkage publication between the GRI Guidelines and other frameworks, standards and initiatives, including CDP (water, climate change), ISO26000, European Directive on non-financial and diversity disclosure, IRIS and CASS-CSR 3.0. GRI has strategic partnerships or synergies with the following organisations:

- The Organisation for Economic Co-operation and Development (OECD) The United Nations Global Compact (UNGC)
- The United Nations Environment Programme (UNEP)
- The International Organization for Standardization (ISO)
- The United Nations Conference on Trade and Development (UNCTAD)
- International Finance Corporation (IFC)
- Earth Charter

Stakeholder feedback to GRI suggested that reports included too much information on issues that were not material, causing unnecessary burden for reporting organizations and difficulties for report readers in extracting essential information. By placing an even greater emphasis on the concept of materiality, the renewed version of GRI G4 encourages reporting organizations to provide only Disclosures and Indicators that reflect their economic, environmental and social impacts, on the basis of a dialogue with their stakeholders and an assessment of the organization’s impacts. This allow reporting organizations and report users alike to concentrate on the economic, environmental, and social impacts that really matter, resulting in reports that are more strategic, more focused and more credible, as well as easier for stakeholders to navigate (Global Reporting Initiative G4, 2015). One of the principles of the GRI G4 Guideliness is to publish only relevant information for stakeholders. In other words, companies are invited to focus on the most significant and sensitive issues that directly affect their activities. There are two different types of Standard Disclosures: General Standard Disclosures and Specific Standard Disclosures which presented below in *Table 7* and *Table 8* Discloser on Management Approach (DMA) and Indicators.

Specific Standard Disclosures	General Standard Disclosures
Strategy and Analysis	Disclosures on Management Approach
Organizational Profile	Indicators
Identified Material Aspects and Boundaries	
Stakeholder Engagement	
Report Profile	
Governance	
Ethics and Integrity	

Table 7. Specific Standard Disclosures and General Standard Disclosures

Table 8. Discloser on Management Approach

<ul style="list-style-type: none"> Discloser on Management Approach (DMA) 	<p>The DMA is intended to give the organization an opportunity to explain how the economic, environmental and social impacts related to material Aspects are managed. DMA provides narrative information on how an organization identifies, analyzes, and responds to its actual and potential material economic, environmental and social impacts.</p>
Indicators by aspects	
<ul style="list-style-type: none"> - Category Economic 	<ol style="list-style-type: none"> Economic Performance Market Presence Indirect Economic Impacts Procurement Practices
<ul style="list-style-type: none"> - Category Environmental 	<ol style="list-style-type: none"> Materials Energy Water Biodiversity Emissions Effluents and Waste Products and Services Compliance Transport Overall Supplier Environmental Assessment Environmental Grievance Mechanisms
<ul style="list-style-type: none"> - Category Social 	<ol style="list-style-type: none"> <u>Labour Practice and Decent Work</u> <ul style="list-style-type: none"> Employment Labour/Management Relations Occupational Health and Safety Training and Education Diversity and Equal Opportunity Equal Remuneration for Women and Men Supplier Assessment for Labour Practices Labour Practices on Grievance Mechanisms
	<ol style="list-style-type: none"> <u>Human Rights</u> <ul style="list-style-type: none"> Investment Non-discrimination Freedom of Association and Collective Bargaining Child Labour Forced or Compulsory Labour Security Practices Indigenous Rights Assessment Supplier Human Rights Assessment Human Rights Grievance Mechanisms
	<ol style="list-style-type: none"> <u>Society</u> <ul style="list-style-type: none"> Local Communities Anti-corruption Public Policy Anti-competitive Behaviour Compliance Supplier Assessment for Impacts on Society Grievance Mechanisms for Impacts on Society
	<ol style="list-style-type: none"> <u>Product Responsibility</u> <ul style="list-style-type: none"> Customer Health and Safety Product and Service Labelling Marketing Communications Customer Privacy Compliance

Depending on the willingness of the company to disclose information, the GRI G4 guidelines offers two sets of information for disclosure: *core* and *comprehensive*. The basic and extended variants of GRI G4 compliance, as well as the previous levels of application of the Guidelines, characterize not the quality of the report, but the degree of disclosure in it. The focus moves from disclosing as many indicators as possible towards qualitative analysis. The development of non-financial reporting as a management tool is undoubtedly facilitated by the worldwide practice of managing intangible assets and risk management. This also includes the requirements of different regulatory institutions, and the growing interest from civil society. Paying attention about the role of GRI, it should be noted that in addition to its immediate function - namely, developing requirements for disclosure of information - GRI G4 sets global trends, forming, in fact, a new philosophy of managing sustainable development.

1.5 THE REGULATORY TYPES FOR CORPORATE SOCIAL RESPONSIBILITY

This paragraph describes the role of governmental interaction as non-market force for CSR development and implementation. The short description of four main types of CSR regulation is proposed. Policy instruments as “tools of governance” representing methods by which governments effect their policies on CSR have been mentioned.

In literature on business management, organisational social-issues, political-science and sociology the role of “*Non-market forces*” in CSR development is increasingly discussed. For example Albareda, Laura, Lozano, Josep M., & Ysa, Tamyko, (2007), argued that the increased role of government in CSR has facilitated the development of numerous CSR programs and policies. Some researchers argued that non-market strategies can be an effective mechanism to establish and provide sustainable development in corporate agenda. For example Boddewyn (2003) defined non-market strategies as follows:

Non-market refers to internal and external organising and correcting factors that provide order to market and other types of societal institutions and organisations – economic, political, social and cultural – so that they may function efficiently and effectively as well as repair their failures.

According to Fox (2002) there are four recognised regulatory types for corporate social responsibility described in Table 9 (Fox, Ward, & Howard, 2002).

Table 9. Four recognised regulatory types for corporate social responsibility

Regulatory type		Regulatory strength
Endorse	Political support for CRS through general information campaigns and websites, political rhetoric.	Medium
Facilitate	Incentives for companies to adopt CRS through subsidies or tax incentives; public procurement.	Medium
Partner	Collaboration of government organisations with business organisations to disseminate knowledge or develop/maintain standards, guidelines and etc.	Medium
Mandate	Regulation of minimum standards for business performance.	High

Governments usually represent a democratically legitimate and a potentially powerful stakeholder group. They define not only the scope of the CSR concept by setting legal minimum standards; they can shape the meaning of CSR and promote respective management practices by using a variety of non-mandatory policy instruments (Albareda et al., 2006; 2007; 2008; Müller and Siebenhüner, 2007; Steurer, 2010). These soft policies can either replace or complement ‘hard’ (i.e. mandatory and enforced) regulation, or they can compensate for the lack thereof in cases where mandatory social and environmental standards are politically contested or infeasible (Haufler, 2001; Moon, 2002; 2007). Governments are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis. This motivation touches not only on policy objectives related to sustainable development and environmental protection, but also on foreign policy goals, such as human development and development assistance (Haufler 2001). Liston-Heyes and Ceton (2007) state that CSR is concerned with redistributing corporate resources to public causes. As the CSR critic Henderson (2001b) puts it provocatively, CSR is now “a common body of doctrine” that requires businesses to “play a leading part in achieving the shared objectives of public policy and making the world a better place”.

Since CSR is concerned with managing business relations with a broad variety of stakeholders, the concept obviously reshapes not only management routines but also the roles of, and relations between, businesses, governments, and civil society. In this respect, CSR leads to “shifting involvements of the public and the private” sectors (Hirschman, quoted in Moon 2002). Since CSR is far more than a management approach that could be left to the discretion of managers, governments have a natural interest in co-defining the shifting involvements of the different sectors rather than being passive objects of change (Steurer, 2010).

Policy instruments can be defined as ‘tools of governance’, representing ‘the relatively limited number of means or methods by which governments effect their policies’ (Howlett and Ramesh, 1993). Although there is ‘no single agreed characterisation of government resources or instruments in the literature on public administration’ (Hood, 1983), one can distinguish a standard set of instruments consisting of legal, financial, and informational governance tools (Howlett and Ramesh, 1993; Bemelmans-Videc et al., 1997; Jordan et al., 2003), plus two additional instruments that play a vital role in the context of CSR (Steurer, 2010):

-
- Legal instruments (or ‘sticks’) prescribe desired choices and actions by making use of the state’s legislative, executive and judicial powers. Normally, the underlying rationales are hierarchy and authority. In the context of CSR, however, laws, directives, and regulations often assume a recommending rather than a mandating character.
-
- Financial instruments (or ‘carrots’) are usually based on the resources of the taxing authority and the treasury. Their rationale is to influence behaviour through financial incentives and market forces. In the context of CSR, one finds relatively weak economic instruments such as subsidies and awards.
-
- Informational instruments (or ‘sermons’, metaphorically speaking) are based on the resource of knowledge. Their rationale is moral or factual persuasion. As they are usually restricted to highlighting options and the possible consequences, they imply thereby no constraints whatsoever. Examples are government-sponsored campaigns, guidelines, training, and websites.
-
- Partnering instruments (or ‘ties’) bring government agencies and businesses together in public-private partnerships, negotiated agreements, or stakeholder forums. The actors involved aim to exchange complementary resources or to avoid conventional ‘hard regulation’, such as bans.
-
- Hybrid instruments (or ‘adhesives’) combine two or more of the instruments mentioned above (Rittberger and Richardson (2003), Hood (1983)) into a hybrid initiative in its own right. Among the most significant hybrid instruments are, for example, CSR platforms/centres and CSR strategies, which both coordinate several other policy instruments.

Metaphorically speaking, governments engage in CSR with “soft rods”, “carrots” that hold different actors together, and ‘adhesives’ that hold different instruments together. Although mandatory social and environmental policies must be kept apart from soft and voluntary CSR policies, this does not imply that the CSR policy themes that are described below are unsuitable for mandatory (or hard) regulation. It means that mandatory instruments represent conventional (social or environmental) policies that curtail the scope of softer CSR policies (Steurer et al., 2012).

1.6. THE EUROPEAN UNION AGENDA FOR CORPORATE SOCIAL RESPONSIBILITY

This paragraph describes an active participation of the Europe Union agenda for CSR fortification on governmental and business levels. Through developed national and international CSR policies corporations importantly contribute to the EU's treaty objectives of sustainable development and highly competitive social market economy. The milestones of CSR advancement discussed in this paragraph as well as adopted public policies, action plans and strategies for CSR. An important issue on different approaches among most advanced countries on CSR among EU member states were briefly presented. This paragraph finished with discussion on insufficient experience of CSR in countries with developing economies.

The European Union (EU) as a strong governmental mechanism and the second largest economy in the world that operates through a system of supranational institutions⁴ and intergovernmental organisations with its member states could be one of the best examples of the important and active role from the point of view of “non-market forces” that it plays for the development and promotion of CSR principles and standards for business and society.

Given that the European Commission defines CSR as a voluntary business contribution to sustainable development, and given that sustainable development is an overarching policy objective that has been pursued with two overarching EU strategies (i.e. the Lisbon Strategy for Growth and Jobs and the EU Sustainable Development Strategy) for a decade now (Steurer and Berger, 2011), it would be consistent for governments in all EU member states to actively promote and shape CSR with a range of soft public policies (Steurer et al, 2012).

The European Union (EU) has been the continent that first became a convert to the CSR movement. Several reasons fare for this. Although innumerable abuses took place along its history, in Europe there have been traditionally more CSR consistent values, norms and perceptions than in other areas of the world; European corporations have tended to hold stronger and broader approaches to stakeholder relations; and that network is being established to help many companies share and diffuse relevant information about CSR. Through CSR, corporations importantly contribute to the EU's treaty objectives of sustainable development and highly competitive social market economy (Mullerat,2013).

The EU is the first to put towards a so-called “*smart mix of voluntary policy measures and regulations*” which could take corporate social responsibility policies beyond voluntary to

⁴ The European Union institutions are: the European Commission, the Council of European Union, the European Council, the Court of Justice of European Union, the European Central Bank, the Court of Auditors, and the European Parliament.

mandated 28 countries (European Commission, 2011). The institutions of European Union particularly the European Commission and the European Council, regarded corporate social responsibility as shared competency between the EU and its member states.

According to the Commission, CSR is racing up such aspects as: human rights, labour and employment practices (such as training, diversity, gender equality, and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption (European Commission, 2011). The milestones of CSR in Europe presented in Table 10 below.

Table 10 : The milestones of CSR in Europe

1995	The European Business Manifesto Against Social Exclusion, when the President of the European Commission ('EC') and a group of European companies launched a Manifesto and defined a level playing ground for businesses. This Manifesto led to the creation of a European Business Network.
1998	The first CSR Europe Advisory Board, including IBM, Johnson & Johnson and Shell is created.
1999	The European Parliament resolution calling for a binding code of conduct to govern EU companies' environmental, labour and human rights compliance world-wide.
2000	<ul style="list-style-type: none"> • The Lisbon Summit, where the EU heads of state made the commitment to: "make Europe the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010". • The call of EU heads of State for business to support CSR as part of the Lisbon Agenda.
2004	The EC First Communication on CSR, "a business contribution to sustainable development" that laid the foundation for a common understanding of CSR in Europe which was aimed at delivering the objectives of the Lisbon Strategy. "Companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis".
2002	<ul style="list-style-type: none"> • The EC First Communication on CSR, "a business contribution to sustainable development" that laid the foundation for a common understanding of CSR in Europe which was aimed at delivering the objectives of the Lisbon Strategy. "Companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis". • The European Parliament votes for a new legislation to require companies to publicly report annually on their social and environmental performance, to make board members personally responsible for these practices and to establish legal jurisdiction against European companies' abuses in developing countries; • The EC launches the EU Multi-stakeholder Forum on CSR to exchange good practices and assess common guidelines.
2003	A Council Resolution calls upon Member States ("MS") to promote CSR at a national level, to continue to promote dialogue with social partners and civil society, to promote transparency of CSR practices, to exchange information and experiences and to integrate CSR into national policies.
2004	The EC embarks on a consultation process inviting the European Multi-stakeholder Forum on CSR reports on common principles of CSR in the EU. Since the Forum excluded all reference to regulation and mandatory measures, trade unions and NGOs, the Forum is boycotted.
2005	The EC organises a conference on SMEs.
2006	EC Communication entitled "Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR", which led to a greater interaction between the EU and the Alliance. It added two important initiatives, namely the Multi-stakeholder Forum and an integration of CSR into European policy.
2007	<ul style="list-style-type: none"> • A EU Parliament Report answering the EC Communication and calling the Commission to implement a more pragmatic approach to CSR taking measures that actually work, either voluntary or mandatory, to address specific issues. • The First High Level Meeting of the European Alliance in which commissioners met with business leaders to discuss progress. The European Alliance for CSR is an open partnership focusing on providing support for companies in the developing world of CSR .
2008	The EC presents the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan with a series of proposals to contribute to improving the environmental performance of products and increase the demand for more sustainable goods and production technologies.
2009	The EC convenes a meeting of the European Multi-stakeholder Forum on CSR, with 250 key stakeholders to review the progress made on CSR and to discuss future initiatives.
2011	The EC publishes a new policy on CSR. To fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders".
2012	Two studies were conducted for the EC. The first deals with the state of the art in CSR reporting in the EU. The second provides an overview of issues with regard to responsible supply chain management.

1.6.1 PUBLIC POLICIES ON CORPORATE SOCIAL RESPONSIBILITY IN EUROPEAN UNION

The European Commission updated Compendium 2011 of public policies on CSR in the EU offers a snapshot of CSR activity in EU countries, which can be summarised in the following paragraphs:

I. *Adoption of action plans and strategies*

One way to establish a CSR-supporting policy framework is to adopt CSR action plans and strategies. These are central and public documents that define a government's general approach to CSR, set priorities for actions and coordinate a set of existing and new policy instruments. In the last decade, the EC has been an active player in promoting CSR in the EU MS through communications, meetings, studies and other initiatives. Properly implemented, they can be a first step towards a public CSR policy, especially for countries that cannot build upon a long CSR tradition. CSR action plans were adopted by Belgium in October 2006, Hungary and the Netherlands in 2007, Bulgaria in 2009, Denmark in 2008, and Germany in 2010. One should distinguish between an implicit and an explicit CSR policy framework. The implicit framework refers to institutions that are not called CSR but nevertheless are supportive of it (like legal institutions such as a constitution or labour law or government policies such as environmental or higher education regulations). By contrast, the explicit framework consists of all those institutions that were originally designed to promote CSR (like organisations that were set up by government in order to deal with CSR). In concrete, the explicit CSR policy framework is meant to provide a more strategic and consistent approach to CSR.

II. *Responsible Supply Chain Management (RSCM)*

According to Mullerat R., (2013) Supply Chain Management (SCM) encompasses all activities associated with the flow and transformation of goods from raw materials stage, through to the end user, as well as the associated information flows. Managing a supply chain involves a series of companies that work together as suppliers, logistics providers and customers to deliver a product or service. Responsible Supply Chain Management is an approach to SCM that takes into account social, environmental and economic considerations. The holistic concept of CSR includes the responsibility of corporations across their (international) supply chains. An important EU policy documents, such as the European Commission's (EC) Communication on CSR (2006), reflect approaches, policies and statements to the effect that the scope of responsibility is broadened through the supply chain. In these documents, RSCM is cited as a mechanism for delivering CSR, including in regions and countries that lie outside the legislative boundaries of the EU (Mullerat R.,2013).

III. *CSR Reporting*

There is an increasing number of policy initiatives in the field of sustainability reporting from governments or market regulators in the EU. In December 2014, the recently adopted Directive on disclosure of non-financial and diversity information by certain large companies, amending the 2013 Accounting Directive, entered into force. The EU Member states have to transpose it into national laws, and it is expected that the first company reports will be published in 2018 covering financial year 2017-2018 (GRI report, 2016). The Directive introduces measures that will strengthen the transparency and accountability of approximately 6000 companies in the EU. These so-called 'public interest entities' with more than 500 employees will be:

- Required to report on environmental, social and employee-related, human rights, anti-corruption and bribery matters;
- Required to describe their business model, outcomes and risks of the policies on the above topics, and the diversity policy applied for management and supervisory bodies;
- Encouraged to rely on recognised frameworks such as GRI's Sustainability Reporting Guidelines, the United Nations Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, OECD Guidelines, International Organisation for Standardisation (ISO) 26000 and the International Labour Organisation (ILO) Tripartite Declaration. This Directive is part of the wider European Union's initiative on Corporate Social Responsibility which includes plans for a consistent approach to reporting to support smart, sustainable and inclusive growth in pursuit of the Europe 2020 objectives (GRI report, 2016).

• *IV. Socially Responsible Investments (SRI)*

Socially Responsible Investments (SRI) linking investors' financial objectives with their concerns about social, environmental, ethical and corporate governance issues. Europe represents the most dynamic region for SRI (Mullerat R.,2013). In 2010 the European Commission launched a Europe-wide public debate on how to ensure adequate, sustainable and safe pensions as well as on how the EU can best support national efforts. Subsequently, the EC will analyse all responses and consider the best ideas for future action addressing these issues at the EU level. This code aims to create more clarity on the principles and processes of SRI mutual funds. Pension funds are oriented towards the long term in their investment decisions; they manage substantial amounts of assets and could be a leading example for other market players in considering SRI. Six European Union Member States currently have specific national SRI regulations in place that cover their pension systems: France (2001), Germany (2001), Sweden (2001), Belgium (2004), Austria (2005) and Italy (2004).

V. Corporate Social Responsibility as a part of education process

CSR in education means systematically integrating CSR issues into curricula, teaching, and learning processes. In 2009, the European Council adopted the Strategic framework for European cooperation in education and training, which emphasises the key role of education in achieving a prosperous, fair and environmentally sustainable future for Europe. The goals of education for sustainable development are to increase understanding of the connection between human well-being, the economy and protection of the environment, and to establish vocational education that provides the prerequisites for the more sustainable development of industry branches. The European Commission Strategy 2011 encourages member states education establishments to integrate CSR at secondary school and university level. European business schools are encouraged to sign the UN Principles for Responsible Management Education (Mullerat R.,2013).

1.6.2 DIFFERENT APPROACHES ON CORPORATE SOCIAL RESPONSIBILITY IN EUROPEAN COUNTRIES

In spite of the interest in CSR in the European Union among businesses and governments, a clear divide of opposite positions has existed. Essentially, the European Commission took a position of rejecting regulation and putting the emphasis on voluntary measures for business, while the

European Parliament, together with NGOs and trade unions, has been demanding mandatory regulation and reporting of corporations' social and environmental impacts and transparency. However, CSR, as viewed by the EC, remained a voluntary initiative for European business to practice that goes beyond what is required by law. Since 2001, there have been a number of initiatives around CSR led by various EC Directorates Generals in order to raise awareness and understanding among stakeholders and the general public (Mullerat R.,2013). Below we present an overview of some European countries' approaches adopted from Mullerat R.,(2013) :

FRANCE

French corporations are increasingly becoming active on CSR practices. Several case studies reveal that the overall picture in France is one of moderate development of CSR due to the existence of a system of state regulations and agreements governing labour relations. There is, however, evidence of important initiatives going beyond legal requirements in many areas. Some laws and regulations affecting CSR were passed in France at the beginning of the 21st century:

- The Law on Employment and Saving Plan of 19 February 2001, which asks fund managers to take into account social, environmental and ethical considerations in the choice of investments.
- The Law on New Economic Regulations of 15 May 2001, which requires listed companies to introduce environmental and social information within their yearly reports to shareholders.
- The Law on Retirement Reserve Funds of 17 July 2001, which requires environmental and social information to be introduced in the yearly reports of retirement funds.

The “Observatoire sur la Resposabilite Societale des Entreprises” set up in June 2000 is a network designed to study and promote social responsibility related to sustainable development. There are other initiatives starting in France. It is interesting to note, for instance, that in 2007, 1700 French companies signed the “Diversity Charter”, a business initiative launched to fight discrimination. The Grenelle Environment Forum, initiated by President Sarkozy in 2007, has helped shape a ‘five-way dialogue’ to address environmental issues through business, trade unions, NGOs, government and local authorities. It provided a basis for CSR public policy, and took place in six working groups representing the government, local authorities, nongovernmental organisations, management and labour, to address the following:

1. fight against climate change and control energy demand;
2. preserve biodiversity and natural resources;
3. establish a health-friendly environment;

4. adopt sustainable production and consumption methods;
5. develop an ecological democracy;
6. promote ecological development methods benefiting employment and competitiveness”.

In France, an inter-ministerial CSR coordination committee was created in 2009 chaired by the “Commissaire national du Développement Durable”. France has also launched several actions to support SMEs’ CSR initiatives. For example, the “Centre des Jeunes Dirigeants”, a group of 3,300 managers, mainly from SMEs, in the development of a methodology for a “Global Performance Standard” (GPS). GPS, started in 2008, is based on the concepts of corporate citizenship, social and environmental responsibility, involvement of stakeholders and other relevant CSR topics. Furthermore, in 2007 the French government launched the website “Travailler mieux”, to improve working conditions specifically targeted at SMEs.

In July 2010 France introduced a reference system concerning best practices for transparent disclosure of the social conditions in which goods are produced and provided in the subcontracting chain. The system is expected to improve product traceability.

GERMANY

CSR in Germany is still underdeveloped when it comes to the adoption of CSR principles in businesses, individualisation of CSR campaigns and pressure to encourage more CSR work in German organisations. Here are some developments worth mentioning:

- German government plans to make the country’s first trademark for good business behaviour, as a complement to “Made in Germany” as a global brand.
- Humboldt University held the 3rd International CSR Conference in Berlin. The focus was on CSR and global governance.
- German government has also shown an interest in CSR by starting a complete website called “CSR in Germany”.

As it happened in other countries, in Germany the debate on CSR was originally focused first on environmental protection. The concept of CSR reached Germany only in the 1990s and has only recently become a widely discussed issue at a governmental and society level. The Federal Government developed a transparent CSR concept to implement a multi-stakeholder forum. A Federal Ministry for Employment and Social Affairs was created as the centre for all CSR issues, which has launched initiatives, such as:

- CSR – an orientation from an environmental perspective (2006), Sustainable Development in Enterprises, Management Tools for the Implementation of CSR and Corporate Sustainability (2007);

- Round-table for a Code of Conduct for German enterprises doing business in developing countries, in particular, regarding standards for local suppliers;
- Federal Government took decisions with regard to: indication of the regions of origin of consumer products; introduction of additional publication obligations for enterprises with regard to their compliance with environmental and social standards; and introduction of the obligation that suppliers of German enterprises comply with environmental and social standards.

Large corporations have also to report in their annual report on non-financial indicators as far as they have an impact on the success of the enterprise. The Council for Sustainable Development, an advisor to the government with regard to CSR, presented in 2006 the report “Corporate Responsibility in a Globalized World – a German Profile of CSR”, followed by a multi-stakeholder conference in 2007. German state created also a joint platform in order to enhance the exchange of information between corporations and stakeholders. In October 2010, Germany's first National Engagement Strategy and the National Strategy for CSR (Action Plan for CSR) was adopted to: improve the coordination of the civic engagement policy projects conducted by Germany's federal, state and municipal governments; integrate foundations and the civic activities of business enterprises; boost recognition of and appreciation for the work done by volunteers and improve conditions for volunteer work.

CENTRAL AND EASTERN EUROPE

These countries have experienced unbelievable development over the past twenty years politically, environmentally and socially. CSR is relatively new but is rapidly spreading, in particular as part of their integration in the EU as well as under the influence of TNCs and foreign investors. Changes in broader business environment have shaped the development of CSR. Government involvement in CSR issues is diverse across Central and Eastern European countries. Foreign TNCs have often been key corporate drivers of social agenda. NGOs and the media tend to have limited ability to put pressure on business and government. Some CSR key topics in this area are community involvement, corporate governance, public-private partnership and welfare. Studies reveal that CSR in these countries is not very developed due to the recent social and political transformation and privatisation but there is evidence of a willingness and commitment to the idea (Mullerat R.,2013).

In recent years, corporate social responsibility has become of increasing importance in emerging countries (Li et al., 2010; Baskin, 2006). However, as Muller and Kolk (2009) point out, the literature on the topic is still “scant”, as most research still focuses on developed countries (Fifka, 2012). With regard to the so-called “BRIC” countries that often are in the limelight of the

discussion on emerging countries, there is a significant asymmetry with regard to the studies that have been conducted.

For example CSR in Russia has only been examined sporadically. There is wide agreement that significant research gaps still exist (e.g., Kuznetsov et al., 2009; Kuznetsova, 2009; Preuss and Barkemeyer, 2011; Alon et al., 2010), although CSR is regarded to be of increasing importance in the country (Kuznetsov et al., 2009; Li et al., 2010). This development is predominantly attributed to two factors: the country's progressing, albeit slow economic liberalization, which shifts responsibilities from the government to the private economy (Preuss and Barkemeyer, 2011; Alon et al., 2010), and the trend towards a growing awareness for CSR on a global scale that also gains hold in emerging economies. As (Kuznetsov et al 2009) observe, "Russia, the largest post-communist economy in the world, has not stayed immune to this trend either."

Despite the consensus on the increasing prominence of CSR in Russia, there is substantial disagreement on its actual status quo. Li et al. 2010, in a study of the largest 105 companies in the BRIC countries, indicate that CSR is still rather underdeveloped in Russia. Likewise, Baskin (2006), who conducted an extensive examination of the CSR practices of 127 leading companies from 21 emerging countries, found with regard to Eastern Europe that companies in Poland, Slovenia, Hungary and Czech Republic show most evidence of incorporating CR [Corporate Responsibility] approaches, while Russia is among the countries which show least interest. For example, Crotty and Rodgers (2012) also came to a rather negative conclusion, attesting that the environmental activities, which can be considered a part of CSR, of the 43 Russian manufacturing firms in their sample were defensive in nature and merely aimed at avoiding environmental punishment. However, there are also more positive assessments of the status quo of CSR in Russia. Preuss and Barkemeyer (2011) in their study of 310 companies from industrialised, emerging, and developing countries find that Russia takes a middle position between industrialised and emerging economies with regard to the state of CSR. Polishchuk (2009) even states that CSR has become firmly established in the practices of Russian companies. Finally, Kuznetsov et al. (2009) argue that a judgment on the state of CSR in Russia cannot be made, because a substantial gap between the CSR efforts of large Russian multinationals and the country's small and medium-sized enterprises (SME) exists. For larger companies, however, they attest an increasing interest in profit-related CSR issues. Overall, preserving legitimacy seems to be an important motive for Russian companies in the pursuit of what can be described as a country-specific CSR characterised by traditional stakeholders and traditional areas of engagement. Especially in times when confidence in business is declining, CSR could be beneficial for maintaining legitimacy and regaining trust. However, the

road to a more profound CSR will be a long and winding one, especially because pressure from governmental and non-governmental institutions is lacking (Fifka and Pobizhan 2014).

CONCLUSION CHAPTER 1.

Corporate social responsibility (CSR) has experienced a journey that is almost unique in the pantheon of ideas in the management literature. After the long-term evolution, Corporate Social Responsibility became an ethical and responsible route for business, thus CSR is a way of creating sustainable way of living whilst preserving the profitability of business, for people within and outside of its. CSR have many definitions and there is a need before embarking in a deeper study about this fascinating concept — a concept that has sparked wide-ranging debates among some of the most prominent management gurus of all the decades, to make a choice on its definition. We continuing our research defining CSR according to the World Business Council on Sustainable Development (1999):

CSR is as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

CSR is not a traditional management tool, thus it can be viewed as a moral duty of enterprises, as a sustainable way of business conduct, which is reinforcing the need for clear guidance and a deeper understanding of responsibility that corporations and all of different stakeholders caring in front of society. With the expansion of globalization, intensification of competition and increased ecological footprint of Trans National Corporations, in particular in developing countries, the activities of businesses which focus on both social and environmental impacts have increased as an integral part of core business operations and management. A different guidance could be a framework that breaks CSR down into manageable chunks and processes. CSR could be defined to contain a number of minimum requirements and to entail a system of corporate accountability through regulatory intervention and enforcement of obligations. Such enforcement could be manifested through the system of standardization. One of the brightest examples is the GRI Sustainability Reporting Standard.

The emergence of CSR practices characterizes the maturity of a business, its place and role in the development of society. The origins of CSR formation are primarily associated with the progressive development of business structures in the European Union countries, whose activities exclusively began as economic entities interested in obtaining maximum profit. Over time, their activity acquires a social orientation, combining both traditional business orientations and social values. The trajectory of the development of CSR practices in the European Union has gone from one-time charity events to understanding the economic significance of social programs in the long

term, ultimately to the fundamental awareness of CSR as an integral part of modern business activities (Pakhomova N., Richter K., 2013).

A number of economists call the European version of CSR “corporate social responsiveness” (European Industrial Relations Observatory, 2017). Kerin A. and Matten D. highlight the following characteristics of the European model of CSR:

- in addition to the profitability of the business and its responsibility to shareholders, the economic component of the CSR pyramid includes responsibility to its own staff and the local community in the territory of its presence;
- legal liability is the basis for any form of social responsibility in the countries of the European Union. At the same time, the business considers the state as an institution that enforces the adopted rules of conduct;
- European companies consider ethical responsibility to include a variety of social problems, while not trusting their solution to the private sector;
- participation in charity events is carried out by European Union companies through legally enforceable mechanisms (Bikeeva M., 2017).

Thus, despite the fact that in the European Union countries the main role in CSR is played by the state, companies also make a tangible contribution to the development of society.

Over the past years CSR has become a major conceptual and practical issue in the Western Europe Economy. However, as Muller and Kolk (2009) point out, the literature on the topic is still “scant”, as most research still focuses on developed countries (Fifka, 2012). With regard to the so-called “BRIC” countries that often are in the limelight of the discussion on emerging countries, there is a significant asymmetry with regard to the studies that have been conducted. For example CSR in Russia has only been examined sporadically. There is wide agreement that significant research gaps still exist (e.g., Kuznetsov et al., 2009; Kuznetsova, 2009; Preuss and Barkemeyer, 2011), although CSR is regarded to be of increasing importance inside the country (Kuznetsov et al., 2009). This development is predominantly attributed to two factors: the country's progressing, albeit slow economic liberalization, which shifts responsibilities from the government to the private economy (Preuss and Barkemeyer, 2011), and the trend towards a growing awareness for CSR on a global scale that also gains hold in emerging economies.

The Russian Federation, the largest post-communist economy in the world and 4th largest trading partner to EU, started to consider CSR only recently and it is yet known to which extent Russia enterprises have integrated international CSR standards and practices. Preuss and Barkemeyer (2011) in their study of 310 companies from industrialised, emerging, and developing

countries find that Russia takes a middle position “between industrialised and emerging economies” with regard to the state of CSR. Polishchuk (2009) even states that “CSR has become firmly established in the practices of Russian companies.” Finally, Kuznetsov et al. (2009) argue that a judgment on the state of CSR in Russia cannot be made, because a substantial gap between the CSR efforts of large Russian multinationals and the country's small and medium-sized enterprises (SME) exists. For larger companies, however, they attest an increasing interest in profit-related CSR issues. Overall, preserving legitimacy seems to be an important motive for Russian companies in the pursuit of what can be described as a country-specific CSR characterised by traditional stakeholders and traditional areas of engagement. Especially in times when confidence in business is declining, CSR could be beneficial for maintaining legitimacy and regaining trust. However, the road to a more profound CSR will be a long and winding one, especially because pressure from governmental and non-governmental institutions is lacking (Fifka and Pobizhan 2014).

CHAPTER 2. FRAMEWORK ON CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT

The issue of corporate social responsibility (CSR) is currently of particular importance not only around the developed economies, but also in Russia, since CSR in developing countries represents a fundamentally new model of doing business when interacting within the society. Despite the fact that in the developed countries CSR took shape as an independent trend in the middle of the twentieth century, in Russia, this type of business activity has only been raised. The particular interest of business representatives to the notion and practice of CSR appeared only in the early 2000s., when Russian Federation was gradually emerging from a protracted transformational crisis. There has been economic and political stability, there has been an increase in production. Companies sought to enter international markets. At the same time, serious social problems were observed: the imperfection of the tax and pension systems, the demographic crisis, the neglect of the social sphere, the underdeveloped social infrastructure. It should be noted that the development of CSR in Russian business culture facilitates the growth of the economic well-being of the population and the development of partnership relations with foreign companies who are the assignees of CSR. Nevertheless, the overwhelming majority of experts in this field, including foreign ones, recognises that existing international standards and approaches to CSR are being integrated to Russian business environment in a very reluctant way.

2.1 AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY FORMATION

This paragraph devoted to study the inherent characteristics of CSR with a goal to present a special classification on the forms of CSR. This information will serve to proceed deeply in following literature analysis and identify current form of CSR in Russian business environment.

As a result of a long and continuous process of capitalist development of Western countries, a complex and balanced system for regulating relationships between private entrepreneurship and the power of society in the sphere of social-economic development of countries and individual territories have been formed. Managers are using CSR as a tool for developing the company's strategy, adhering to the rules and maintaining already established standards, by building up

corporate reputation and increasing customer loyalty. The results of such activity are represented in the increased profitability and achievement of organizational goals.

To determine the stage of the current formation of CSR in Russian entrepreneurship let us consider the following chronology and characteristics inherent in different stages of CSR development in the behavioural business model of developed countries. The following *Table 11*, present chronology of different stages of CSR development and its inherent characteristics identified by researchers (A.A. Hamidu, M.H. Aharon, A. Amran, 2016).

Stages/Periods	Summary of CSR scopes	Dimensions
1950-1960 Philanthropy/ Altruistic	Voluntarism/Charitable acts; Community development; Other welfare Programs	Poverty alleviation Obligation to the society Unregulated philanthropy
1970-1980 Beyond Philanthropy/ Regulated CSR	Extension of CSR commitments Corporate citizenship Stakeholder Management Corporate reputation	Socio-economic priorities Bridging governance gap Stakeholders rights Legal and Ethical responsibilities
1990-21st Strategic CSR	Competition strategy Environmental protection Global CSR standards/Indices	Transparency and accountability Institutionalisation of CSR Sustainability

Table 11. Stages of CSR Transformation (A.A. Hamidu, M.H. Aharon, A. Amran, 2016)

The Figure 4 reflect chronology of Corporate Social Responsibility Development according to the studied literature review on CSR during different periods of its existence.

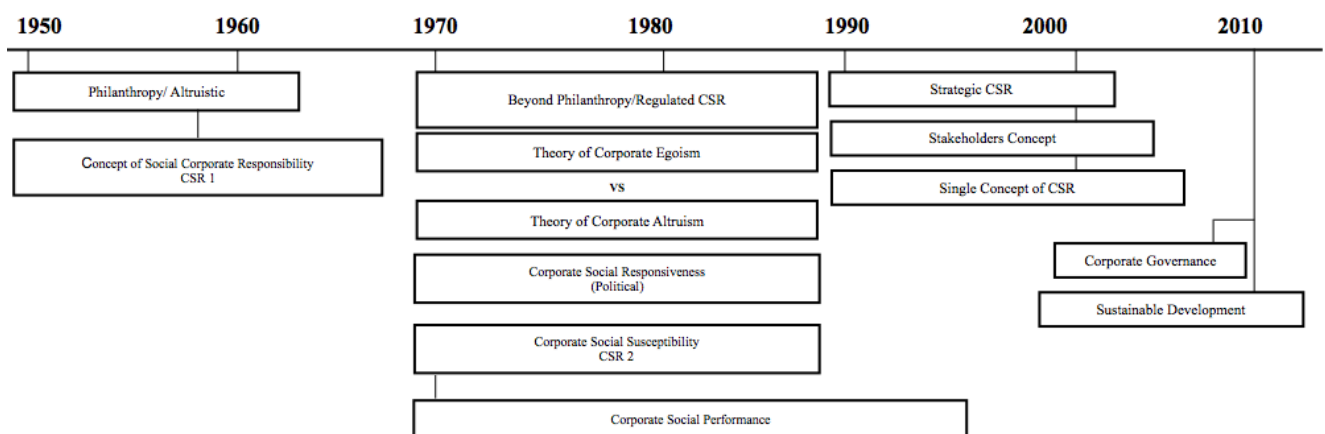


Figure 4. The Expanded Chronology of Corporate Social Responsibility Stages

The following *Table 12* describes five stages of CSR development, related to the concepts and features.

Stage	Based Theory	Concept
I	The Theory of Corporate Egoism (Milton Freedman 1971)	The fight against poverty is not a problem of business function. This is a matter for the state. The subject of business is to make money for its shareholders and clients within the framework of the law. We have no other duties. We pay taxes and do not owe anything to anyone except God and conscience.
II	The Theory of Corporate Altruism Controversial to the Theory of Corporate Egoism (authorship belongs to the Committee of Economic Development).	The main idea is that business should take care not only of profit growth, but also to make the most accessible contribution to solving public problems, by improving the quality of life of the citizens and the community, as well as in preserving the environment.
III	Theory «enlightened self-interest»	It is based on the fact that social responsibility of business is simply "good business", as it reduces long-term profit losses. The costs of social and charitable programs reduce current profits, but in the long run create a favorable social environment and, therefore, sustainable profits.
IV	Socially anchored competences	This approach to understanding the meaning of the social responsibility of business has been called socially important activities, its main advantage is that it softens the contradictions between the interests of the company and society.
V	The Common Theory of CSR	The dialectic of the normative and instrumental approach is aimed at the moral justification of the behaviour of companies and individual managers that links socially responsible business with its effectiveness.

Table 12. Evolution of Social Corporate Responsibility, Electronic journal Sustainable Business, 2011

Arguing about a new ethic of responsibility, it is certainly necessary to mention the work of the widely known Western thinker G. Jonas "The principle of responsibility. Experience of ethics for technological civilization"(1979). Especially, the sketch of a new ethic built around the principle of responsibility for the future, which Jonas affirms as a categorical imperative.

Russian philosopher V. Kanke considers ethics of responsibility to be the result of scientific and philosophical cognition and existential practice, noting that in the 20th century, although philosophers talked about responsibility, still they did not find a "fixed place" in the system of ethical categories for it.

Thus, after an investigation of the evolution of different forms of CSR, an extended chronology of the evolution and development of CSR stages has been formed. Based on the material studied above, we suggest considering three characteristics representing a particular form of interpretation (classification) of CSR, which include theories and models revised in this paragraph.

-
- I. **ALTRUISTIC FORM (fragmentary)** is identical to ethics and internal social policy. Its main characteristics are: constant developing of the quality, consumer properties and social significance of its products and services; develop and consistently complying with intra-corporate codes or other documents of their own business ethics; develop their personnel through the system of professional training. Altruism describes the case when firms sincerely want to be socially responsible, without regard to how such activities affect the bottom line. Altruistic CSR is an fulfilment of an organisation's philanthropic responsibilities, going beyond preventing possible harms (ethical CSR) to help alleviate public welfare deficiencies, regardless of whether or not this will benefit the business itself (Geoffrey P Lantos.,2001). CSR is interpreted broadly and along with social commitments includes the participation of business in charity and social projects.
- II. **PHILANTHROPIC FORM** is a corporate charity as a voluntary activity of a commercial organisation to provide assistance or support social projects - own or other organisations, while the investment area has no direct connection with the main activity of the company. Similarly, philanthropy in business has the term 'social entrepreneurship'. The main goal of social entrepreneurs is to provide such social services that are not met (or not fully satisfied) by the state and the commercial and non-profit sectors. The measure of success for them is the changes in society that have occurred due to their activities. Its main characteristics are: to maintain good business practices, establishing reliable relationships with its suppliers, distributors and customers, giving preference to companies that meet the requirements of social responsibility; to support the development of small and medium-sized businesses, including their own technology chains, as well as participating in relevant sectoral and cross-sectoral programs and funds; to participate in social investments through their internal and external social programs; to support social projects in the fields of culture, sports and education; to take part in international charitable and social projects; to participate in sponsorship and charity programs of regional and federal significance aimed at solving acute national problems; to participate in projects of public-private partnerships aimed at solving social and environmental problems of the society; to regularly conduct dialogues and public hearings with stakeholders: shareholders and investors, employees and trade unions, suppliers and consumers, representatives of local, regional and federal government bodies, the media, professional associations, public and non-profit organisations and others, and on this basis to make necessary changes in their activities.

III. **CORPORATE CITIZENSHIP FORM** widely spread in the late 1990s, is often interpreted as an "advanced" version of the doctrine of corporate social responsibility (CSR), but this is not entirely true, as corporate citizenship is built not so much on charity or aiding those who need it, but on the development of constructive relations with so-called stakeholders, i.e. with citizens, communities and organisations that are more or less involved. In addition to the staff of the companies and shareholders, it is customary to include the local communities, NGOs and government bodies that the corporation faces in the course of solving their production, commercial and political tasks among the stakeholders. In an attempt to become "responsible citizens", corporations that have adopted this concept, actually seek to integrate into civil society. Thus, it can be noted that CSR is the material foundation of corporate citizenship. It operates in practically all major forms and directions of the company's relations with its counterparts. At the same time, the doctrine of corporate citizenship has a purely political dimension aimed at incorporating the corporation into systemic interaction with other social and political institutions. (M.Vivarina, 2012). According to S.Peregudov and I.Semenenko (2008), Russian researchers on CSR, the characteristic signs of corporate citizenship include: taking technological measures aimed at saving energy consumption, water and other resources; limiting the emissions of ozone-depleting substances, greenhouse gases, chemicals and other harmful emissions into the atmosphere; organising rational land use and maintain biodiversity and natural habitats, including recreational areas and reserves; taking measures of a technological nature aimed at saving energy, water and other resources; limit the emissions of ozone-depleting substances, greenhouse gases, chemicals and other harmful emissions into the atmosphere; carrying out social projects of sponsorship and charity in the territories of their presence, supporting their social welfare, security and sustainability; increasing the transparency and transparency of its business through regular social reporting and international reporting on sustainable development that improve the quality of production management, social development and non-financial risks

After determining the presented classification of the identified forms of CSR in following paragraph we are going to consider different stages of CSR occurrence and development in Russian business environment.

2.2 STAGES OF CORPORATE SOCIAL RESPONSIBILITY FORMATION IN RUSSIAN BUSINESS ENVIRONMENT

Notion of corporate social responsibility has become actively discussed in scientific community, civil and business society of Russia in recent years. The entering foreign markets have led Russian enterprises to reassess existing risks, in particular intangible ones, and to realize the need to incorporate corporate social responsibility into the business strategy. Following the interest of this research to understand the specifics of CSR in Russia, we should take a look on its historical appearance in management practice of Russian enterprises.

According to V. Sopin, Associate Professor of the Department of Economic Theory and Social Policy, Faculty of Economics, St. Petersburg State University, he identifies three main stages in the development of social responsibility of Russian enterprises. This stages briefly presented in Table 13 below.

Stage	Characterisctiques
1991-1998	Restructuring of the social infrastructure of companies during privatization. Sale of non-core assets. Borrowing from the Soviet past the practice of social support and protecting the health of workers and retirees, which is one of the main articles of social investment and compensates for the shortcomings of social protection.
1999-2002	Formation of ideas about CSR in the business environment and society as a whole.
Since 2003	The beginning of the institutionalization of CSR, open discussions on the formation of rules for doing business.

Table 13. Stages of social responsibility development of Russian enterprises according to V.Sopin, (2009)

In 2004, the subject of CSR have been proclaimed from the Russian President Vladimir Putin, addressing the Federal Assembly, noted that the objectives of a socially responsible business are:

- unconditional and full payment of taxes;
- participation of large businesses in the implementation of vital projects (focusing on the most pressing problems for the citizens of the country).

It was emphasized that “it is necessary to gradually transfer to the non-state sector functions that the governmental organisations cannot or notable effectively to perform” (Message to the Federal Assembly of the Russian Federation by President Vladimir Putin in 2004).

As we managed to make sure, the questions of socially responsible behaviour became popular in Russia relatively recently, and therefore the logical question arises: “Can we talk about the uniqueness and originality of the Russian model of CSR today?”. Opinions of the academic and business communities on this account are divided.

Some argue that the Russian model of CSR as an independent, unique phenomenon is absent. From another point of view, the Russian model of CSR combines the features of already existing models. Such a position was designated by experts of the Association of Managers in the Social Investment Report 2004. They believe that by regulation sources, practice and drivers, the Russian version of CSR is a mixture of the British model (voluntary business initiation) and the continental model of CSR (the desire of enterprises to get a clear CSR legislative framework from the state). In other words, we are talking about a model, the uniqueness of which can not be defined yet (Report on Social Investment in Russia, 2004). From another point of view, the Russian model of CSR combines the features of other models, but at the same time preserves its own historical traditions and peculiarities, V.Sopin (2009) adheres to this position. He is convinced that Russian national peculiarities cannot but have a definite influence on the content of CSR and in many respects determine the specifics of the relationship between business and society in Russia. Nevertheless, supporters of both points of view are unanimous in the opinion that CSR in Russia is at the initial stage of its development.

2.2.1 A HISTORICAL OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY GENESIS IN RUSSIA

Questions about the social responsibility of business in practice have been actively implemented from the beginning of the XIX century: the movement to protect the rights of workers and the use of the first social programs by the British industrialist R. Owen; the organization of houses of mercy by the Russian priest John of Kronstadt; the participation of Russian entrepreneurs in the development of the social service system in the country. This was thanks to the important merchants in Russia, such as Solodnikov, Alekseev, Bakhrushin, Morozov, Rukavishnikov, Kopeikin-Serebryakov, Lepeshkin, Lyamin, Tretyakov, and others, who singled out hundreds of thousands and even millions of rubles, by the beginning of the 20th century. Only in Moscow there were 628 "God-pleasing charitable institutions": schools, shelters, almshouses, dormitories, a large part of which was supported by the money of the Russian merchants (Choreva L. Suschinskaya M., 1999). In the contemporary understanding, the corporate social responsibility (in contrast, for example, from the charity of Russian patrons of the late XIX-early XX centuries), originated in the United States. Preconditions of it were the aggravation of social issues related to the expansion of the influence of transnational corporations, the deterioration of the state of the environment due to the active and uncontrolled industrial enterprises, the growing struggle for civil rights (Gainutdinov R., 2006).

While CSR idea was emerging in the Western countries, the USSR was developing its own tradition of providing enterprises with social benefits to workers, the local community, interaction with stakeholders, which was based on the use of the paternalistic model of social security, the distribution of functions of social responsibility of the state in meeting the needs of society and individual citizens. Enterprises, which, by definition, were in the state property and belonged to those silt and other branch departments. The departmental principle of using social facilities was not so strict as not to spread social benefits to the local community as a whole. So, this applies to the use of sports, cultural, recreational facilities of enterprises, which are widely used by residents of nearby territories; a certain part of the institutions was within the framework of local authorities (health, education, sports), had a dual subordination and, accordingly, financing; a widespread phenomenon was the so-called "patronage" of enterprises over municipal facilities and even over regional and federal institutions (theatres, institutes, etc.) (Khoreva L, Shokola Ya., 2015).

Although there were many signs of socially responsible behaviour during the Soviet period, the latter was substantially limited and even levelled by the paternalistic policy of the state. Social responsibility was exercised only to the extent that it was regulated by the state. In particular, the enterprise possessed objects of social infrastructure only to the extent determined by state priorities. As a result, as noted by the researchers, the Soviet socio-economic model was more socially and environmentally oriented than the western one. And during the Cold War, American scientists advocated the expansion of the social responsibility of business, which saw the protection of free-market capitalism from the dangers of Soviet communism (Business responsibilities in a divided world: the cold war roots of the corporate social responsibility movement, 2008). The experience of Soviet enterprises of attracting and providing social services to the population in modern conditions is being transformed into the concept of social responsibility of business.

While the main reason for the development of social responsibility of business in the Western model was the pressure from society and non-profit organizations, for Russian business, it was an interaction with the state that initiated and pushed the business toward socially responsible activities: "The state was compelled to create a substitute for the public demand for social activity, substituting it with state pressure and coercion of business" (Report on social investments in Russia 2004). The social responsibility of the large Russian enterprises was historically conditioned. Despite the change in the economic system, the main stakeholders - the state, workers, consumers, society - often interpreted (and still do) the social responsibility of business as an obligation to fulfil the social and economic functions characteristic of Soviet enterprises that provided their employees with a very extensive list of social services (Bim A.,2010).

The first signs of the revival of socially responsible behaviour of Russian entrepreneurship in the years of perestroika were an appeal to the traditions of charity and patronage of the pre-revolutionary period. (Choreva L., Suschinskaya M., 1999). However, the charity of this period was not connected with the main business activities of companies, and did not have a systematic practice. The contemporary leaders of corporate social responsibility understand that charity has a positive impact on society, but do not use it as the main tool for socially responsible activity, as it is increasingly recognised and, what is important, practiced, linking the firm's strategy with creating value for all stakeholders. Below we would like to consider trends of corporate social responsibility development for over twenty years in Russian business environment. At the beginning of corporate social responsibility emergence in Russia, CSR was characterized by the following trends:

- understood as a charity, which in most cases was spontaneous by its nature;
- there was no integration of CSR in the company's core business;
- socially responsible activities of enterprises were aimed, mostly at reducing state pressure;
- CSR was used as a way to obtain legitimacy of the results of privatization in the eyes of society;
- the concern of employers about their employees helped to achieve the sustainability of business development;
- the reporting on CSR was minimal, transparency of business in the implementation of social programs was practically absent.

With the spread of principles of corporate social responsibility in Russia, emphasis has shifted to such aspects as labor relations and good business practices. Elements of corporate social responsibility respond to the expectations of society at a certain point in time and, accordingly, are subject to change. So, as the attention of stakeholders to such issues as human rights, environmental protection, consumer rights, counteracting corruption, environmental sustainability increased, the tasks to address them were included in the company's policy as elements of corporate social responsibility.

Entering foreign markets has led Russian companies to reassess intangible risks and to realize the need to include corporate social responsibility into the business strategy. Globalization, increasing mobility and speed of information exchange contribute to increasing the openness of companies that are being scrutinized by a large number of individuals and organizations, and more thorough development of corporate social responsibility programs. In addition, globalization has led to the need to unify the standards of business, including in the provision of social reporting. Many experts argue that the Russian CSR practices are now become to be close as possible to

international ones, however, this statement is more true only for those Russian enterprises that are in the sphere of international competition.

2.2.2 CHARACTERISTICS OF CORPORATE SOCIAL RESPONSIBILITY IN RUSSIAN BUSINESS ENVIRONMENT

A number of Russian specialists believe that corporate social responsibility is a fundamentally new phenomenon for Russian business. For example, Russian researcher N. Voevodkin (2011) argues that the system of corporate social responsibility at Russian enterprises is not formed as a full-fledged activity and is an imitation of Western practices (Voevodkin N., 2011). This argumentation is supported by D. Tuzov, (2007) arguing that Russian practices of corporate social responsibility are used mainly by public companies and are aimed primarily at meeting the conditions of listing on the financial markets. Different point of view presented by A. Pass (2014), who argued that, in fact, large enterprises even during the Soviet period have already implemented practices of social support for personnel and interacted with various stakeholders as well. According to Russian researcher Dyatlov A., (2007) on the issue of CSR development in Russia, he distinguish following CSR characteristics during different periods of time:

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- traditional capitalist (before 1917): guardianship was considered as a "good form" in traditional business circles, but mostly were oriented toward maximising profits;
 - direct state regulation (1920s): recoverable in the form of taxes (forcibly), the funds were directed to the financing of social programs;
 - planned socialist responsibility (1930-1980); for each enterprise, social facilities and programs were fixed, a plan was proposed for the opening of new ones, the non-fulfilment of which was punished by the state;
 - ferocious capitalism (1990's): priority was given to obtaining short-term economic benefits, social responsibility programs often took the form of covering up illegal transactions;
 - local patronage (since 2000): large enterprises consider that it is their duty to care for local communities by financing local social programs.
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The origin and development of CSR in Russian business environment, researchers connected with different periods of development of Russian entrepreneurship. For example, Russian researchers D. Pendyukhov and G. Pendyukhova (2014) believe that the implementation of corporate social responsibility by Russian enterprises as purposeful activity arose after 2004. This position is also marked by L. Drobyshevskaya and E. Salomatin (2011) which also linking the period 2004-2016 as development of Russian CSR practice. It is important to note, that in Russian business practice

corporate social responsibility has not yet been established, or completely formalized as a part of business conduct, but as CSR in Russia continues to improve, the current trends in its development are determined by the aspects described in *Table 14*.

Tendencies	Characteristics
Business interest	Russian business community is beginning to realize the economic benefits that are possible when investing in social and environmental projects, so an increasing number of participants are involved in voluntary CSR reporting.
Reasons for involvement	Companies are involved in CSR both from altruistic motives, and to achieve the necessary PR-effect.
Strategical CSR	The policy of socially responsible behavior is integrated into the strategic plan of the companies.
Cross-sectoral partnership	CSR-projects are enlarged, the state, non-profit organizations, local community, competitors and partners are involved in their implementation.
Increased fulfilment of CSR implementation	The largest market players require suppliers to comply with CSR principles as a condition for cooperation.
New forms of CSR	There are new forms of CSR, some of which are working with the population, a decrease in resource consumption and a decrease in the amount of waste.
Hazards to the environment	The share of environmental responsibility in CSR is increasing, acceptance both in companies that can harm the environment, and those who do not significantly affect it
Corporate responsible culture	The behavior of consumers and business is becoming more sustainable, including, thanks to the popularization of CSR among young employees.

Table 14. CSR Trends in Russia According to Avilova M., (2016.)

In Russia, CSR is gradually gaining its position as one of the main tools for creating the added market value of company. According to Russian experts, CSR is practiced in about 100 companies in Russia which in one way or another are related to international activities. At the moment in Russia, the main actors involved in the CSR programs are large enterprises.

According to Tikhonovich L. (2015) currently CSR of Russian large enterprises have a charitable character. In 2015, despite the crisis, the 65 large enterprises with an annual turnover of more than 100 million rubles (1.43184237 million euros), have spent almost 15.5 billion rubles (221.935567 million euros) on charity and social support. The main directions of charitable assistance were the support of education and enlightenment, development of local communities and growing attention to ecological projects has been noted. According to Ostroumova V., (2012) at the moment, Corporate Social Responsibility in Russia is at the stage of formation and there is a number of factors hindering it in Russia, in particular, the lack of state incentives for CSR, the weakness of

market institutions, corruption and sanctions restrictions. In Russia, the task of introducing the practice of social responsibility of business is quite acute. The CSR strategy can offset social tension by building fruitful relationships between business and local communities. However, in order to achieve these goals, it is necessary to support the authorities and the social responsibility of the state. Russian business also has to overcome a number of problems in order to introduce international principles and CSR standards. This is the underdevelopment of socially responsible investment, and low speed of feedback from international reporting institutions, as well as a poorly structured market for expertise and consulting in this field.

In this regard, according Russian expert on CSR development A. Kostin (2014), Russian companies in the very near future will have to simultaneously solve two problems: become active participants in already established international associations and ratings and develop their own institutions on CSR regulation and ratings.

2.2.3. COMPARISON OF REGULATIVE NATURE OF CORPORATE SOCIAL RESPONSIBILITY IN RUSSIA AND EUROPEAN UNION

At present, the program of regulation of social responsibility is underdeveloped in Russia. Russian pre-revolutionary charity and the Soviet system of social support did not contribute to the formation of CSR institutional norms and social partnership mechanisms, and the characteristic irrational-activist position of representatives of civil society did not lead to the development of the integration of CSR issues and sustainable development into public policy, as it was in the EU. All this, along with a low level of integration of the country into the world economy and information space, and lack of traditions of corporate governance and unsatisfactory state of public infrastructures, led to an increased role of political factor in spreading social responsibility of business (<http://csrjournal.com/korporativnaya-socialnaya-otvetstvennost-rossijskij-opyt>). In following table, we describe a general comparison of the role of political factor in spreading social responsibility of business in European Union and Russia.

Characteristics	European Union	Russian Federation
Subject of CSR	It is defined, often characterized by public consensus, in each sphere their emphases are highlighted, discussed in the media	It is situational, determined by the company or local authorities, in each sphere their accents are highlighted, minimal influence of the media and stakeholders
Minimum level of CSR	As a rule, it is set by the EU directives, is specified by national governments legislatively and programmatically	Situational, and legislative minimum in the sphere of business responsibility has gaps
Logic of CSR	Systematic and rational contribution, including, due to high standardization; voluntary choice of contribution to the development of society in the framework of the "corridor" set by the government and society	A high percentage of emergency actions. CSR as an annex to business, not affecting production. The combination of rigid attachment to income and philanthropy
Scale and direction of CSR	The proportionality of CSR practices to company scales. Ecological, social and economic spheres	A low level of stakeholder engagement, by inertia, can be compensated for by the conclusion of collective agreements
Non-financial reporting	Developed as a result of stakeholders' requests, availability of expertise, audit, state incentives	The reasons to develop are formed slowly. Describes mainly the social sphere
Communication Policy	Predominantly open (the desire for transparency and non-declarativeness of actions, professional advancement)	Primarily closed

Table 15. The Role of political factor in spreading social responsibility of business

In Europe, the CSR character is mandatory, in contrast to the Russian Federation. For example France represent the most complete examples of the policy of national governments in the field of CSR among EU countries. France is characterized by active legal regulation of CSR issues. Attention is drawn to the 2001 Law "On New Economic Regulation", the first in the EU in the field of corporate governance, which defines mandatory and detailed corporate non-financial reporting. The appeals of the first persons of the state are singled out as a way of promoting ideas of sustainable development and CSR. In 2003, the President of France J. Chirac personally called on companies that had joined the UN Global Compact to organize a coordinating network for representing the country on the international arena, sharing experience and disseminating CSR principles. Within the country, at the level of public policy, the Prime Minister, the Ministry of Ecology and Sustainable Development, the National Council for Sustainable Development, the Interagency Delegate for Sustainable Development and a number of other authorities, including in the field, are responsible for disseminating responsible business behaviour.

Discussing about stimulating socially responsible investment in France, it should be noted that in order to accelerate its application by banks, insurance companies and fund managers in France, a law has been adopted that organizes the work of the Reserve Pension Fund to take into account current social, environmental and ethical issues.

Annually not only the largest companies implementing the policy of social responsibility, but also the government of France formed a report on joint activities for the development of CSR. The French establishment pays close attention to the development of education in the field of socially-oriented entrepreneurship. One of the directions is for example, the teaching of special disciplines devoted to CSR, in higher education institutions and the graduates of this profile. Another direction is related to the teaching of methods for the development of social responsibility and participation in government programs to support socially-oriented business directly within the companies themselves. In addition to an independent report of companies on their social activities in France, there is ongoing state control over the social initiatives of business. To this end, two research organizations have been set up, which in parallel conduct educational courses in the field of CSR: the International Research Network for the Organization and Strengthening of Sustainable Development and the Association for the Development of Education and Research on Social Responsibility of the "ADERSE" companies. Great attention is paid in France to the education of a socially responsible consumer. In accordance with European directives 2004/17 and 2004/18, many goods are supplied specifically for the buyer with specific, unified signs and symbols, according to which the consumer can obtain various information about the producer's social responsibility.

So the European, and in particular the French experience, shows that without the influence of a socially responsible state, the development of CSR will be significantly hampered. The European countries show that the state policy in the field of CSR is an integral element of its systemic development. This policy stimulates the spread of CSR institutional norms, creates conditions for the implementation of social investments by the business, represents a number of legislative and additional initiatives aimed at the business community and is realized largely due to the active position of representatives of civil society. In Russia, unlike the European Union, such a policy has not been formed to date (Platonova I., Nikolayeva I.,2014).

2.3 PROBLEMS HINDERING DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY IN RUSSIA

On the one hand, CSR can be an effective tool for implementing social policy, complementing the existing state initiatives, by more flexible adaptation to regional needs, due to which the population receives high-quality social services, and the company increases efficiency by reducing risks, increasing the skills of staff. Such a situation is possible if there are appropriate institutional conditions: developed civil society institutions; established, controlled, predictable legal norms; consistency of CSR goals among all stakeholders. On the other hand, in the absence of these conditions, the social usefulness of corporate social policy is reduced, CSR becomes a means of achieving narrow group goals, acts as an additional tax on business, which, in times of crisis, leads to increased risks and inefficiencies in business, slows down the necessary structural and institutional transformation of the economy. The problems hindering the development of corporate social responsibility of business in Russia fall into following groups:

- I. Problems caused by insufficiently active participation of the state, among which the following are the main ones. The problem of the absence of a clear state strategy in the issue of CSR development. So far, the concepts of "social investment" and "corporate social responsibility" have not been fixed at the federal level, the forms of their manifestation have not been determined, nor have the boundaries of responsibility between business and the state been outlined. As a result, the regulatory framework governing CSR business remains undeveloped. Another problem is related to the lack of legislative consolidation of companies' obligation to publish non-financial statements together with financial reports, as well as the lack of standards that must be adhered to when forming it. The low level of transparency and details of the data leads to the fact that in many companies there are no criteria for selecting and evaluating the effectiveness of social projects. And one more problem is insufficient tax incentives, which is typical for Russia.
- II. The second group of problems includes those that are related to the weakness of the development of domestic public institutions. In Europe, the social activity of a business has a significant impact on stakeholders, namely the local community and non-profit organizations. In Russia, however, there are no clear positions, requests and demonstrated benefits for companies from public institutions, which hampers the motivation for information openness. One of such problems is the irrelevant role of non-profit organizations. In Russia, they are few, their influence on public opinion is insignificant, they do not show themselves as a subject of social

partnership, as a result of which they can not influence the process of forming social responsibility of business. Another issue in this group is related to the insufficient number of specialists with the required knowledge, experience, and qualifications to manage the company's social programs. In this regard, the social activities of representatives of even large businesses do not have a strategic goal, representing independent social projects. At the same time, one must take into account the fact that the establishment of the institutions of corporate social responsibility began to occur in Russia much later than in Western countries, therefore the education system has not yet had time to respond to a new public request: in educational institutions, issues of corporate social responsibility are only beginning to be included in educational programs.

The situation is complicated also by the absence of a unified state policy in the field of CSR, which is also a big problem in the context of emerging CSR practices. At the federal level - in government of Russian state, there is no yet an authorized body or structural unit, nor clearly defined block of legislative initiatives on the social responsibility of business. And in the field of sustainable development of the country as a whole, there is an undeniable underestimation of its significance - since December 1997 the State Strategy for Sustainable Development of the Russian Federation, approved by the Government, has never been discussed in its implementation and adjustment. In the annual messages of the President of the Russian Federation, only the current and medium-term priorities of the country in the area under consideration are formulated.

Another valuable problem is the lack of codes of ethics and the development of ethical policies, as well as an underestimation of the role of ethical component of corporate social responsibility of business. This is evidenced by the fact that companies are declaring their activities in the field of CSR without having codes of ethics and not developing ethical policies in the company (Repost on Social Investments in Russia, 2014).

CONCLUSION CHAPTER 2.

Despite the fact that in the developed countries CSR took shape as an independent trend in the middle of the twentieth century, in Russia, this type of business activity has only been raised. Moreover, it should be noted that the development of CSR in Russian business culture facilitates the growth of the economic well-being of the population and the development of partnership relations with foreign companies who are the assignees of CSR. Nevertheless, the overwhelming majority of experts in this field, including foreign ones, recognises that existing international standards and approaches to CSR are being integrated to Russian business space in a very reluctant way.

The entering foreign markets have led Russian companies to reassess existing risks, in particular intangible ones, and to realize the need to incorporate corporate social responsibility into the business strategy. With the spread of the principles of corporate social responsibility in Russia, emphasis has shifted to such aspects as labor relations and good business practices. Elements of corporate social responsibility respond to the expectations of society at a certain point in time and, accordingly, are subject to change. So, as the attention of stakeholders to such issues as human rights, environmental protection, consumer rights, counteracting corruption, environmental sustainability increased, the tasks to address them were included in the company's policy as elements of corporate social responsibility.

A number of Russian specialists believe that corporate social responsibility is a fundamentally new phenomenon for the Russian business space. For example, N. Voevodkin (2011) argues that the system of corporate social responsibility at Russian enterprises is not formed as a full-fledged activity and is an imitation of Western practices.

The Russian CSR is at the stage of formation and there is a number of factors hindering it in Russia, in particular, the lack of state incentives for CSR, the weakness of market institutions, corruption and sanctions restrictions. In compare with European Countries such as France, which represent the mot complete examples of the policy of national governments in the field of CSR, in Russian Federation CSR doest have a mandatory nature.

Currently In Russia, favourable conditions for the development of CSR have not developed yet. Pre-revolutionary charity and the Soviet system of social support did not contribute to the formation of CSR institutional norms and social partnership mechanisms, and the characteristic irrational-activist position of representatives of civil society did not lead to the development of the integration of CSR issues and sustainable development into public policy, as it was in the EU. All this, along with a low level of integration of the country into the world economy and information

space, and lack of traditions of corporate governance and unsatisfactory state of public infrastructures, led to an increased role of political factor in spreading social responsibility of business

Russian business also has to overcome a number of problems in order to introduce international principles and CSR standards. This is the underdevelopment of socially responsible investment, and low speed of feedback from international reporting institutions, as well as a poorly structured market for expertise and consulting in this field. In this regard, Russian companies in the very near future will have to simultaneously solve two problems: become active participants in the already established international associations and ratings and develop their own institutions, create their own ratings (Ostroumova V.A., 2012).

Many experts argue that the Russian CSR practices are now as close as possible to international ones. However, this statement is more true for those Russian companies that are in the sphere of international competition. The development of corporate social responsibility (CSR) in Russia is in line with the world trends, but so far it has been slow and in fact not embracing small and medium-sized businesses.

CONCLUSION PART I

Corporate social responsibility (CSR) has experienced a journey that is almost unique in the pantheon of ideas in the management literature. After the long-term evolution, Corporate Social Responsibility became an ethical and responsible route for business, thus CSR is a way of creating sustainable way of living whilst preserving the profitability of business space, for people within and outside of its. CSR have many definitions and there is a need before embarking in a deeper study about this fascinating concept — a concept that has sparked wide-ranging debates among some of the most prominent management gurus of all the decades to make a choice on its definition. We continuing our research defining CSR according to World Business Council on Sustainable Development (1999):

CSR is as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

CSR is not a traditional management tool, thus it can be viewed as a moral duty of enterprises, as a sustainable way of business conduct, which is reinforcing the need for clear guidance and a deeper understanding of responsibility that corporations and all of different stakeholders caring in front of society. With the expansion of globalization, intensification of competition and increased ecological footprint of Trans National Corporations, in particular in developing countries, the activities of businesses which focus on both social and environmental impacts have increased as an integral part of core business operations and management. A different guidance could be a framework that breaks CSR down into manageable chunks and processes. CSR could be defined to contain a number of minimum requirements and to entail a system of corporate accountability through regulatory intervention and enforcement of obligations. Such enforcement could be manifested through the system of standardization. One of the brightest examples is the GRI Sustainability Reporting Standard.

The emergence of CSR practices characterizes the maturity of a business, its place and role in the development of society. The origins of CSR formation are primarily associated with the progressive development of business structures in the European Union countries, whose activities exclusively began as economic entities interested in obtaining maximum profit. Over time, their activity acquires a social orientation, combining both traditional business orientations and social

values. The trajectory of the development of CSR practices in the European Union has gone from one-time charity events to understanding the economic significance of social programs in the long term, ultimately to the fundamental awareness of CSR as an integral part of modern business activities (Pakhomova N., Richter K., 2013).

A number of economists call the European version of CSR “corporate social responsiveness” (European Industrial Relations Observatory, 2017). Kerin A. and Matten D. highlight the following characteristics of the European model of CSR:

- in addition to the profitability of the business and its responsibility to shareholders, the economic component of the CSR pyramid includes responsibility to its own staff and the local community in the territory of its presence;
- legal liability is the basis for any form of social responsibility in the countries of the European Union. At the same time, the business considers the state as an institution that enforces the adopted rules of conduct;
- European companies consider ethical responsibility to include a variety of social problems, while not trusting their solution to the private sector;
- participation in charity events is carried out by European Union companies through legally enforceable mechanisms (Bikeeva M., 2017).

Thus, despite the fact that in the European Union countries the main role in CSR is played by the state, companies also make a tangible contribution to the development of society.

Over the past years CSR has become a major conceptual and practical issue in the Western Europe Economy. However, as (Muller and Kolk ,2009) point out, the literature on the topic is still “scant”, as most research still focuses on developed countries (Fifka, 2012). With regard to the so-called “BRIC” countries that often are in the limelight of the discussion on emerging countries, there is a significant asymmetry with regard to the studies that have been conducted. For example CSR in Russia has only been examined sporadically. There is wide agreement that significant research gaps still exist (e.g., Kuznetsov et al., 2009; Kuznetsova, 2009; Preuss and Barkemeyer, 2011), although CSR is regarded to be of increasing importance inside the country (Kuznetsov et al., 2009). This development is predominantly attributed to two factors: the country's progressing, albeit slow economic liberalization, which shifts responsibilities from the government to the private economy (Preuss and Barkemeyer, 2011), and the trend towards a growing awareness for CSR on a global scale that also gains hold in emerging economies.

The Russian Federation, the largest post-communist economy in the world and 4th largest trading partner to EU, started to consider CSR only recently and it is yet known to which extent

Russia enterprises have integrated international CSR standards and practices. Preuss and Barkemeyer (2011) in their study of 310 companies from industrialised, emerging, and developing countries find that Russia takes a middle position “between industrialised and emerging economies” with regard to the state of CSR. Polishchuk (2009) even states that “CSR has become firmly established in the practices of Russian [...] companies.” Finally, Kuznetsov et al. (2009) argue that a judgment on the state of CSR in Russia cannot be made, because a substantial gap between the CSR efforts of large Russian multinationals and the country's small and medium-sized enterprises (SME) exists. For larger companies, however, they attest an increasing interest in profit-related CSR issues. Overall, preserving legitimacy seems to be an important motive for Russian companies in the pursuit of what can be described as a country-specific CSR characterised by traditional stakeholders and traditional areas of engagement. Especially in times when confidence in business is declining, CSR could be beneficial for maintaining legitimacy and regaining trust. However, the road to a more profound CSR will be a long and winding one, especially because pressure from governmental and non-governmental institutions is lacking (Fifka and Pobizhan, 2014).

Despite the fact that in the developed countries CSR took shape as an independent trend in the middle of the twentieth century, in Russia, this type of business activity has only been raised. Moreover, it should be noted that the development of CSR in Russian business culture facilitates the growth of the economic well-being of the population and the development of partnership relations with foreign companies who are the assignees of CSR. Nevertheless, the overwhelming majority of experts in this field, including foreign ones, recognises that existing international standards and approaches to CSR are being integrated to Russian business space in a very reluctant way.

The entering foreign markets have led Russian companies to reassess existing risks, in particular intangible ones, and to realize the need to incorporate corporate social responsibility into the business strategy. With the spread of the principles of corporate social responsibility in Russia, emphasis has shifted to such aspects as labor relations and good business practices. Elements of corporate social responsibility respond to the expectations of society at a certain point in time and, accordingly, are subject to change. So, as the attention of stakeholders to such issues as human rights, environmental protection, consumer rights, counteracting corruption, environmental sustainability increased, the tasks to address them were included in the company's policy as elements of corporate social responsibility.

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The Russian CSR is at the stage of formation and there is a number of factors hindering it in Russia, in particular, the lack of state incentives for CSR, the weakness of market institutions, corruption and sanctions restrictions. In compare with European Countries such as France, which represent the mot complete examples of the policy of national governments in the field of CSR, in Russian Federation CSR doest have a mandatory nature.

Currently In Russia, favourable conditions for the development of CSR have not developed yet. Pre-revolutionary charity and the Soviet system of social support did not contribute to the formation of CSR institutional norms and social partnership mechanisms, and the characteristic irrational-activist position of representatives of civil society did not lead to the development of the integration of CSR issues and sustainable development into public policy, as it was in the EU. All this, along with a low level of integration of the country into the world economy and information space, and lack of traditions of corporate governance and unsatisfactory state of public infrastructures, led to an increased role of political factor in spreading social responsibility of business

Russian business also has to overcome a number of problems in order to introduce international principles and CSR standards. This is the underdevelopment of socially responsible investment, and low speed of feedback from international reporting institutions, as well as a poorly structured market for expertise and consulting in this field. In this regard, Russian companies in the very near future will have to simultaneously solve two problems: become active participants in the already established international associations and ratings and develop their own institutions, create their own ratings (Ostroumova V.A., 2012).

Many experts argue that the Russian CSR practices are now as close as possible to international ones. However, this statement is more true for those Russian companies that are in the sphere of international competition. The development of corporate social responsibility (CSR) in Russia is in line with the world trends, but so far it has been slow and in fact not embracing small and medium-sized businesses.

PART II

FORMATION OF THE METHODOLOGICAL APPROACH FOR CORPORATE SOCIAL RESPONSIBILITY EVALUATION IN RUSSIAN BUSINESS ENVIRONMENT

The second part of this thesis devoted to present a methodological path to form a research study of Corporate Social Responsibility in Russian business environment through its presence among Russian large enterprises.

As our goal is to fully reveal the essence of CSR in Russian business environment we are favouring qualitative approaches to deeply observe intangible factors such as social norms, socioeconomic activity, whose role in the research issue may not be readily apparent.

CHAPTER 3. METHODOLOGY OF RESEARCH TO INDICATE THE FORM OF CORPORATE SOCIAL RESPONSIBILITY IN RUSSIAN BUSINESS ENVIRONMENT

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation (C. Kothari, 2004). The literature on types of research brings to light that in fact there are two basic approaches to research, *quantitative approach* and *qualitative approach*. As Dabbs (1982) remarks, "Qualitative and quantitative are not distinct." Yet in many social sciences, quantitative research strategy are often given more priority and trust. This may reflect to the certain frequency of choice by scientific community to examine science in connection with numbers that implying precision. We are not going to argue against quantitative procedures, but instead, we would like to demonstrate the fruitfulness and, often, the greater depth of understanding that can be introduced by science from qualitative procedures.

Despite the fact, that qualitative methodologies have not predominated in the social sciences, whether or no, qualitative research takes much longer, requires greater clarity of goals during design stages, and cannot be analyzed simply by using computer technologies. Qualitative research methods and analytic strategies are not associated with high-tech society in the ways quantitative techniques may be. Nonetheless, as Bogdan (1972) makes clear, qualitative research has left its mark conceptually and theoretically on the social sciences. The lasting contributions to social understanding from qualitative research, as well as the sheer number of contributing social thinkers, are significant. For example, Dabbs (1982) in his attempt to differentiate between quantitative and qualitative approaches, indicates that the notion of *quality* is essential to the nature of things. While, *quantity* is elementally an amount of something. Quality refers to the what, how, when, and where of a thing- its essence and ambience. Qualitative research thus refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things (Strauss & Corbin, 2008; Levitt et al., 2017). Qualitative research methods are probably the oldest of all scientific techniques, with the ancient Greek philosophers qualitatively observing the world around them and trying to understand and explain what they saw. While qualitative methods are sometimes assumed to be "easier" or less rigorous than quantitative ones, the fact is that information of this kind can provide a depth of understanding about phenomena that cannot be achieved in other ways.

Some authors associate qualitative research with the single technique of participant observation. Other writers extend their understanding of qualitative research to include interviewing as well. However, popular qualitative research additionally includes such methods as observation of experimental natural settings, photographic techniques, historical analysis, document and textual analysis, sociometry etc.

Corporate Social Responsibility comprise qualitative research methods in an accurate and regular manner. As our goal is to fully reveal the essence of CSR in Russian Business Space we are favouring qualitative approaches to deeply observe intangible factors such as social norms, socioeconomic activity, whose role in the research issue may not be readily apparent.

3.1. QUALITATIVE RESEARCH DESIGN AND EPISTEMOLOGICAL PATH TO BUILD A STUDY ON CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN RUSSIA

Qualitative research is descriptive rather than explanatory, and exploratory rather than testing. It is subjective in nature, so everything must be transparent and made explicit. It is a powerful approach that can open new areas and stimulate further research on a larger scale. It is carried out to understand specific phenomena. It follows a research strategy and reveals rich and vivid descriptions. It is a type of social science research that collects and works with non-numerical data that seeks to interpret meaning from these data that help us to understand social life through the study of targeted populations or places (Punch, 2013).

Qualitative research is a form of social action that stresses on the way of people interpret, and make sense of their experiences to understand the social reality of individuals. It makes the use of interviews, diaries, journals, classroom observations and immersions; and open-ended questionnaires to obtain, analyze, and interpret the data content analysis of visual and textual materials, and oral history (Zohrabi, 2013). It is exploratory, and seeks to explain ‘how’ and ‘why’ a particular social phenomenon, or program, operates as it does in a particular context. It tries to help us to understand the social world in which we live, and why things are the way they are (Polkinghorne, 2005). It focuses on words rather than numbers, this type of research observes the world in its natural setting, interpreting situations to understand the meanings that people make from day to day life (Walia, 2015).

Qualitative research comprises of the following methods: logic, ethnography, discourse analysis, case study, open-ended interview, participant observation, counseling, therapy, grounded

theory, biography, comparative method, introspection, casuistry, focus group, literary criticism, meditation practice, historical research, etc. (Cibangu, 2012).

The purpose of qualitative research is to describe and interpret issues or phenomena systematically from the point of view of the individual or population being studied, and to generate new concepts and theories. The choice of methodology is directed by the questions being raised (Viswambharan & Priya, 2016).

3.1.1 COMPOSING QUALITATIVE TRIANGULATION METHOD TO OBSERVE CORPORATE SOCIAL RESPONSIBILITY IN RUSSIAN CONTEXT

In a general sense most researchers prefer to have at least one methodological technique in what they feel most comfortable by using and it often becomes their favourite or only approach to build a research. This might be why most of qualitative research texts presented only a single research approach (participant observation or interviewing). By combining several ways of observation, researchers can obtain a better or more substantive picture of reality, more complete array of symbols and theoretical concepts and a means of verifying many of these elements. The use of multiple pistes to build an observation is frequently called triangulation.

Triangulation was first used in the social sciences as a metaphor describing a form of multiple operationalism or convergent validation (Campbell, 1956; Campbell & Fiske, 1959). In these scense, triangulation was used largely to describe multiple data-collection technologies designed to measure a single concept or construct (data triangulation). However, Denzin (1978) introduced an additional metaphor, lines of action, which characterizes the use of multiple data-collection technologies, multiple theories, multiple researchers, multiple methodologies, or combinations of these four categories of research activities (C. Kothari, 2004). For many researchers, triangulation is restricted to the use of multiple data-gathering techniques (usually three) to investigate the same phenomenon. This is interpreted as a means of mutual confirmation of measures and validation of findings flick, 1983; Knafl & Breitmayer, 1989; Leedy, 1993; Mitchell, 1986; Sohier, 1988; Webb et al., 1981). Fielding and Fielding (1986) specifically address this aspect of triangulation. and suggest that the important feature of triangulation is not the simple combination of different kinds of data but the attempt to relate them so as to counteract the threats to validity identified in each. Researchers continues to support Denzin's (1970,1978) recommendation to use triangulate method during research study. For example, Goetz and Le Compte (1984) describe its use as a means of refining, broadening, and strengthening conceptual linkages. Also, Borman, Le Compte, and Goetz

(1986) highlights that triangulation method can allow researchers to offer perspectives other than their own. For example, Chava Frankfort-Nachmias and David Nachmias (1996) suggest that researchers can "minimize the degree of specificity of certain methods to particular bodies of knowledge," by using "two or more methods of data collection to test hypotheses and measure variables, this is the essence of triangulation." Unfortunately, the practice of triangulation often does not move much beyond a single theoretical explanation or an alternative hypothesis (Fielding & Fielding, 1986; Hammersley, 1984). This cursory use of the triangulation strategy fails to capture the essence of what Denzin (1978) describes as the "logic of triangulation":

I conclude that no single method will ever meet the requirements of interaction theory. While participant observation permits the careful recording of situations and selves, it does not offer direct data on the wider spheres of influence acting on those observed. Because each method reveals different aspects of empirical reality, multiple methods of observations must be employed. This is termed triangulation.

Corporate Social Responsibility is known as a 'triangulated' research strategy (Feagin *et al* 1991). Denzin (1989) outlined three outcomes of triangulation: convergence, inconsistency and contradiction. Whichever of these outcomes prevail, the researcher can construct good explanations of the observed social phenomena. Triangulation decreases, negates or counterbalances the deficiencies of a single strategy, thereby increasing the scope for interpreting the findings.

Redfern and Norman (1994) suggested it overcomes the bias of 'single-method, single-observer, single-theory studies', increases confidence in the results, allows development and validation of instruments and methods (conformability), provides an understanding of the domain (completeness), is ideal for complex social issues, overcomes the elite bias of naturalistic research, overcomes the holistic fallacy of naturalistic research, and allows divergent results to enrich explanation. The two goals of triangulation – confirmation and completeness of data – are the major strengths of this approach.

Begley (1996) argued that it is important that researchers are clear why they are choosing triangulation as a method and that they should provide evidence of how it is used. In this case, as is the tradition in CSR, multiple data collection tools were used (Yin 2009) – observations, interviews and documentation were collected in a dataset grid. Miles and Huberman (1994) spoke of triangulation as a state of mind: 'If you self-consciously set out to collect and double-check findings, using multiple sources and modes of evidence, the verification process will largely be built into the data-gathering process, and little more need be done than to report on one's procedures.'

3. 2 METHODOLOGICAL PATH TO CONDUCT A RESEARCH STUDY

According to Douglas (1976) the methods used by social scientists fall along a continuum from totally uncontrolled (and perhaps uncontrollable) techniques arising in natural settings to totally controlled techniques of observation. In this case, researchers have to choose their procedures keeping in mind the problems that may arise in specific research obstacles among certain research groups and in unique research circumstances. The analysis of qualitative data allows researchers to discuss in detail the various social contours and processes human beings use to create and maintain their social realities. In the following *Table 16* we present a short description of methodological map to build our research path.

Step	Methodology	Analysis Description
<i>I</i>	Literature Review	Analysis of the literature review on CSR in Russia allows to study works published by Russian and foreign authors on the topic of the planned research.
<i>II</i>	Dynamic and Structural analysis	The Dynamic analysis is a method that can be used to trace how one equilibrium state passes into another. The Structural analysis used as a supplement method to identify the special form of CSR reporting and certain elements of presented practices.
<i>III</i>	Content Analysis	Content analysis is a research method for studying different documents and communication artifacts, which can be texts of various formats, pictures, audio or video.
<i>IV</i>	Discourse Analysis	As a verification of <i>Content analysis</i> data results, it is proposed to use <i>Discourse analysis</i> . Discourse analysis made it possible to study the hidden meanings of the company's reporting text.
<i>V</i>	Triple Bottom Line (TBL) Analysis	To confirm the results obtained from the <i>content</i> and <i>discourse</i> analysis, we analysed the non-financial reports of the identified leading industry for the actual CSR to reflect the real initiatives of analysed enterprises to approve their characteristics that reflect CSR in a form identified.
<i>VI</i>	Case study	The material will contribute to the knowledge on how deep CSR practices are implemented while meeting the CSR standards. We adopted the secondary data from the companies, which reported on CSR practice, and used their web-sites with policy documents by researching their content to identify the form of CSR.
<i>VII</i>	Interviews	Interviews are particularly useful for getting the story behind a participant's experiences. The interviewer can pursue in-depth information around the topic. Interviews may be useful as follow-up to certain respondents to questionnaires, e.g., to further investigate their responses (McNamara, 1999).

Table 16. Methodological Map To Conduct A Research Study on CSR

Step I. Literature Review. The purpose is, first of all, is to describe what was done on the topic under study: the concepts developed, the approaches of different authors, the current state of the problem, and the range of unsolved problems in this field of knowledge. A review of the literature is conducted with the aim of designating a narrow question selected for the following analysis. In the review, it is necessary to substantiate the need to conduct a study, that is, to show that the study of the issue addressed in the work is, on the one hand, relevant and promising, and on the other, in practice, has not yet been carried out or has been insufficiently conducted.

Step II. Dynamic and Structural Analysis. We would like to observe, if there is a positive or negative trend in publishing non-financial reporting among large Russian enterprises starting from 2000-20016. To define certain presence of CSR openness among different industries and to identify the leading industry on CSR practices to provide a deep contemplation of companies practices on CSR.

Step III. Content Analysis. Social scientists use content analysis to quantify patterns in communication, in a replicable and systematic manner (Bryman, 2011). One of the key advantages of this research method is to analyze social phenomena in a non-invasive way, in contrast to simulating social experiences. The material for content analysis is based on non-financial reports of the companies who represent the leading industry on CSR openness. Content analysis allowed us to reach out-of-text reality and formulate a conclusion based on certain criteria of the form of CSR implementation among large Russian companies.

Step IV. Discourse Analysis (DA), or discourse studies, is a general term for a number of approaches to analyze written, vocal, or sign language use, or any significant semiotic event. The objects of discourse analysis (discourse, writing, conversation, communicative event) are variously defined in terms of coherent sequences of sentences, propositions, speech (Discourse Analysis –Linguistic Society of America, 2016). Corporate discourse can be broadly defined as the language used by corporations. It encompasses a set of messages that a corporation sends out to the world (general public, customers and other corporations) and the messages it uses to communicate within its own structures (employees and other stakeholders) (Breeze, 2013). Discourse analysis made it possible to study the hidden meanings of the company's reporting text in the context of its likely interpretation for describing form of CSR implementation: altruistic, philanthropic and corporate citizenship, which was actively discussed in the previous part of this thesis.

Step V. Triple Bottom Line Analysis. The triple bottom line theory expands the traditional accounting framework to include three performance areas: the economic, the social and environmental impacts of the company. These three bottom lines are often referred to as the three P's: people, planet, and profit. We will use the 3P approach to reflect real Corporate Social Responsibility activities of the analysed companies for their compliance in accordance with defined form of CSR.

Step VI. Case Study Analysis: Case study methods involve systematically gathering enough information about a particular person, social setting, event, or group to permit the researcher to effectively understand how it operates or functions. The case study is not actually a data-gathering technique, but a methodological approach that incorporates a number of data-gathering measures (Hamel, Dufour, & Fortin, 1993). Case studies may focus on an individual, a group, or an entire community and may utilize a number of data technologies such as life histories, documents, oral histories, in-depth interviews, and participant observation (Hagan, 1993; Yin, 1994). Cases studies are commonly used in business and law curricula to help students bridge the gap between foundational studies and practice. The use of diaries and biographies, a popular method among some feminist and other social scientists (Reinharz, 1992) approximate the case study method. To build our Case Study we will use the best CSR practices presented by analysed companies to verify their nature and confirm identified form of CSR reflected by analysed companies. According to Kothari C. (2004), the literal value of analysed documents as research data is frequently underestimated in contemporary research texts and courses. While such documents are certainly extremely subjective in their nature, this data should not be viewed as a negative or in this case even as some sort of limitation or shortcoming. It is the very fact that these documents do reflect the subjective views and perceptions of their creators that makes them useful as data in a case study. It is precisely through this subjectivity that these documents provide information and insight about the subject that might not be captured through some other more pedestrian data-collection technique.

VII. Conducting Interviews. We have conducted the qualitative research interview that seeks to describe meanings of central themes in the life world of the subjects. The main task in interviewing is to understand the meaning of what the interviewees say. (Kvale,1996). Interviews are particularly useful for getting the story behind a participant's experiences. The interviewer can pursue in-depth information around the topic. Interviews may be useful as follow-up to certain respondents to questionnaires, e.g., to further investigate their responses. (McNamara,1999). We build a Semi-structured interviews for this goal. According to M. Easwaramoorthy & Fataneh Zarinpoush (2006) this type of interview method based on a set of predetermined questions and the respondents answer in their own words. Some interviewers use a topic guide that serves as a checklist to ensure that all respondents provide information on the same topics. The interviewer can probe areas based on the respondent's answers or ask supplementary questions for clarification. Semi-structured interviews are useful when there is a need to collect in-depth information in a systematic manner from a number of respondents or interviewees (e.g., teachers, community leaders).

Qualitative data is characterized by its richness and comprehensive text-based information. Analyzing qualitative data is often a vague and time-consuming process. Qualitative data analysis is, the pursuing of the linkages between different categories and themes of data seeking to increase the understanding of the certain phenomenon. Once the data have been reviewed and there is a general understanding of the scope and contexts of the key experiences under study, coding provides the analyst with a formal system to organize the data, uncovering and documenting additional links within and between concepts and experiences described in the data. Codes are tags (Miles and Huberman 1994) or labels, which are assigned to whole documents or segments of documents (i.e., paragraphs, sentences, or words) to help list key concepts while preserving the context in which these concepts occur. The development of the code structure is an iterative and lengthy process, which begins in the data collection phase. There is substantial diversity in how to develop the code structure. This debate (Glaser 1992; Heath and Cowley 2004) concentrated on whether coding should be more inductive or more deductive. Regardless of approach, a well-crafted, clear, and comprehensive code structure promotes the quality of subsequent analysis (Miles and Huberman 1994). By using content analysis, the presence of certain predetermined concepts is investigated. These categories can be determined based upon reporting guidelines, such as the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (José and Lee, 2006; Clarkson et al. 2008). Similar to Everaert et al. (2009) a content analysis based upon the GRI

guidelines was performed. Prior to Everaert et al. (2009), some studies have tried to improve the method of content analysis by adapting it to more closely reflect the GRI guidelines.

José and Lee (2007) investigate the environmental management policies and practices of Fortune Global 200 companies. For this purpose, they developed a content analysis based upon concepts derived from the GRI guidelines. Clarkson et al. (2008) developed an own content analysis index for environmental disclosures. They developed this index particularly to reflect the spirit of the GRI guidelines. Therefore, they took over a significant number of Performance Indicators as proposed by the GRI and placed a heavy emphasis on hard, verifiable and objective measures of environmental performance rather than on soft measures. Hence, their content analysis corresponds to the target of GRI guidelines and facilitates the assessment of the true environmental commitment of a company. Based on the studied experience, we will analyse the CSR disclosures presented in non-financial reports of identified leading industry on CSR openness in Russia, using the coding structure for content and discourse analysis based on the GRI guidelines and defined forms of special characteristics of CSR : Altruistic, Philanthropic and Corporate Citizenship.

The innovations in software technology designed for qualitative data analysis significantly facilitates complexity and in some way simplify the difficult task, and consequently make the procedure relatively bearable. As a main tool for our data analysis we are going to use Nvivo, the qualitative data analysis software developed to manage the ‘coding’ procedures is considered the best in this regards. The Nvivo software indeed reduces a great number of manual tasks and gives the researcher more time to discover tendencies, recognize themes and derive conclusions (Wong, L. P. ,2008). All in all, qualitative researcher is strongly advised to pursue the procedures of this software in order to ease the muddled, vague and time-consuming task (H.Hilal, S.Alabri, 2013).

3.2.1 DEFINING THE RESEARCH QUESTION TO DELVE INTO FURTHER RESEARCH OF CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT

The first stage of our research design leads to the emergence and development of the primary research question through a systematic process of empirical inquiry, based on the studied material of the formation of Corporate Social Responsibility in Russia, this research engaged a very open and broad research question at the beginning of the first stage of the analysis:

What form of Corporate Social Responsibility present in Russian Business Environment Among Large Enterprises ?

The following group of subquestions was developed to bring an answer to the general question of this research :

Q.1.1 How CSR present in Russian Business Context?

Q. 1.2 What are the key factors of CSR formation in Russia?

Q.1.3 What is the Structure of Non-Financial Reporting in Russia?

Q.1.4 Which Conditions Can Influence Russian Business for Active Involvement in CSR?

To delve into proposed methodological analysis, based on the studied materials on Corporate Social Responsibility in the first part of this thesis, the special attention was given to stakeholders influence on CSR development and proposed international initiatives as United Nation Global Responsible Initiative (GRI) for CSR standardisation. According to this theoretical approach on stakeholders influence for CSR the following chapter propose to observe the form of CSR development in Russian Business Environment based on the stakeholders influence on companies CSR.

CHAPTER 4. LITERATURE ANALYSIS OF THE PRESENCE OF NON-FINANCIAL REPORTING IN RUSSIAN BUSINESS ENVIRONMENT

In order to determine the degree of CSR presence in Russian business environment, this chapter is devoted to conduct literature analysis on information disclosure and certain knowledge to consider what CSR standards exist in Russia and what is the trend for the development of non-financial reporting as the main source of responsible business behaviour for different stakeholders among Russian large enterprises.

4.1 COMPARATIVE ANALYSIS OF COMPLIANCE WITH INTERNATIONAL AND RUSSIAN CSR STANDARDS

In Russia, the standard of the Chamber of Commerce and Industry of Russia (CCI of Russia) "Social reporting of enterprises and organisations registered in the Russian Federation" was developed. The document is prepared taking into account the basic principles of the well-known international standards of CSR AA1000, as well as the "Guidelines for reporting on sustainable development" Standard. The standard of activity of the chambers of commerce and industry in the Russian Federation (hereinafter referred to as the Standard) was developed on the basis of the Law of the Russian Federation of July 7, 1993 No. 5340-1 "On Chambers of Commerce and Industry in the Russian Federation", the Charter of the Chamber of Commerce and Industry of the Russian Federation is recommended for use in the preparation of social reports by corporations of all forms of ownership and any legal status. However, this document does not contradict the Social Charter of Russian Business. The standard addresses social problems that are most relevant for Russia - full payment of taxes, fair wages for workers, assistance to orphaned children, financing of the social sphere. However, this document does not fully cover all aspects of CSR, and this is not about responsibility, but about reporting, which is no means the same thing (RSPP 2008 [electronic resource]: archive.rspp.ru/Attachment.aspx?Id=5176).

In 2011, the Russian Quality Organization immediately after the release of ISO 26000 produces the international standard ICCSR-08260008000⁵ or CSR. The provisions of this standard fully comply with the requirements of the ISO 26000: 2010 standard relating to the right to work, social

⁵ On the initiative of the All-Russian Quality Organization (WOC), the WOC Expert Center Program in 2007 developed the WOC-CSR-2007 standard "Social Responsibility of the Organization. Requirements "and the System of Voluntary Certification of Activities of Organizations in the Field of Social Responsibility" SOTSERT ", registered by the Federal Agency for Technical Regulation and Metrology" (now Rosstandart). For a visual demonstration of compliance of the CSR / CSR-2008 standard with ISO 26000: 2010, of the above additions in 2011, a new version of the standard - IC CSR-08260008000 was established and approved, and an International System for the certification of the activities of organizations in the field of social responsibility.

guarantees, labor safety, the production of goods and services of appropriate quality, environmental protection and resource conservation, participation in social activities and support to community initiatives, social management. The main advantage of this standard in comparison with ISO 26000 is the possibility of certification, which is performed in the International Certification System for the activities of organizations in the field of Social Responsibility "INTERSOTSERT" (Russia, Belarus, Ukraine, Croatia). Moreover, the rules of the INTERSOTSERT System provide for the possibility of certification or declaration not only for compliance with the requirements of all modules of the CSR standard, but also for one or several of them separately. If the certification or declaration is successfully carried out on the modules "A" and "I", then the organization, in addition to the certificate of compliance with the CSR standard, will receive a certificate of compliance with the SA 8000 standard, as these modules are harmonized with the provisions of this standard (electronic resource <http://www.ksovok.com/text.php>). This standard gives business the most effective tool for demonstrating the success of its social activities. This standard has no analogues in Russia and abroad, since it covers all the main components of social responsibility, except for good practice of doing business and its financial transparency.

It should be noted that Russian and international documents regulating CSR policy are interrelated. So the Social Charter of Russian business in many respects echoes with the UN Global Compact, there are points of convergence in international standards and guidelines (ISO 26000, GRI, AA1000SES, AA1000AS, SA8000) with Russian counterparts, which is reflected in table 17.

International Standard	The Russian analogue
ISO 26000 / SA8000	IC CSR-08260008000
GRI	Basic Indicators of the Russian Union of Industrialists and Entrepreneurs
AA1000SES	None
None	The standard of social reporting of Russian Quality Organization

Table 17. Interrelation of international and Russian standards

In other words, the provisions of IC CSR-08260008000 are in line with the provisions of ISO 26000 and SA 8000, and the basis of the Basic Indicators of the Russian Union of Industrialists and Entrepreneurs with GRI standards for non-financial reporting.

In most countries, non-financial reporting is provided by large enterprises on a voluntary basis. The exception is France, where, since 2012, the second edition of the Grenelle Law, which entered into force in the first version in 2001, has been in force (La loi «Grenelle II» No. 2010-788 du 12 juillet

2010). In Russia, non-financial reporting is currently optional, but despite this, more and more companies interested in foreign investment are providing this form of reporting.

Along with mandatory reporting, Russian large enterprises publishing their non-financial reports on a voluntary basis. The Russian Union of Industrialists and Entrepreneurs is responsible for creating and monitoring compliance with non-financial reporting. The Russian Union of Industrialists and Entrepreneurs (RUIE) define non-financial reporting as an officially published companies and organizations documents in which they represent to stakeholders a full range or a limited number of aspects of their activities in the field of responsible business practices, corporate social responsibility or sustainable development (SD) (L. Alenicheva, E.Feoktistova, N.Khonyakova, M.Ozeryanskaya, G.Kopylova, 2015). Typically, such documents include data on the CSR strategy in conjunction with the company's development strategy, on the observance of ethical business principles, the quality of corporate governance, contribution to environmental protection, respect for human rights, personnel management, product and service quality, communities, the impact of the company on society in all key areas of its activities.

To date, the RUIE has an agreement on information cooperation with GRI (Guidelines for reporting on sustainable development) and issues requirements for non-financial reporting in Russia. According to the Register of Public Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs, 83% of Russian companies publish non-financial reports (rspp.ru/simplepage/157).

As we have already mention, currently in Russia, non-financial reporting is optional, but despite this fact, more and more enterprises interested in foreign investment are providing this form of reporting. In following paragraph we will discuss existing policy for non-financial reporting in Russian business environment.

4.2 DEVELOPED INITIATIVES FOR NON-FINANCIAL REPORTING IN RUSSIA

In Russia, as well as in Europe, steps are being taken to regulate the activities of companies and public disclosure of non-financial information in various documents. Below, we present an overview of various forms of regulators in the field of non-financial reporting for Russian enterprises.

I. The Concept of non-financial reporting.

In 2016 the work on the Concept of non-financial reporting, which was headed by the Ministry of Economic Development of the Russian Federation, was resumed. The concept is aimed at:

- encouraging Russian enterprises to increase the information openness and transparency of the impact on society and environment;
- expansion of opportunities for an objective assessment on the basis of public accountability of the contribution of the results of organizations' activities to public development;
- assistance in strengthening the reputation of Russian enterprises and increasing confidence in their business activities in Russian Federation and beyond;
- streamlining the process of introducing public non-financial reporting in the management practice of Russian organizations;
- raising awareness of a wide range of stakeholders about international standards in the sphere of social responsibility, sustainable development and public financial reporting, the importance of public non-financial reporting for reporting organizations and their external environment.

The Concept defines the principles and forms of non-financial reporting, the mechanisms for its preparation, internal control and external evaluation. There are four stages for implementation of the Concept, the categories of companies that will be covered by the Concept at each of these stages, for the rest of organizations and companies, non-financial reporting will remain voluntary.

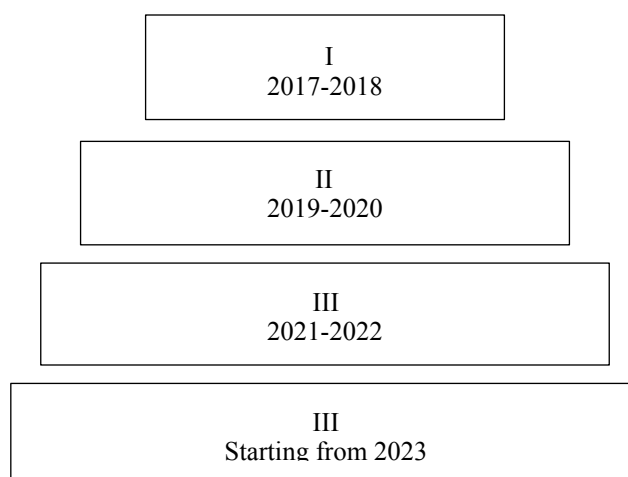


Figure 5. Stages of implementation of the Concept

It is assumed that consistently, at different stages, the requirements of mandatory non-financial reporting will be extended to the following organizations, taking into account their compliance with the criteria for the scope of organizations' activities defined in the Concept:

- state corporations, large state companies, companies with state participation and state unitary enterprises;

- companies included by the state in special lists of strategic and system-forming companies of Russian Federation;
- large private companies whose securities are admitted to trading on organized trades (the shares are included in the first-level quotation lists of the Moscow stock exchange), as well as companies that are included in Russian ratings of the largest organizations in terms of revenue (revenue).

Along with the Concept, an Action Plan for its implementation was developed. It provides for the development of a system of legal regulation, methodological support for public non-financial reporting, a system for monitoring and evaluating the quality of reporting information, information support and training issues in this area.

II. Code of Corporate Governance of the Bank of Russia.

The Code of Corporate Governance (hereinafter - the Code) was approved of by the Board of Directors of the Bank of Russia on March 21, 2014, it is considered an important milestone in the development of corporate relations in commercial sector. Recommendations of the Code are designed primarily for public companies and large companies with state participation. The Code also contains recommendations for evaluating the effectiveness of the board of directors, determining the remuneration of members of the board of directors and executive management, outlining the principles for organizing a risk management system, internal control and internal audit functions that are compatible with international standards. Some of these recommendations correspond to indicators of non-financial reporting, which are included, for example in GRI. The Code also contains direct recommendations to disclose the following information in the field of social and environmental responsibility:

- social policy in social and environmental sphere;
- report on sustainable development, compiled in accordance with generally accepted international standards (for example, GRI);
- quality control results, certification of quality management system for compliance with the requirements of the international standard (Article 6 of the Code, paragraph 6.2.2).

III. Reporting on Environmental Aspects.

At present, compulsory reporting on environmental impacts is provided by companies in the form of statistical forms of environmental reporting, which are not public. Steps are being taken to expand the public disclosure of environmental information. In 2012, the Fundamentals of Environmental Policy of the Russian Federation for the period up to 2030 were approved. The document envisages the development of voluntary non-financial reporting in the field of sustainable development, the transition to the mandatory publication of state-owned corporations and companies with state participation of sustainability reports in accordance with international standards, certified by a third independent party.

In recent years, there has been a clear increase in the use of indices and ratings to assess the performance of companies based on non-financial reporting. Examples of existing evaluation instruments in Russia through indices and ratings in the field of sustainable development, social and environmental corporate responsibility presented in Table 18 below.

Table 18. Evaluation instruments in Russia through indices and ratings

<i>Rating</i>	
Ratings of fundamental (ecological-energy) efficiency	Interfax-ERA (until 2010 ANO "NERA") have been compiled since 2000. For 16 years, a tool of objective comparisons of 5 thousand companies has been created, both inter-sectoral and by industry-regions. Ratings and benchmarking provide information support to corporate and public performance management.
Rating of environmental responsibility of oil and gas companies	Developed in 2014 by WWF with the support of the National Rating Agency (NRA) and the company CREON for the purpose of greening the oil and gas sector. The criteria are based on the Joint Environmental Requirements of NGOs for the Oil and Gas Sector.
Rating of environmental responsibility of mining companies in Russia	Developed on the initiative of WWF Russia and the UNDP / GEF / MNRE Project "Tasks of Biodiversity Conservation in Russia's Energy Sector Policies and Programs" and support of the NRA. The goal of the rating is to create a new tool to increase the corporate responsibility of mining companies and an effective feedback mechanism for the industry with stakeholders.
Forest management rating	Developed by a working group under the auspices of WWF Russia with the support of the NRA. The rating uses 37 basic and 15 additional criteria characterizing the economic, environmental and social aspects of sustainability of forest management.
Rating of sustainable development of Russian cities	Compiled by the Agency "GS GM" from 2012 in accordance with the principles of sustainable development of territories defined by international organizations and the scientific community. The purpose of the rating is to identify the leaders and outsiders of sustainable development among Russian cities to determine the growth potential and increase their competitiveness.
Ecological rating of regions and cities of Russia	The goal of the project is to create a methodology and develop an integral index of anthropogenic impact for regions and cities. Made at the Faculty of Geography of Moscow State University in 1990. Considers more than 30 quantitative indicators of the impact on the atmosphere, water, forest, land resources, radiation and agrarian load. For cities, instead of the agrarian and forestry effects, population density, road network and buildings and the intensity of the thermal impact were introduced. The indices are compiled on the analysis of Rosstat data, as well as Rosprirodnadzor and other ministries and departments, as well as a number of calculated characteristics of toxicity, exposure density.
<i>Indices</i>	
Russian Union of Industrialist and Entrepreneurs (RUIE) indices on sustainable development, corporate responsibility and reporting	The purpose of this project is to create a set of tools for independent evaluation of companies' performance. They have been compiled by the Russian Union of Industrialists and Entrepreneurs (RUIE) since 2014. They take into account quantitative indicators of companies' contribution to the competitiveness of the economy, sustainable social and economic development, effective and careful use of natural resources, improving the quality of human potential and living conditions. The indices are compiled on the basis of public corporate reporting (annual and non-financial reports analysis), including more than 50 indicators for economic, social and environmental aspects of activities, as well as management issues.
The National Corporate Governance Index	an annual survey conducted by the National Association of Corporate Directors with the support of the Moscow Stock Exchange. It is based on a comprehensive methodology for quantitative and qualitative assessment of corporate governance in companies and is an indicator of the development of corporate governance in Russian companies, determining their degree of compliance with the principles of the national corporate governance code. In addition, it takes into account the national listing rules and international principles of corporate governance of the OECD.

Comparability of information disclosed by different companies on the same topics remains a relevant issue for adequate assessment of the performance of companies on the basis of their reporting. Recently, not only compilers of indexes and ratings, but also mass media have been increasingly turning to reports of companies as a source of information for comparative analysis and generalization of the impact on society and the environment. Attempts to compare are not always successful because companies often use different indicators to describe the same processes and do not explain how these indicators are calculated. The task of comparability and streamlining of reporting information, to assess the contribution of business and its impacts on various aspects of society's life remains important for further development of non-financial reporting process in Russia. In general, it can be noted that recognizing the concept of sustainable development, corporate social responsibility and non-financial reporting is gaining momentum in Russia, the requirements of regulator are being increased, the number of stakeholders involved in these processes is expanding, which should serve as a good basis for future development. (E. Feoktistova, L. Alenicheva, E. Dolgikh, G. Kopylova, M. N. Ozeryanskaya, N. V. Khonyakova, 2017).

4. 3 DISCLOSURE OF NON-FINANCIAL REPORTING IN RUSSIAN BUSINESS ENVIRONMENT

Meanwhile, according to a study conducted by the Economist Intelligence Unit (the analytical division of the British magazine Economist) with the initiative of United Company RUSAL and with the support of the audit company PricewaterhouseCoopers (PwC) in Russia and the United Nations Development Program (UNDP), 53% of the polled Russians believe that today business is not socially responsible. To the social reporting, Russians also are ambiguous. The majority of respondents believe that banks and companies write similar reports to create a favourable image for themselves in front of power and business structures - 37% of respondents think so. Another 30% of respondents said that in this way businesses advertise themselves, 18% hold the view that the purpose of reports is to inform the public about their social programs, and 12% believe that reporting helps improve the attitude of staff to their company.

A minority of respondents rated the publication of such reports as an attempt to conceal the true state of affairs - to hide the economic difficulties faced by the company (this is the opinion of 12% of Russians), or to divert attention from the adverse effects of their activities on human health and the environment - this is 10% of respondents. If to rely on the data of opinion polls, it turns out that most Russians still understand the feasibility of compiling and publishing such reports.

Meanwhile, the development of CSR in Russia is conditioned by the specific economic context - the active and successful expansion of the largest Russian companies abroad: shares of more than 50 companies from Russia traded on the London Stock Exchange only. International partners, investors, consumers demand greater transparency in doing business, and Russian corporations are actively developing in the field of CSR, adopting Western business practices and simultaneously implementing their unique approaches and solutions.

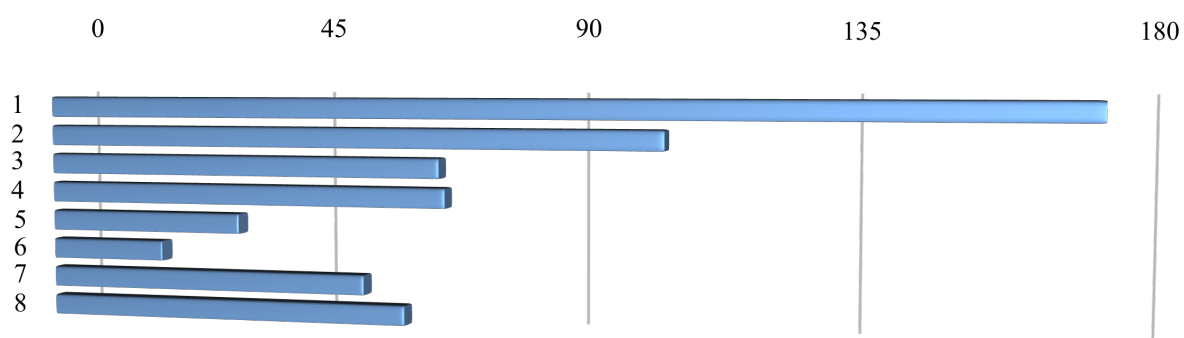
The analysis conducted by S.Tsey (2011) of the structure of non-financial reports of Russian corporations showed most priority directions in the disclosure of information. These include:

- personnel management and internal social programs;
- interaction with the local community, social and economic development of the territories, as well as charity and sponsorship;
- environmental and nature protection measures.

In the course of the research S.Tsey, (2011) have revealed that companies are gradually moving from charity to social investments aimed at addressing the most acute social problems in education, health, employment, housing, and habitat. Based on the data obtained, it was found that the greatest openness of the company is manifested in the disclosure of information about the implemented social programs of the internal orientation.

In 2015, the Russian Regional Network for Integrated Reporting, an element of the infrastructure of the International Council on Integrated Reporting, conducted a study of corporate transparency of Russian companies. These studies showed that 182 of the 656 largest Russian companies surveyed reported on SD (Sustainable Development) and CSR activities in the reporting year (172 out of 182 companies), or indicated in public reporting a general commitment to the goals in this area (the remaining 10 from 182 companies). The research performed not only demonstrates the current situation with the disclosure of information on the management system of activities in the field of sustainable development and corporate social responsibility (SD and CSR), but also allows to identify a number of problems, confirming trends and assessing their sustainability. Despite the fact that quite a lot (172 of the large companies) disclose information from the point of sustainable development in their public accounts in one way or another, but only 64 companies interact with both internal and external stakeholders on these issues. The following Figure 6 demonstrate aspects and priorities of the information disclosure.

Figure 6. Disclosure of information on the management system of activities in the field of SD and CSR



The following are the aspects provided by the companies:

1. Activities in the field of sustainable development (SD) in the reporting period.
2. Disclosure of strategic priorities in SD.
3. Disclosure of key issues related to SD.
4. The main objectives / plans for the implementation of the SD strategy / policy for the next fiscal year.
5. Assignment of responsibility for activities in the field of SD (for a member / members of the Board of Directors / Committees under the Board of Directors, executive director, top management).
6. Relationship between the supreme management body KPI and top management with the objectives in the field of SD.
7. Company non-financial indicators, important from the point of view of SD included in KPI.
8. References to third-party economic, environmental and social charters.

The research conducted by Yuri Blagov (2016) not only demonstrates the current situation with disclosure of information on the system of managing activities in the field of sustainable development and corporate social responsibility (SD and CSR), but also allows to identify a number of problems, confirming trends and assessing their sustainability.

According to Blagov Y. (2016) the very "unsystematic" management of activities in the field of Sustainable Development (SD) and CSR exists at several levels. First, the diversity of concepts, terms and real practices related to SD and CSR leading away from the fundamental assumption - that the subject of management is an integral system of corporate social activity. This system includes three interrelated elements: the principles of CSR, the company adheres to; processes that are built in accordance with these principles; and, finally, measurable results.

Secondly, the corporate social activity itself includes a whole portfolio of activities: corporate charity, the main activity based on the integration of CSR principles into business processes, as well as responsible innovations that allow, according to M. Porter's well-known concept to create a "shared (general) "value. The most popular approach to SD and CSR today is the construction of

effective models for the balanced management of the entire "portfolio", allowing to achieve synergies.

Finally, interaction with stakeholders is constantly underestimated. It is impossible to separate "interaction with stakeholders on SD and CSR" from doing business as such. As Edward R. Freeman, creator of stakeholder concept, emphasizes, there is nothing in business that would go beyond interaction with stakeholders. It is this interaction that determines the targeting and real content of processes as the core of the system of corporate social activity. It should be noted, however, that the problems and trends identified are global in nature, and corporate social activities of Russian companies, in general, develop within this global trend (Blagov. Y., 2016).

CONCLUSION CHAPTER 4.

The processes of Russia's integration into international economic environment, has forced Russian companies to join certain international CSR standards. A growing number of companies has reached a certain stage of their development, where at their own choice or on the recommendation of their international consultants or partners, or even out of necessity to attract foreign investors, is now implementing one or another international standard of corporate social responsibility and non-financial reporting (Nikolayev N., 2016). The standardization of CSR ideas was also recognized by the need to compile and submit non-financial (social) reporting by companies. In the most general form, the non-financial reporting represents information in the field of economic, social and environmental performance of the organization.

In Russia, non-financial reporting is currently optional, but despite this, more and more companies interested in foreign investment are providing this form of reporting. It should be noted that Russian and international documents regulating CSR policy are interrelated. So the Social Charter of Russian business in many respects echoes with the UN Global Compact, there are points of convergence in international standards and guidelines (ISO 26000, GRI, AA1000SES, AA1000AS, SA8000) with Russian counterparts (IC CSR-08260008000, Basic Indicators of the Russian Union of Industrialists and Entrepreneurs, The standard of social reporting of Russian Quality Organization).

Along with mandatory reporting, many companies in Russia and in the world also make voluntary reporting. Public non-financial reporting is one example of such reporting in most countries of the world. Today, the Russian Union of Industrialists and Entrepreneurs is responsible for creating and monitoring compliance with non-financial reporting in Russia. This organization represents the interests of business, participating in the development of regulations on labor cooperation and business development in the regions. Within this structure, there is a division "Social Responsibility", for which the responsibility is the Social Charter of Russian Business, established on the initiative of the Russian Union of Industrialists and Entrepreneurs, with 254 organizations-members.

The new version of the Sustainability Reporting Guidelines GRI G4 was released in 2013. In 2015, a transition period was completed, during which companies were entitled to voluntarily apply the new version of the manual. Russian companies, although not in absolute terms, but as a percentage of the total number of published reports, showed in 2015 a greater deal of activity in mastering the requirements of the new leadership than their foreign counterparts.

In Russia, as well as in Europe, steps are being taken to regulate the activities of companies and public disclosure of non-financial information in various documents:

- The Code of Corporate Governance of the Bank of Russia;
- The concept of development of public non-financial reporting;
- Reporting on Environmental Aspects;
- RSPP indices on sustainable development, corporate responsibility and reporting.

In general, it can be noted that recognizing the concept of sustainable development, corporate social responsibility and non-financial reporting is gaining momentum in Russia, the requirements of regulator are being increased, the number of stakeholders involved in these processes is expanding, which should serve as a good basis for future development. (E. Feoktistova, L. Alenicheva, E. Dolgikh, G. Kopylova, M. N. Ozeryanskaya, N. V. Khonyakova, 2017.)

Meanwhile, the development of CSR in Russia is conditioned by the specific economic context - the active and successful expansion of the largest Russian companies abroad. International partners, investors, consumers demand greater transparency in doing business, and Russian corporations are actively developing in the field of CSR, adopting Western business practices and simultaneously implementing their unique approaches and solutions.

CHAPTER 5. DYNAMIC ANALYSIS OF NON-FINANCIAL REPORTS PUBLISHED BY RUSSIAN LARGE ENTERPRISES

This chapter devoted to bring a light on progress and existing experience of Russian large enterprises on information disclosure of their CSR in different forms of non-financial report. Using Dynamic analysis among fifteen different industries representing 161 Russian large enterprises we are going to identify the leading industry on CSR openness based on the form of non-financial report. This information will help us to precisely analyse the existing leading examples of CSR in Russian business environment.

5.1 ANALYSIS OF DYNAMIC AND FORMS OF NON-FINANCIAL REPORTS SUBMITTED BY RUSSIAN LERGE ENTERPRISES SINCE 2000-2016.

As part of global process social reporting in corporate strategies is a trend of modernity that could not but affect Russia. In conditions of globalization, such opportunities depend to a large extent on the level of competitiveness of Russian companies, which today is determined by the availability and effective use of both production assets and monetary resources, but also of intangible assets, and the quality of non-financial risks management.

In general, in Russia the leaders of non-financial reporting are large enterprises, which have top ratings and make the greatest contribution to the welfare of the country, both through their direct economic activities and the implementation of approaches to corporate responsibility. Among them, oil and gas, metallurgical companies, and also chemical and in the banking sector.

The non-financial report is inherent to business practice, which is confirmed by the history of non-financial reporting development both in the world and in Russia. According to the Russian Union of Industrialists and Entrepreneurs:

Non-financial report is voluntarily disclosed information that is reliable and accessible to key stakeholders reflecting the main aspects and performance of companies related to the implementation of the company's sustainable business development strategy.

The document helps not only communicate with the regional authorities, but also take into account the interests of the public, suppliers and consumers, as well as to improve the quality of strategic management of the company, promptly reacting to potential and probable risks, which is an important factor for investors, state and business partners alike.

The most complete information about how many companies in Russia produce non-financial reports and what approaches to reporting they chose are stated in the National Register of Corporate Non-

Financial Reports and the Library of Corporate Non-Financial Reports of the Russian Union of Industrialists and Entrepreneurs (RUIE)⁶. The data of the National Register of the Russian Union of Industrialists and Entrepreneurs make it possible to trace the dynamics of reports by years, the growth in the number of companies that publish non-financial reports, and their industry affiliation. Below is a graph of the dynamics of companies publishing non-financial reports by year.

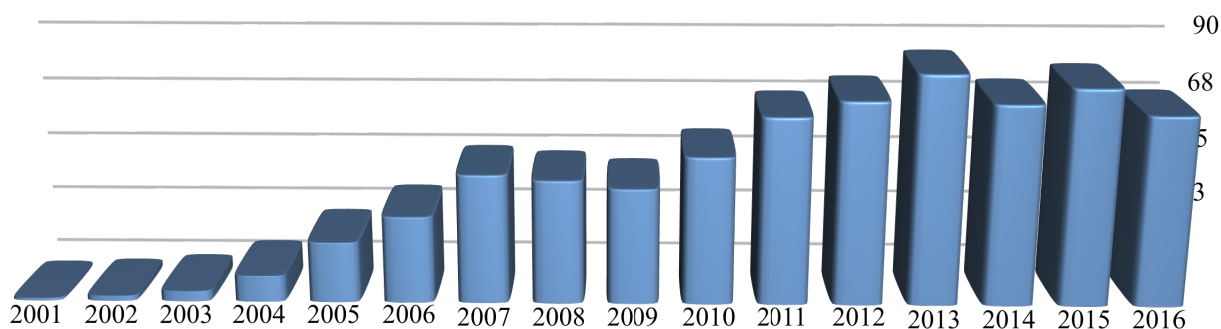


Figure 7. Dynamics of the number of companies that publish non-financial reports by year (RSPP "Responsible business practices in the mirror of accountability: the present and the future, 2017)

The data shown in fig.7 reflects the unstable character of non-financial reporting in Russia: two "peaks" are noticeable - in 2007 and 2013. Perhaps the first peak was associated with the adoption of the Social Charter of Russian Business, which attracted the attention of Russian companies to the topic of responsibility and accountability. It may also be the case that the second peak is due to several factors: Russia's accession to the WTO, the active involvement of Russian enterprises in international market, and the adoption of the Anti-Corruption Charter of Russian Business.

As of November 1, 2017, 161 companies have been included in the National Register of Corporate Non-Financial Reports, which is maintained by the Russian Union of Industrialists and Entrepreneurs, registered 790 reports, issued since 2000. Among them: environmental reports (ER) - 72, social reports (SR) - 307, sustainable development reports (RSD) - 271, integrated reports (IR) - 140.

⁶ See information on the website of the RUIE, in the section "Social Responsibility": <http://pcnn.pdf/simplepage/157>

Table 19

Distribution of reporting forms by industry affiliation of companies listed on the National Register of Corporate Non-Financial Reports.

№	Industry classification	Number of reports					Number of enterprises	The average number of reports per the company
		IR	SD	SR	ER	Total		
1	Power Engineering	73	53	44	5	175	41	4,3
2	Oil and Gas	4	95	9	37	145	19	7,6
3	Metals and Mining	9	36	52	3	100	18	5,6
4	Finance and Insurance	3	19	64	0	86	17	5,1
5	Chemical, petrochemical, perfumery	36	15	20	2	73	12	6,1
6	Manufacture of food products	0	22	22	0	44	9	4,9
7	Non-Profit Organizations	0	6	28	0	34	6	5,7
8	Telecommunication	4	8	21	0	33	11	3,0
9	Woodworking, pulp and paper	0	1	4	18	23	5	4,6
10	Transport	0	6	10	5	21	5	4,2
11	Other services	0	9	8	0	17	5	3,4
12	Education, health	0	0	12	0	12	5	2,4
13	Housing and communal services	1	0	13	1	15	5	3,0
14	Manufacture of the machinery and equipment	10	0	0	0	10	2	5,0
15	Cement production and construction	0	1	0	1	2	2	1,0
	Total	140	271	307	72	790	161	4,9

As can be seen from the data in Table 20, the highest number of reports was submitted by the companies of the energy, oil and gas, metallurgy and mining industries, which is 53% of the total number of reports submitted to the National Register of Non-Financial Reports. The least active sector of cement production and construction has submitted only 2 reports since 2000.

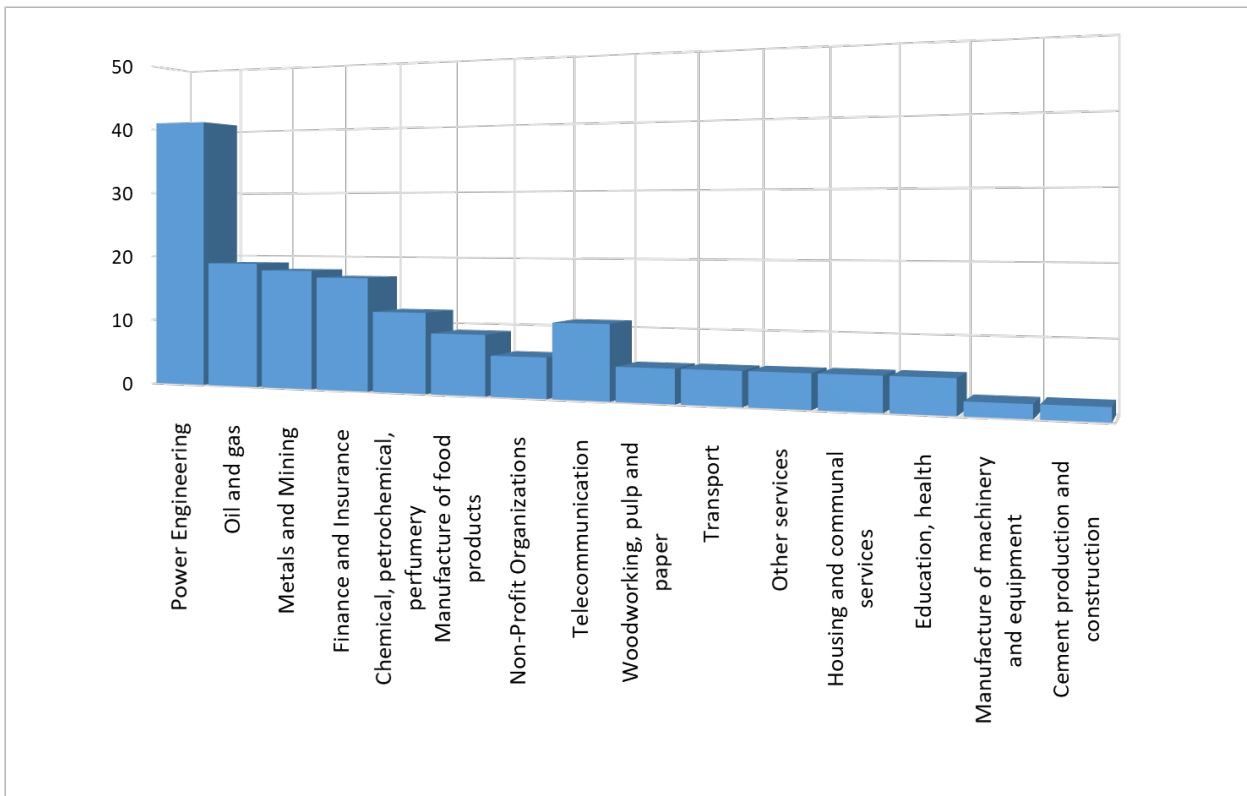


Figure 8. The number of reports by industry sector companies.

The industries in which the highest number of non-financial and integrated reports are published annually coincide with the ratings of the most expensive and profitable companies only partially: today reports are being regularly produced in the following five sectors that form a significant share of Russia's GDP: oil and gas, metallurgical, chemical and nuclear. Telecommunication and financial sector companies do not show significant activity in disclosing non-financial information. Until recently, oil and gas companies invariably outperformed other sectors, both in terms of non-financial reporting, and in the number of annual reports. However, following the results of 2016, the companies of all five industries practically equaled the number of reports. In terms of the number of companies by industry, who have reported to the National Register of Corporate Non-Financial Reports, again the leader is the energy, oil and gas, metallurgical and mining industries. Of these industries, 78 companies reported, accounting for 48% of the total number of companies that submitted reports to the register. Machinery and equipment production, as well as cement production and construction, only 2 companies contributed, which accounted for 2.5% of the total number of companies.

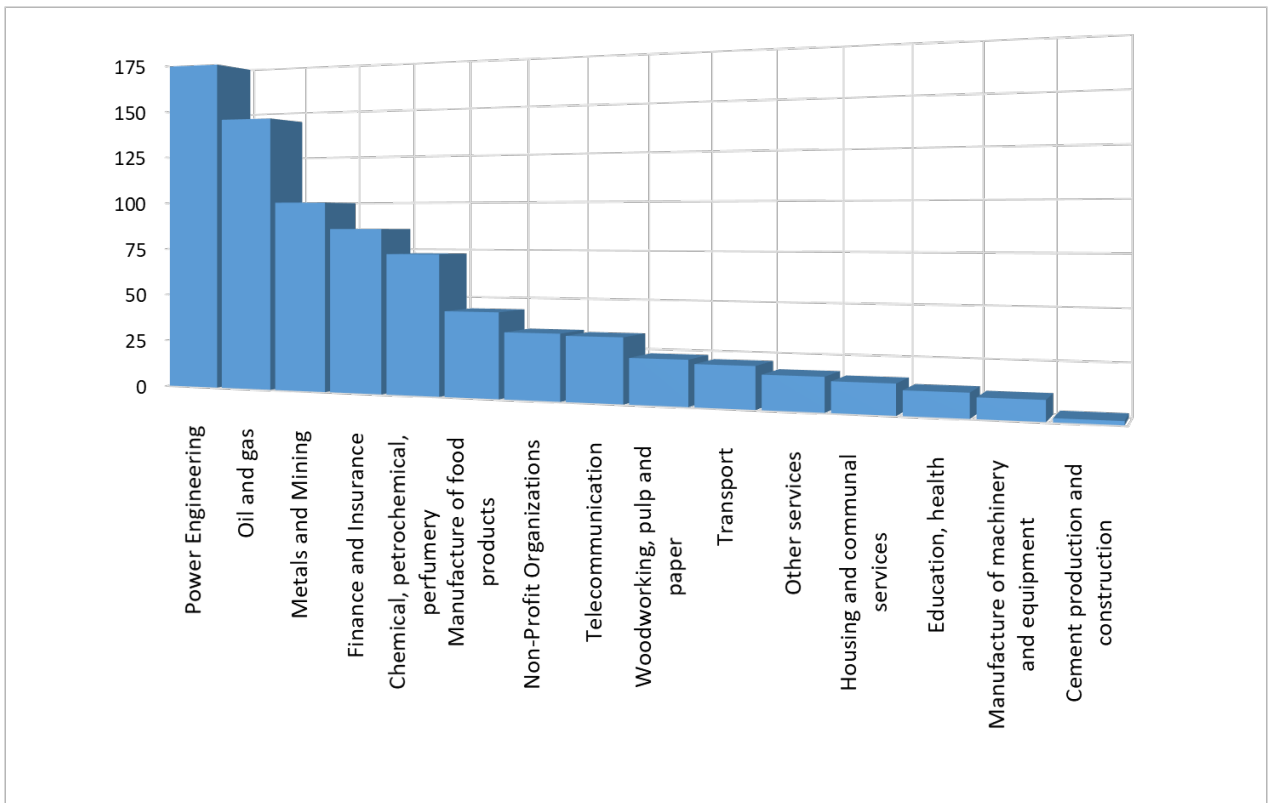


Figure 9. Number of companies by industry, who have reported to the National Register of Corporate Non-Financial Reports.

As can be seen from fig.9 the most open industry on CSR is oil and gas industry, as the average number of reports was 7.6 with an average of 4.9. Energy companies made the most entries in the register, but the average number of reports per company was only 4.3, which is less than the average for the register. The Production of Machinery and Equipment submitted only 10 reports, but the industry average was 5 reports per company.

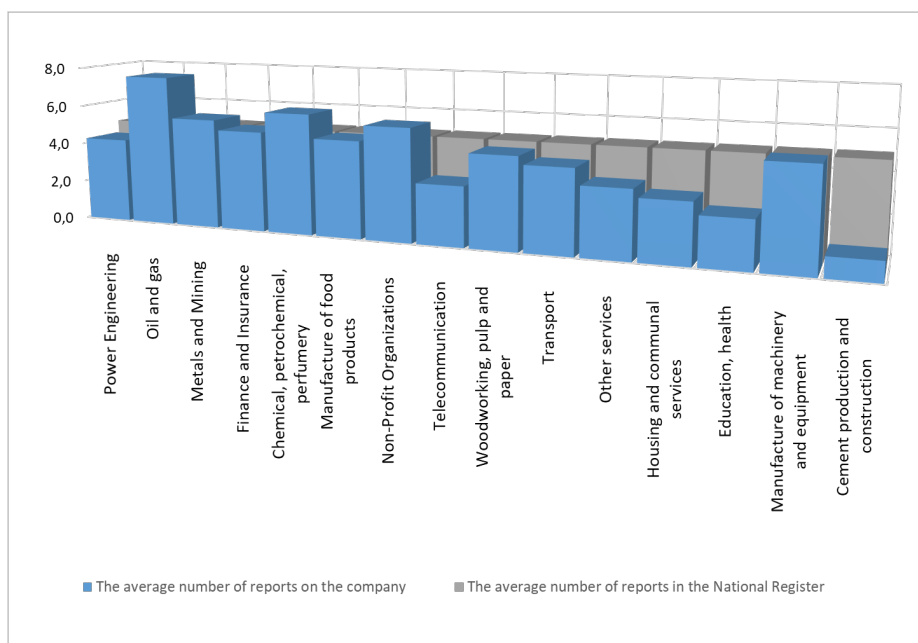


Figure 10. The average number of reports per company by

Table 20. Report shares by industry affiliation

№	Industry classification	Number of reports					Share of the report submitted in the industry			
		IR	SD	SR	ER	Total	IR	SD	SR	ER
1	Power Engineering	73	53	44	5	175	42%	30%	25%	3%
2	Oil and Gas	4	95	9	37	145	3 %	66 %	6 %	26 %
3	Metals and Mining	9	36	52	3	100	9%	36%	52%	3%
4	Finance and Insurance	3	19	64	0	86	3 %	22 %	74 %	0 %
5	Chemical, petrochemical, perfumery	36	15	20	2	73	49%	21%	27%	3%
6	Manufacture of food and products	0	22	22	0	44	0 %	50 %	50 %	0 %
7	Non-Profit Organizations	0	6	28	0	34	0%	18%	82%	0%
8	Telecommunication	4	8	21	0	33	12 %	24 %	64 %	0 %
9	Woodworking, pulp and paper	0	1	4	18	23	0%	4%	17%	78%
10	Transport	0	6	10	5	21	0 %	29 %	48 %	24 %
11	Other services	0	9	8	0	17	0%	53%	47%	0%
12	Housing and communal services	1	0	13	1	15	7 %	0 %	87 %	7 %
13	Education, health	0	0	12	0	12	0%	0%	100%	0%
14	Manufacture of Machinery and equipment	10	0	0	0	10	100 %	0 %	0 %	0 %
15	Cement production and construction	0	1	0	1	2	0%	50%	0%	50%
	Total	140	271	307	72	790	18 %	34 %	39 %	9 %

According to report types, the most frequently submitted social reports are social reports -307 and reports on sustainable development - 271, respectively 39% and 34% of the total number of reports. Integrated reports - 140, accounting for 18% of the total. Environmental reports only account for 9% of the total, due to the fact that many industries do not have a significant impact on the environment. Energy industry has made more integrated reports than environmental, 73 and 5, respectively. Woodworking and pulp and paper industry, in turn, contributed 18 environmental

reports, accounting for 78% of the industry. The oil and gas industry made 37 environmental reports, but in the industry it was 26% of the total, but due to the fact that the companies of this industry have a longer planning period, they submitted 95 reports of the sustainable development area, which was 66%. In general, we can state that the processes of non-financial reporting in Russia are heavily dependent on industry specificity, and the total number of reporting companies is gradually growing. Most companies issue reports on an annual basis, which corresponds to the approaches adopted internationally, and facilitates the prompt delivery of information to stakeholders. It can be expected that soon the annual non-financial reporting will finally become the generally accepted norm in Russia.

Table 21. Shares of industry affiliation of companies in the recorded Report types.

№ п/п	Industry classification	Number of reports					Shares of industry affiliation of companies in the recorded Report types			
		IR	SD	SR	ER	Total	IR	SD	SR	ER
1	Power Engineering	73	53	44	5	175	52%	20%	14%	7%
2	Oil and Gas	4	95	9	37	145	3 %	35 %	3 %	51 %
3	Metals and Mining	9	36	52	3	100	6%	13%	17%	4%
4	Financial and Insurance	3	19	64	0	86	2 %	7 %	21 %	0 %
5	Chemical, petrochemical, perfumery	36	15	20	2	73	26%	6%	7%	3%
6	Manufacture of food products	0	22	22	0	44	0 %	8 %	7 %	0 %
7	Non-Profit Organizations	0	6	28	0	34	0%	2%	9%	0%
8	Telecommunication	4	8	21	0	33	3 %	3 %	7%	0 %
9	Woodworking, pulp and paper	0	1	4	18	23	0%	0%	1%	25%
10	Transport	0	6	10	5	21	0 %	2 %	3 %	7 %
11	Other services	0	9	8	0	17	0%	3%	3%	0%
12	Housing and communal services	1	0	13	1	15	1 %	0 %	4 %	1 %
13	Education, health	0	0	12	0	12	0%	0%	4%	0%
	Manufacture of machinery and equipment	10	0	0	0	10	7 %	0 %	0 %	0 %
15	Cement production and construction	0	1	0	1	2	0%	0%	0%	1%
	Total	140	271	307	72	790	100 %	100 %	100 %	100 %

The highest share of integrated reports falls on the energy sector and accounts for 52% of the total amount of this form submitted to the register. According to environmental reports, the leader is the oil and gas industry with 51% of the total and woodworking, pulp and paper industry with 25% share. The oil and gas sector has also contributed most report on sustainable development (RSD) - 35% of the total number of this form of the report.

Table 22. Distribution of the number of reports by industry affiliation in 2000-2016.

№	Industry classification	Years and Number of Reports																	
		2000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
1	Power Engineering	2	1	1	1	2	10	14	10	5	11	15	18	17	19	19	16	14	175
2	Oil and Gas	0	1	4	4	7	7	7	9	9	11	13	15	14	13	12	11	8	145
3	Metals and Mining	2	0	0	2	4	4	8	6	6	6	5	10	9	10	9	10	9	100
4	Finance and Insurance	0	0	0	2	3	6	8	5	8	7	9	8	8	7	6	6	3	86
5	Chemical, petrochemical, perfumery	0	1	0	0	0	0	2	3	2	4	6	8	7	10	10	12	8	73
6	Manufacture of food and products	0	1	0	1	1	0	1	1	1	4	5	6	7	5	6	3	2	44
7	Non-Profit Organizations	0	0	0	0	2	0	1	1	2	1	3	3	4	4	4	5	4	34
8	Telecommunication	0	0	0	0	0	0	1	2	3	4	1	5	5	4	3	3	2	33
9	Woodworking, pulp and paper	1	0	0	1	5	3	2	1	2	1	1	1	1	1	2	1	0	23
10	Transport	0	0	0	0	0	1		4	1	2	1	1	2	2	2	2	2	21
11	Other services	0	0	0	0	0	0	1	0	0	1	1	2	2	3	2	3	2	17
12	Housing and communal services	0	0	0	1	0	1	1	1	1	2	1	1	3	1	1	1	0	15
13	Education, health	0	0	0	0	0	2	0	1	2	1	2	0	2	2	0	0	0	12
14	Manufacture of Machinery and equipment	0	0	0	0	0	0	0	0	0	0	1	1	1	1	2	2	2	10
15	Cement production and construction	0	0	0	0	0	0	0	0	1	0	1	1	0	0	0	0	0	2
	Total	5	4	5	12	24	34	50	41	43	55	65	79	82	82	78	75	56	790

It should be noted that some companies still produce more than one non-financial report per year (for example, environmental and sustainable development reports), so in some years the number of reports may exceed the number of companies reporting.

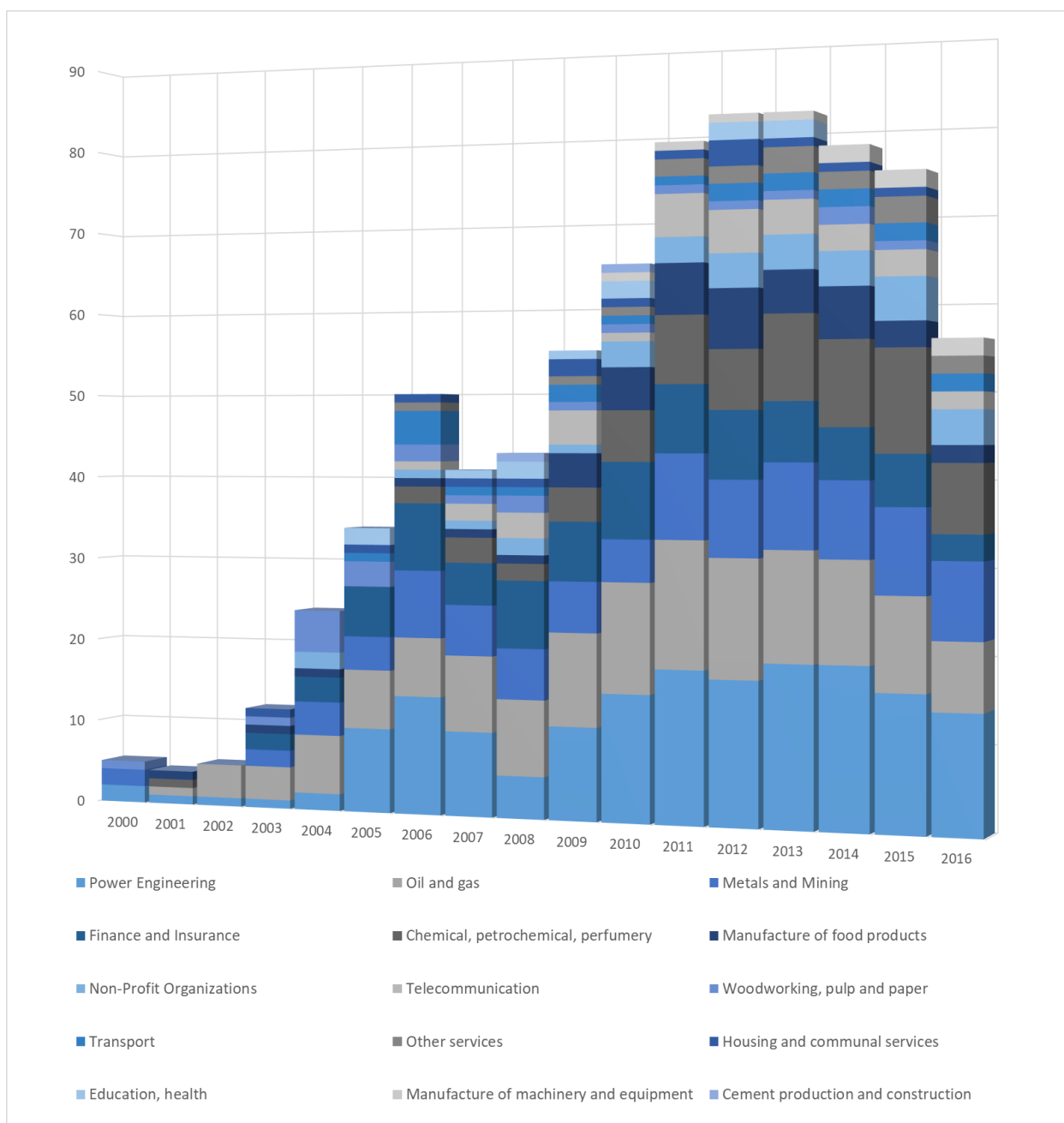


Figure 11. Distribution of the number of reports by the industry affiliation of companies in 2000-2016.

As can be seen from the diagram in Figure 11, there is a positive dynamics of reporting to the National Register of Corporate Non-Financial Reports. If in 2002 there were only 5 reports, then by 2013 this indicator has grown to 82 reports. In 2016, the number of submitted reports fell to 56, due to political and economic factors.

Table 23. Distribution of the number of reports in the national register according to Report types in 2000-2016.

Year	Report Type				Total
	Integral Report (IR)	Sustainable Development Report (SD)	Social Report (SR)	Ecological Report (ER)	
2000	0	0	3	2	5
2001	0	0	2	2	4
2002	0	1	2	2	5
2003	0	1	6	5	12
2004	0	5	13	6	24
2005	0	5	24	5	34
2006	0	14	31	5	50
2007	0	17	22	2	41
2008	0	17	21	5	43
2009	5	22	26	2	55
2010	11	24	27	3	65
2011	15	27	33	4	79
2012	20	29	27	6	82
2013	22	27	26	7	82
2014	22	33	17	6	78
2015	23	31	15	6	75
2016	22	18	12	4	56
Total	140	271	307	72	790

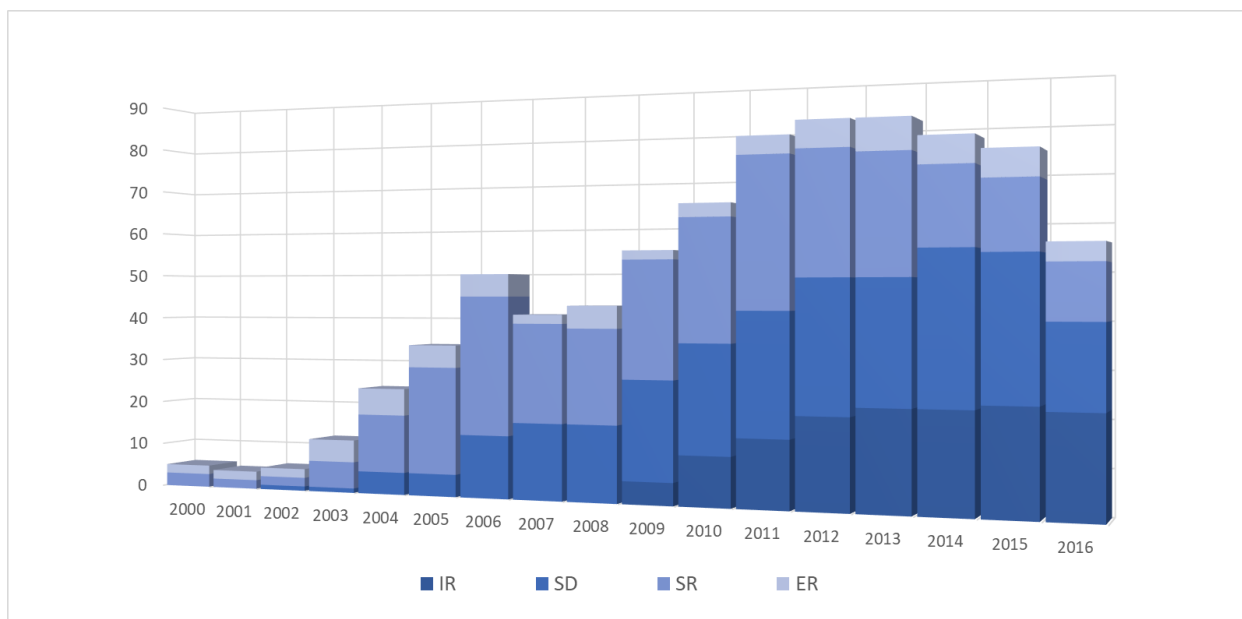


Fig.12 Distribution of the number of reports in the national register according to Report types in 2000-2016.

Having analyzed the dynamics of non-financial reporting by large Russian enterprises we found out that companies choose approaches to reporting in the disclosure of CSR practices, in the form of social reports (SR) 307 and sustainable development reports (RSD) 271.

The number of Russian companies implementing social reports (SR) and reports on sustainable development (RSD) is growing every year. The reasons for encouraging large companies to start voluntary non-financial reporting may be different. At the same time, it is important to note that among Russian entrepreneurs there are emerging trends typical for the global business community, which means accepting that social reports (SR) and reports on sustainable development (RSD), including the entire process of its preparation and dissemination, constitute an important element of the corporate system of managing non-financial risks, increasing efficiency and strengthening competitiveness.

The type non-financial report reflects the choice of issues to be given the most attention, based on the goals and objectives that the company sets itself. The choice to disclose CSR practices in the form of social reports (SR) and reports on sustainable development (RSD) make it possible to assume at what level of CSR the company is. A characteristic feature of the preferred report types presented in the review of non-financial reports is the fact that most enterprises are city-forming. The information contained in these reports demonstrates the commitment of such companies to the concept of corporate responsibility, which includes not only concern for their employees, but also participation in the social and economic development of the territories of their presence. Many companies treat such expenses as social investments aimed at improving the quality of life, improving the mechanisms of social and economic development and increasing the competitiveness

of the regions, which creates favourable conditions for the development of the business of these organizations themselves. Today, Russian large enterprises are the main catalyst of innovative changes that lead to a fundamentally new level of Russia's socioeconomic development.

One of the factors motivating the development of non-financial reporting was a few public tenders for reports that help to formulate standards for presenting information about business and reflect the main trends in their design and structure. To mention just a few, there is the competition of annual reports, which Moscow MICEX-RTS Exchange and media group "RCB" have been conducting for 18 years, and open regional competitions in St. Petersburg and the Krasnodar Territory, the large contests encouraging responsible business practices in in general, such as the All-Russian competition "The best Russian enterprises. Dynamics, efficiency, responsibility" (RSPP) (L.Alenicheva, 2016)

RSD can simultaneously serve as a tool for improving intra-company management and increasing transparency in the company's operations. At the same time, the data of corporate reports, provided is comparable in terms of key performance indicators, make it possible to fully understand and assess the overall contribution of business to solving socially significant problems, which is important for increasing public confidence in it. Below we present analysis of the distribution of company reports submitted separately for each industry in order to determine the most "open" industry in providing information on CSR activities.

5.1.1 DISTRIBUTION OF NON-FINANCIAL REPORTS SUBMITTED BY INDUSTRY

Companies in the energy sector are large infrastructures that create value to their shareholders and stakeholders and care for the state of the environment. The activities of such organizations are subject to strict licensing and are regulated by the Russian state. Corporate social responsibility of energy companies is often aimed at: developing special programs to protect workers' labor; developing the territory of the company's activities, based on the needs of the local population and communities; minimizing the negative impact on the environment, biodiversity and the state of ecosystems; forming the transparent and effective system of corporate governance in order to attract new investors⁷. Not with standing the information about the development of CSR in this industry, it can be seen from the data in Figure 13, enterprises from energy sector are more likely to submit information in the form of integrated reports. These are focused on explaining to finance providers

⁷ <http://csrjournal.com/14754-kso-i-energeticheskaya-promyshlennost-v-rossii-sushhestvennye-voprosy-problemy-i-ix-resheniya-2.html>

how an organization creates value over time. As a consequence, it contains relevant financial and other information⁸. Such dynamics allow us to conclude that the companies of this industry are more focused on the discovery of indicators of financial success than the manifestation of activities within the framework of the triple-bottom line (TBL) criteria, which captures both the economic, environmental and social aspects of the company's activities.

Figure 13

Distribution of the number of submitted reports by **energy sector** to the national register according to Report types in 2000-2016.

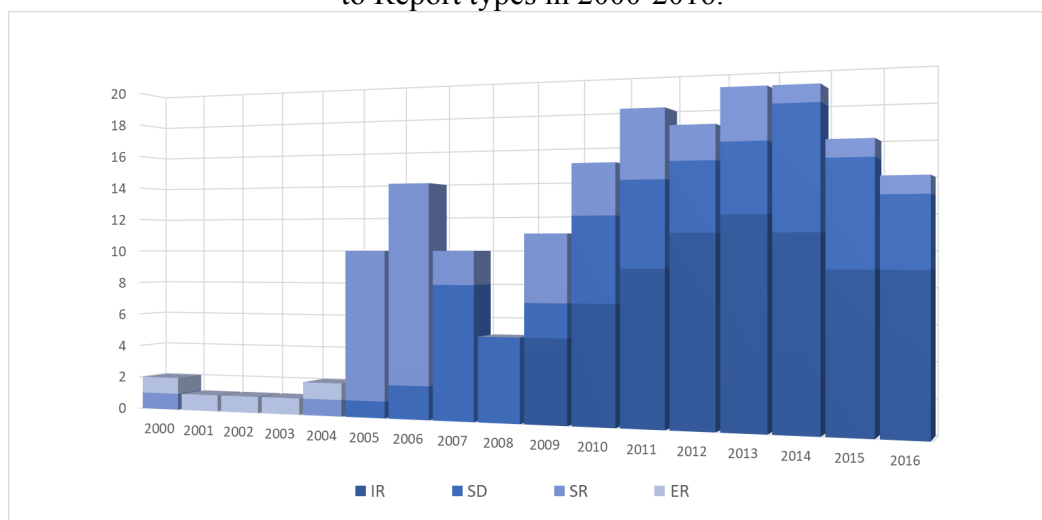
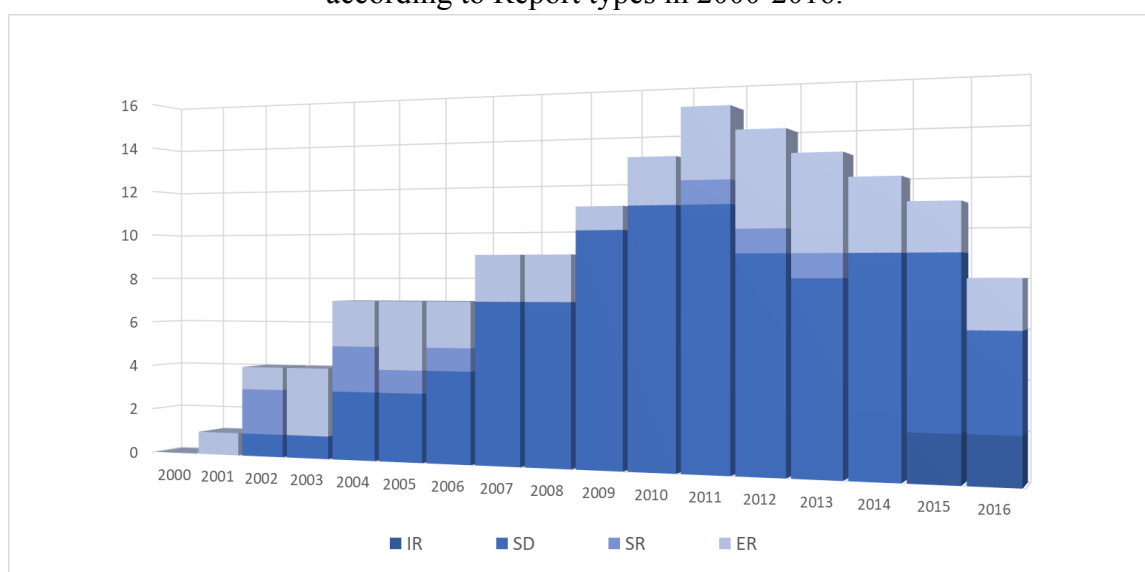


Figure 14

Distribution of the number of submitted reports by the **oil and gas industry** in the register according to Report types in 2000-2016.

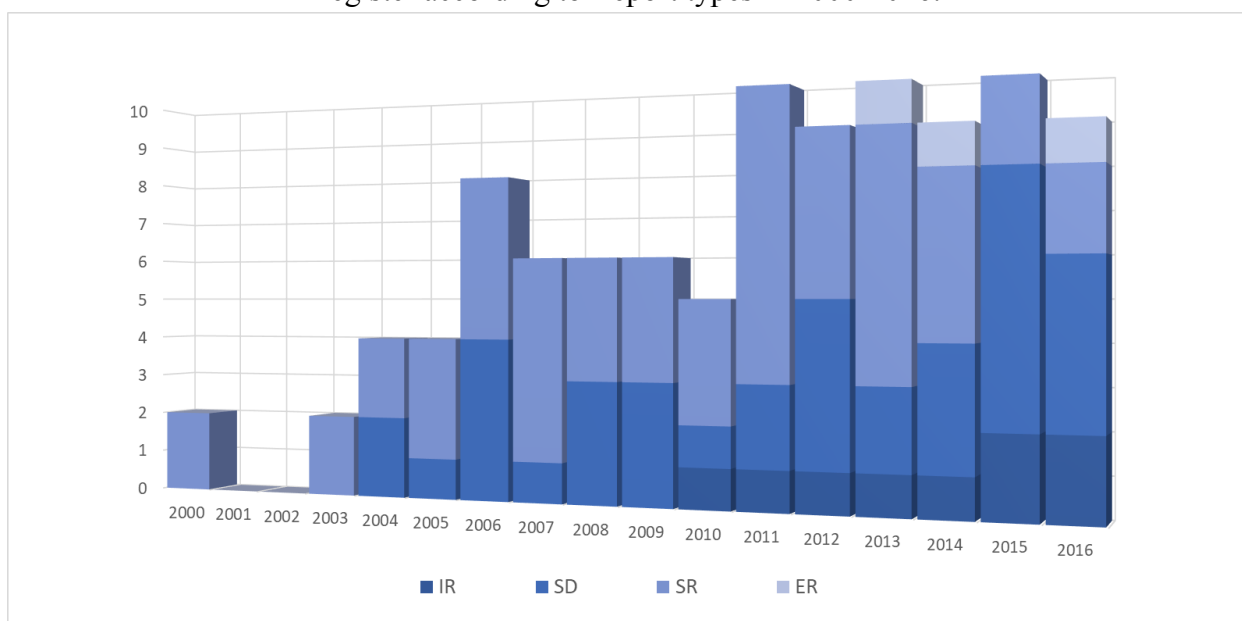


⁸ the official website of the Russian Regional Integrated Reporting Network, which oversees the project on the implementation of the Standard for Integrated Reporting in the Russian Federation

Modern CSR programs disprove the view of the oil and gas sector being in a kind of social vacuum. In fact, oil and gas companies operate on a wider and more complex environment of social institutions than other industries. In the era of information technology and fewer trade barriers, businesses increasingly resort to transparency and openness of information, which in turn allows customers, suppliers, investors, employees, government and other stakeholders to learn more about the activities of companies. As presented in Figure 14, companies in this industry demonstrate leading indicators in the field of reporting information on CSR activities in the form of sustainable development reports (RSD). Oil and gas sector was one of the first where CSR practices in Russia were introduced. At all stages of production, the activities of such companies have a negative impact on the environment. Therefore, companies are paying increased attention to the impact they have on the region of presence.

Figure 15

Distribution of the number of submitted reports by the **metallurgical and mining industries** in the register according to Report types in 2000-2016.

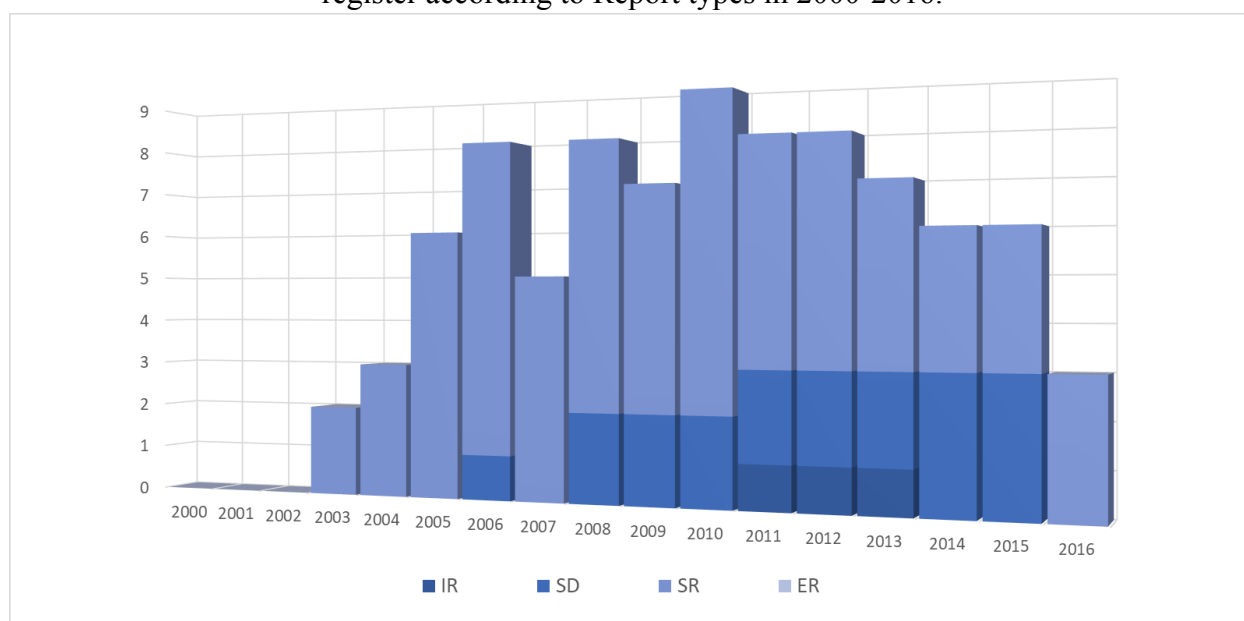


These graphic show that metallurgical companies also demonstrate their certain openness on presenting CSR. The majority of the largest metallurgical producers carry out CSR activities in the following main areas: labor relations and personnel safety, management and interaction with stakeholders, charity (E. Mazurenko, 2016). Metallurgical companies that are striving to achieve success in the long term should bear in mind that their prosperity must be combined with the values of society, and in particular with local communities, on the territory of the company's presence. The optimal solution is when metallurgical companies seek to implement strategic social investments aimed at creating added value for business and in parallel contributing to the sustainability of

society (Hilson G, 2012). Nevertheless, there is a positive trend in the practice of publishing CSR activity reports in the RSD format, this indicator being most active during 2015-2016, which demonstrates the importance of an integrated approach to sustainable development in the metallurgical industry. Particular attention is paid not only to economic issues, but also to environmental and social consequences.

Figure 16

Distribution of the number of submitted reports by the **financial and insurance industry** in the register according to Report types in 2000-2016.



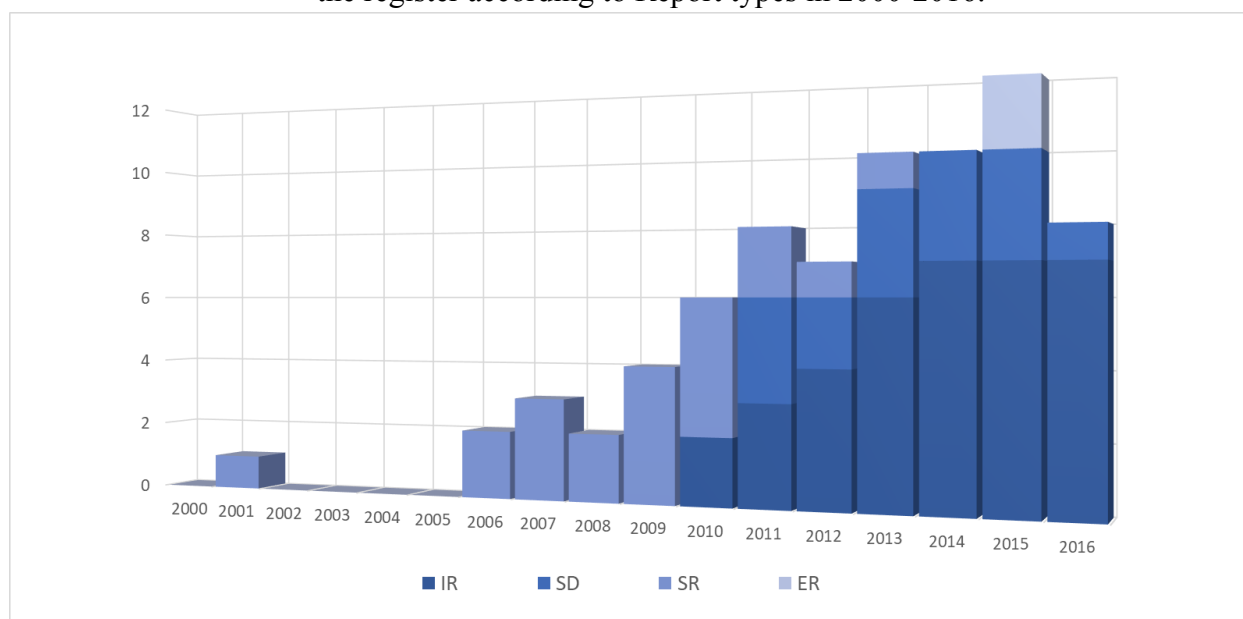
Discussing issues of corporate social responsibility, representatives of the financial sector frequently express that their activities do not have a significant impact on the ecology and quality of life of local communities. At the same time, they seem to rightly compare the extracting and processing companies that have a direct impact on the environment⁹. But they forget about the special functions of financial institutions. After all, the development of the real sector of the economy and its impact on the society and the environment depend precisely on where the financial sector will channel funds. From the data in figure above, we see that at this stage of information disclosure in the CSR area, financial sector companies are more active in submitting information in the form of Social Reports than reports in the field of sustainable development. The financial sector has a leading role in promoting the ideas, principles and practices of corporate social responsibility in the business environment. The response of the financial sector to the challenges facing it is the spread of responsible financing practices. In a broader sense, responsible financing assumes taking into

⁹ http://studbooks.net/1251949/bankovskoe_delo/osnovnye_napravleniya

account environmental and social factors in the investment process. One of the manifestations of responsible financing is investment in socially and environmentally significant projects, such as the construction of affordable housing or energy efficiency, etc. When investing in the securities market, a number of financial institutions also take into account the effectiveness of issuers on a wide range of issues related to sustainable development.

Figure 17

Distribution of the number of submitted reports by the **chemical and petrochemical industries** in the register according to Report types in 2000-2016.



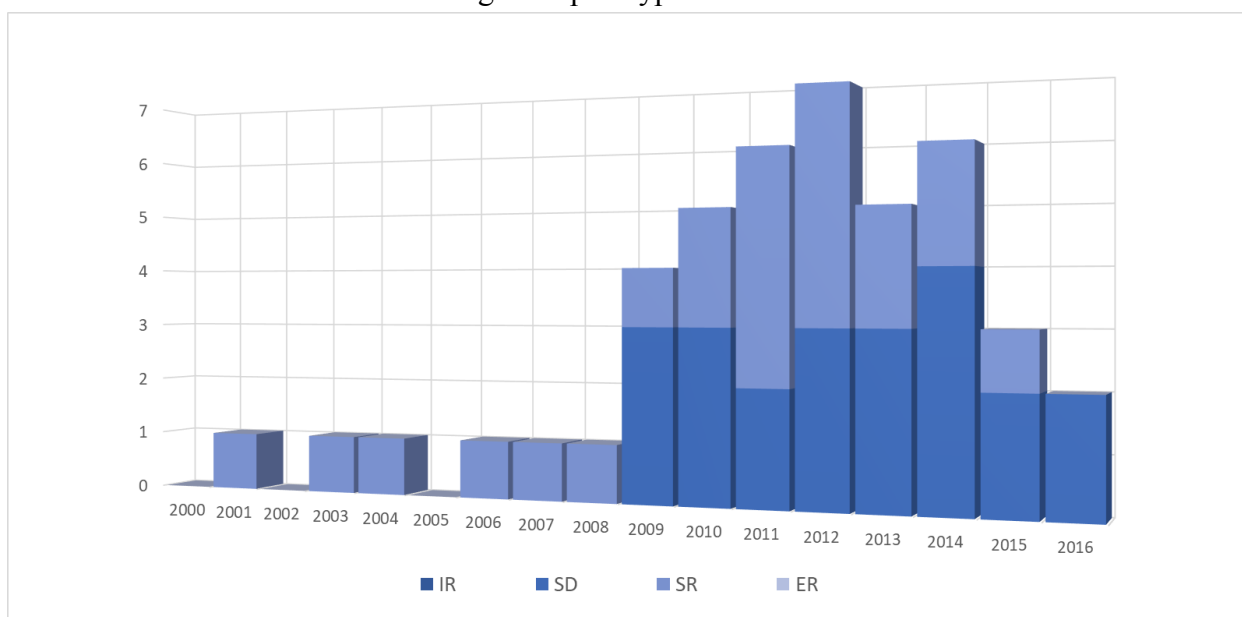
In Russia, if not public expectations, then international requirements and standards make companies think about their social responsibility. If Russian companies limit their interests to certain regions of presence, then it is quite possible to use social responsibility as an image characteristic. However, for companies wishing to gain a share in the international market and build long-term business relationships with Western partners, disregard of social problems will be fraught with costs not only relating to image and reputation, but also sales and profits. As stated above, public expectations in the West for the safety of products for health and the environment are extremely high. In the chemical industry, the most striking and relevant example is the adoption of the EU REACH Regulation¹⁰. By its very nature, the chemical industry is dangerous for humans and the environment. More and more responsibility falls on the chemical companies and on the controlling authorities, the public, international organizations and partners. Such issues, for example, as health

¹⁰ Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a European Union regulation dating from 18 December 2006.^[1] REACH addresses the production and use of chemical substances, and their potential impacts on both human health and the environment.

and safety, environment protection, lie not only in the sphere of moral and ethical norms, but also common sense. Environmental problems have long become global. Enterprises need more and more harmlessness, energy efficiency. Two strategies for companies' actions can be distinguished: dealing with social issues from time to time (under Russian conditions this is possible), or perceiving corporate social responsibility as part of a business development strategy. The second approach is more expensive, but is more efficient in the long run. Voluntary programs on social responsibility set the structure, directions of work. The data in figure show that there is a positive dynamics in reporting on the activities of CSR in form of integrated reports (IR). The submission of information covering the triple result: the environmental, economic and social aspects have been stable since 2013-2015, but in 2016, only 1 sustainability report was submitted to the register of non-financial reports, while 7 integrated reports were submitted. Dynamics is very low in terms of involvement of the chemical sector in the disclosure of information in three areas of sustainable development.

Figure 18

Distribution of the number of submitted reports by the **food production industries** in the register according to Report types in 2000-2016.

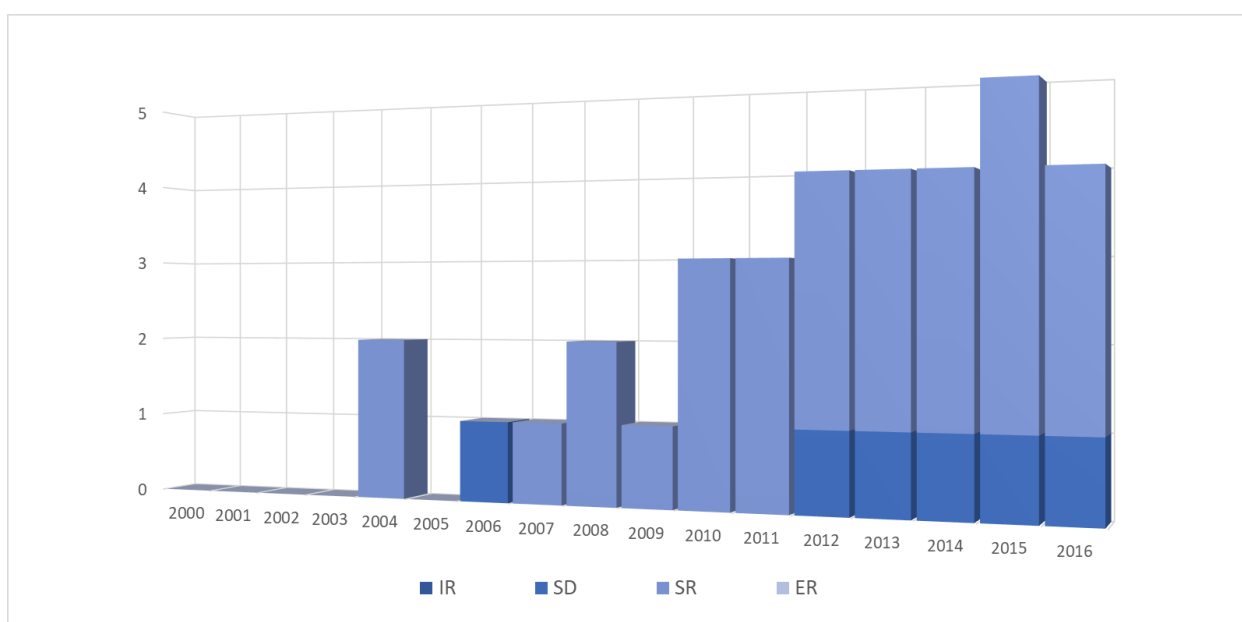


It should be noted that the corporate social responsibility of enterprises is of great importance to stakeholders of the industrial market. For example, studies of the food industry within a poultry company (Serdorlskaya A., Mukhamedshina A., 2014) determined the enterprises of poultry industry in Russia supply goods not only to consumer ("B2C"), but and on the industrial ("B2B") market, providing: food, cosmetics and pharmaceutical products. The industry is the raw material for further processing, the second study revealed that large poultry factories and poultry companies

of Russia as a whole are interested in the development of corporate social responsibility, but the integration of CSR is hindered by a number of internal constraints. These are internal ones the reluctance of businesses to spend money on social programs or policy, lack of financial opportunity for social investments, etc., and external ones: low level of legislation. Of the 9 companies representing this sector, on average, only 2 companies are engaged in providing CSR information when choosing the form of the SD report. Such indicators characterize a low involvement of companies in disclosing information about their activities and, accordingly, not a high indicator of CSR development within the sector itself. State support of corporate social activity, legislation improvement in the social sphere, informing the business about the advantages of effective social policy were noted by the majority of respondents as the most effective measures for the development of social practices in Russia and facilitation of CSR integration into large enterprises (Serdirlskaya A., Mukhamedshina A., 2014).

Figure 19

Distribution of the number of submitted reports by the **non-commercial organizations** in the register according to Report types in 2000-2016.



In Russia, a legislative base for charitable activities has been formed, but the state policy towards charity remains uncertain. At the same time, seemingly simple and accessible social initiatives actually require a complex systematic scientific approach, since the social responsibility of business acts as an element of the managerial culture of a new society.

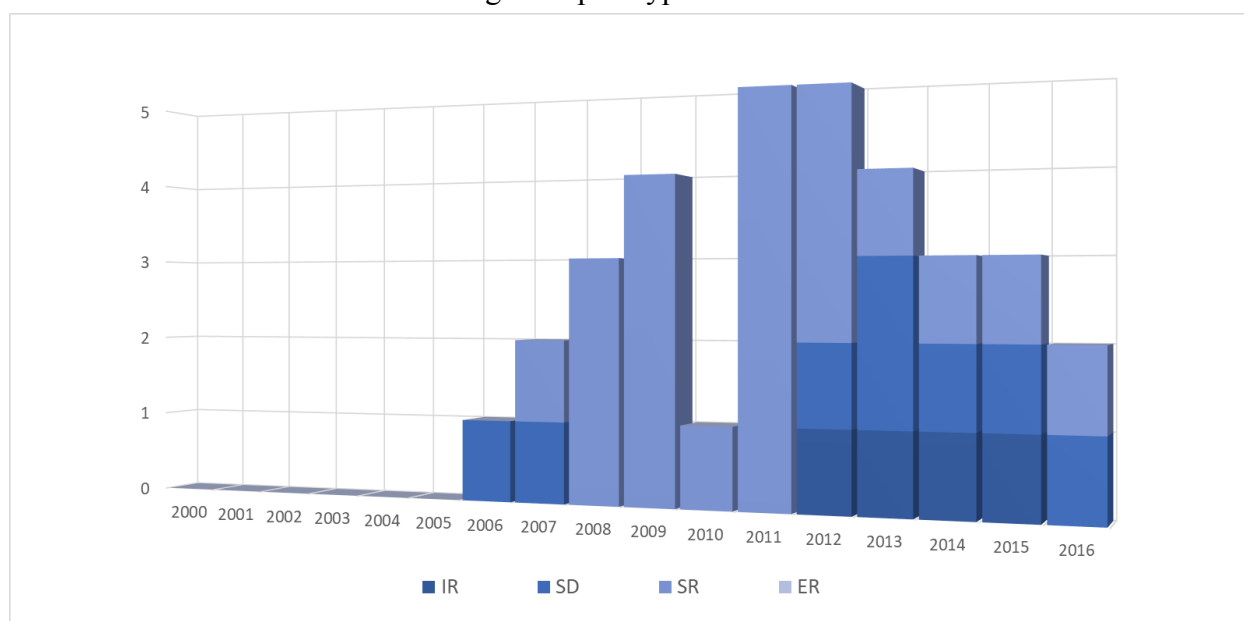
Since the 1990's, in Russian Federation, the number of public associations and other non-profit organizations has gradually increased, and in their activities they have moved to a higher quality level. During the transition to market relations in Russia, the structure of financing of NGOs

has undergone significant changes, especially in those financed from budgets of various levels. If in the mid-1990s., NGOs were almost entirely funded from budgetary sources, now state subsidies constitute an average of only 20-40% of the revenues of these NGOs. The main share of funds for charity programs is allocated by large corporations.

According to the statistics of the non-profit partnership "Donors Forum", 74% of all money goes to Russian NGOs from legal entities. And only 16% singled out "private traders"¹¹. This is due to low incomes of the population, which does not allow for engagement in charitable activities, the undeveloped traditions of philanthropy, and the lack of stimuli for charitable activities on the part of the state. Based on the data obtained in the table, it can be seen that it was in 2007 that some NGOs started disclosing their activities by publishing social reports. The low involvement of NGOs in the disclosure of their activities to stakeholders is an important reason hindering development of this sector. One of the obstacles to overcome is the suspicion and distrust of domestic entrepreneurs and citizens.

Figure 20

Distribution of the number of submitted reports by the **telecommunication industry** in the register according to Report types in 2000-2016.



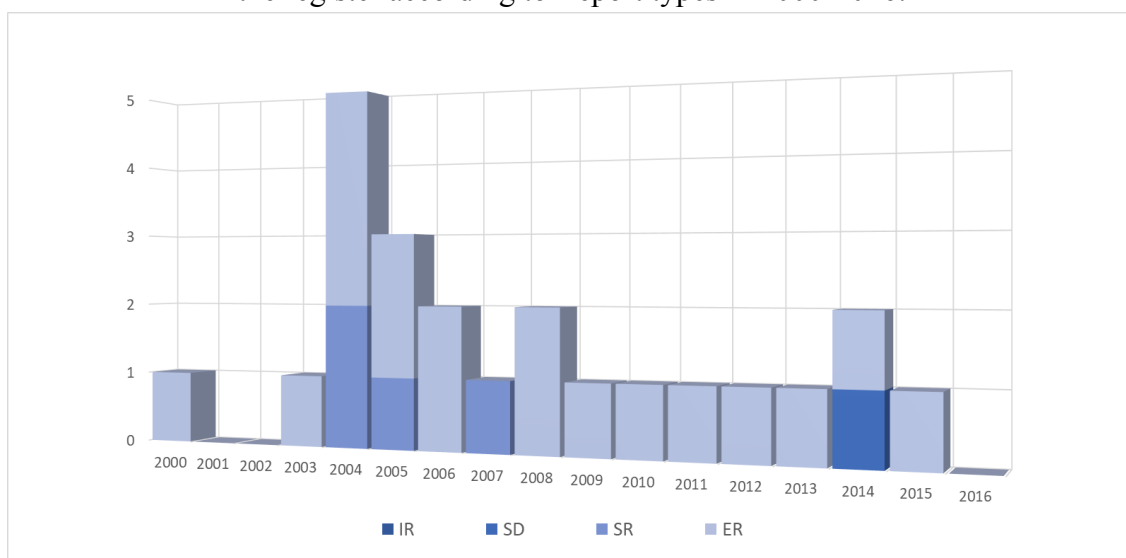
Promoting the effectiveness of communication and its infrastructure in the economic life, this segment of business is of great importance for the state and has a strong influence on the further development of society. The dominant position in this industry is in the mobile communication market, instantly (by historical standards), which entered the everyday life of citizens, it changed

¹¹ https://studme.org/67748/menedzhment/nekommercheskie_organizatsii_sisteme_korporativnoy_sotsialnoy_otvetstvennosti

the state of the society, the structure of the relationships within it. According to VTsIOM¹², more than 2/3 of the country's population actively use mobile communications, in large cities this level exceeds 90%¹³. At the same time, the main representatives of the mobile business have been implementing the policy of corporate social responsibility for a long time and are demonstrating certain achievements in this area. Every year the importance of social image increases. Loyalty goes far beyond the preferences in the choice of goods and services. It is also important to note the specific nature of the telecommunications business for the development of social programs. In itself, communication is already a social construct, which means that social policies of companies in this industry can be directly related to their core business, which is not at the same level in other industries. Dynamic development, innovation and technology in this sphere also determines a special format for interaction with interested parties. The mechanism of relations with consumers is associated with the continuous improvement of services and the increase in the consumer's benefit (Vinogradov, 2014). Despite the desire for the development of CSR in the telecommunications sector, presented data in tables reflect a weak dynamics with respect to the disclosure of information on the activities of companies in this field.

Figure 21

Distribution of the number of submitted reports by the **woodworking, pulp - paper** industries in the register according to Report types in 2000-2016.



According to research of Kargina, A. (2016), Russian forest sector is rather strongly interested in corporate social responsibility. This interest is related to market mechanisms that initiated a number

¹²VCIOM (Russian Public Opinion Research Center) is the first and the largest polling firm in the Former Soviet Union (FSU) <https://wciom.com/index.php>

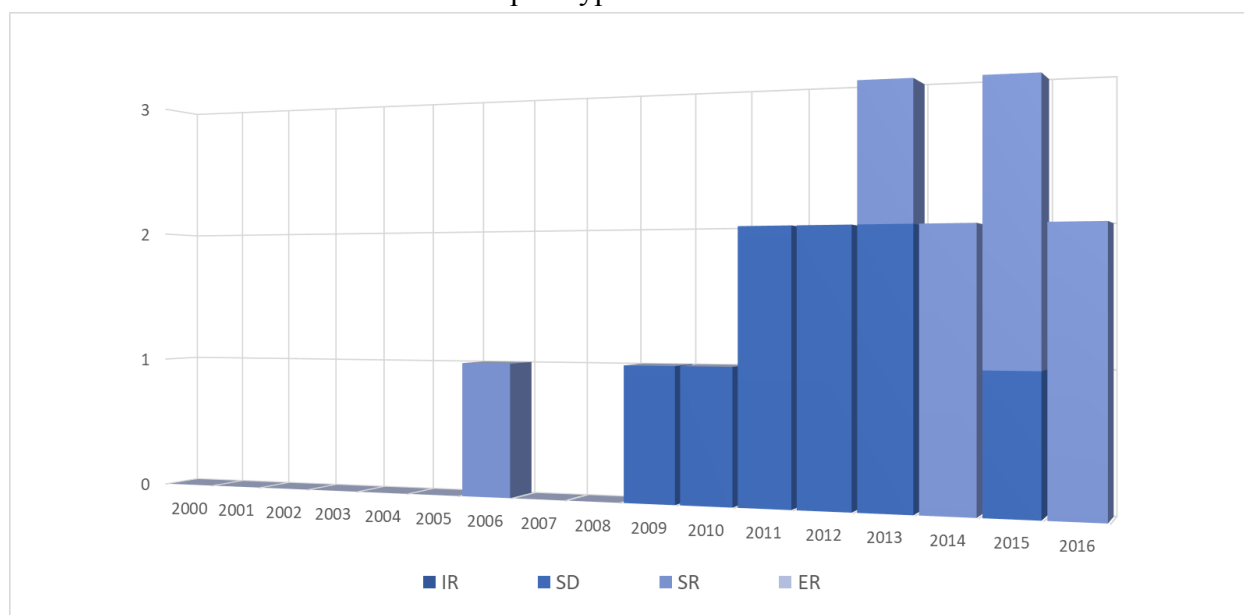
¹³ Mobile statistics. VTsIOM data for 2006-2010 [Electronic resource] // Access mode: http://statistika.ru/transport/2007/12/10/transport_9877.html (circulation date June 29, 2018)

of programs, such as voluntary forest certification, public procurement, responsible investments. As a result, largest Russian timber companies started to implement and partially implemented programs on corporate social responsibility. These programs comply with the standards of the Forest Stewardship Council (FSC) and ISO 14001. In addition, there are other mechanisms of corporate social responsibility in the Russian forest sector: eco-ratings and tracking systems. Despite the existence of ratings and systems for monitoring CSR of companies in this sector, as can be seen from the data in the table, the dynamics of companies' activity in disclosing CSR information has very low. This factor may be due to the following understanding of the importance of non-financial reporting in this sector:

"A non-financial report that reflects the activity of the corporation in solving social and environmental problems, activities in the field of corporate social responsibility can be attributed to the genre of PR-text, which allows to build a dialogue with stakeholders, understand their position and needs. Thus, the main specificity of this genre of PR-text is that it is aimed at both the internal and external groups of the public. The preparation of this report can be done by the own public relations department or third-party experts from PR agencies specializing in its compilation" (Kargina, 2016). It is important to note that designing the basic principles of sustainable forest management in the context of voluntary forest certification began in 1999, and subsequently the Russian national standard for voluntary forest certification under the FSC scheme was adopted. This document describes the main principles and criteria of FSC in Russia and was adopted by the Russian Accreditation Committee of the FSC. Some aspects of the standard, such as the rights of indigenous peoples, conservation of biodiversity and high conservation value forests, were fundamental for the dissemination of sustainable forest management practices in Russia. Unfortunately, this set of measures, as we see from the data obtained in the table 32 did not contribute to the development of openness of information on CSR activities and the principles of sustainable development of companies in this sector.

According to the statements (Kargina., 2016), no other branch of the Russian economy can be compared with the forest industry in terms of the number of international certification systems. Voluntary forest certification is one of the driving forces for the development of corporate social responsibility in the forestry sector, not only for producers but also for buyers. From this statement, it can be concluded that companies in this industry do not have a high interest and motivation for the development and publication of non-financial reports, since the overall nature of CSR development in the industry is reflected in the availability of certification.

Distribution of the number of submitted reports by the **transport** industry in the register according to Report types in 2000-2016.



Large transport companies are the most advanced in the implementation of social programs due to the availability of sufficient funds and increased public attention to them. According to data presented in the work Kozlova O., (2014) at the moment, only one company with state capital of this industry annually presents social reports. This is due to the fact that in June 2010, Russian President Dmitry Medvedev instructed the Government of the Russian Federation to develop proposals on the application of voluntary environmental liability mechanisms in companies with state participation, as well as on mandatory regular publication of state corporations, whose state participation share is 100%, non-financial reports on sustainable development, subject to independent verification or certification. Based on these reasons, we can conclude that the development of CSR in transport companies does not have a single system basis.

Figure 23

Distribution of the number of submitted reports by **the housing and communal services** in the register according to Report types in 2000-2016.

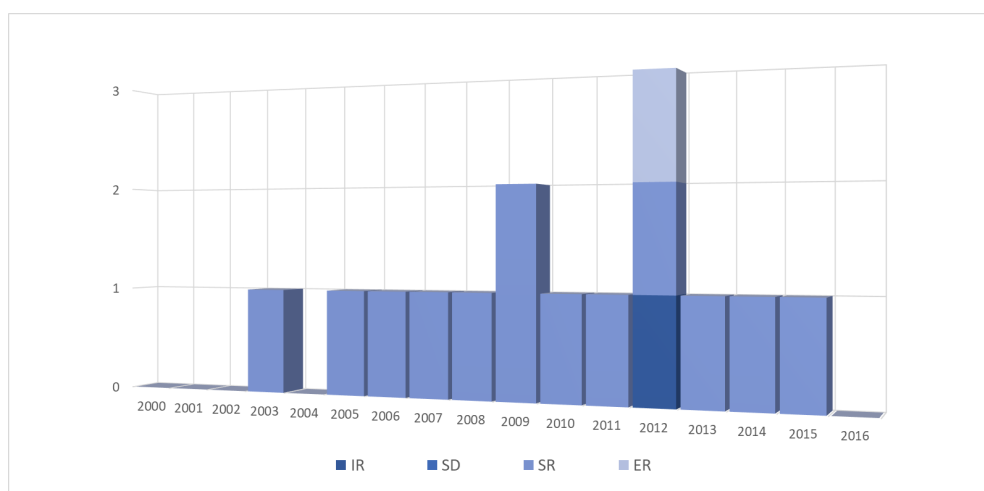
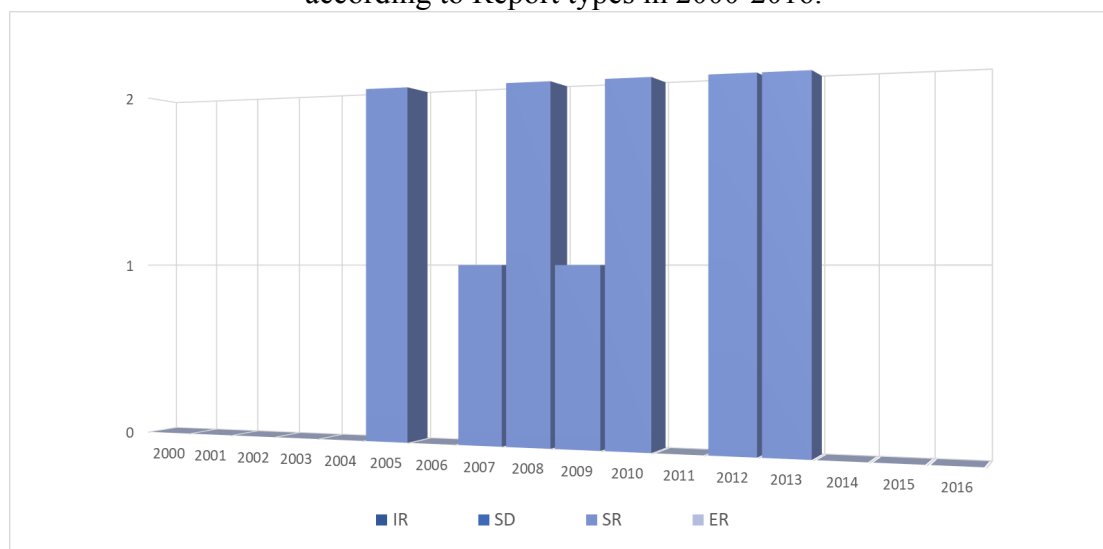


Figure 24

Distribution of the number of submitted reports by **education and health** industry in the register according to Report types in 2000-2016.



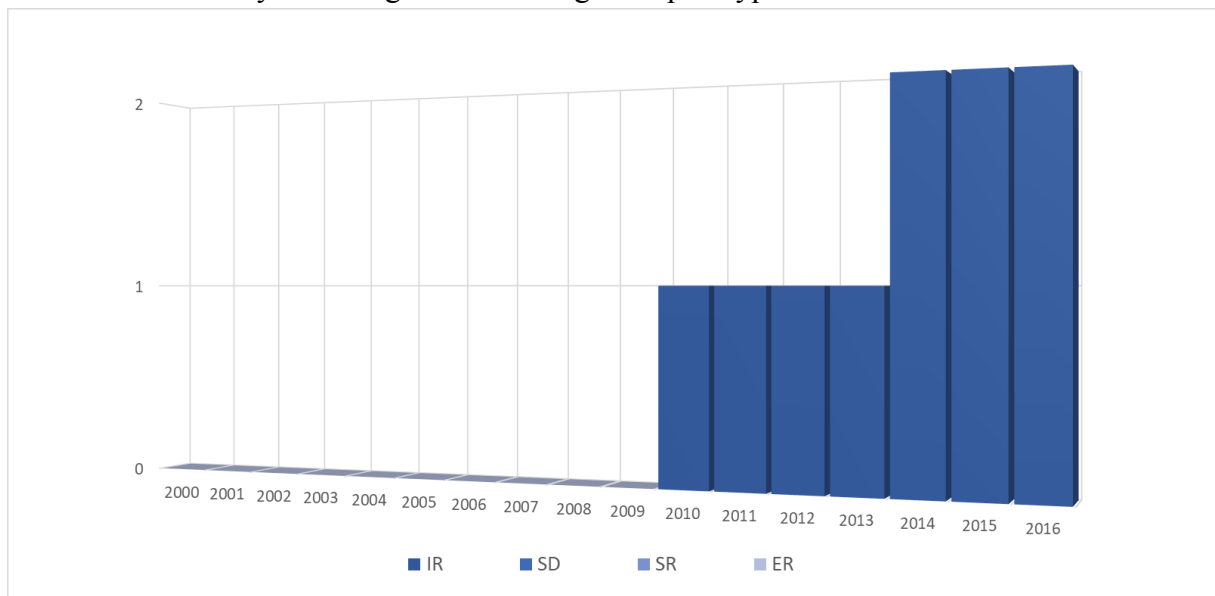
In accordance with the Order of the Ministry of Education of the Russian Federation of February 11, 2002 No 393 "On the Concept of Modernizing Russian Education for the Period Until 2010", the purpose of this modernization is to create a mechanism for the sustainable development of the education system (Order of the Ministry of Education of the Russian Federation of 11.02.2002. No 393 "On the Concept of Modernizing Russian Education for the Period Until 2010"). The goals set, including ensuring state guarantees of accessibility and equal opportunities to comprehensive education, formed the basis of the "Concept of the Federal Targeted Program for the Development

of Education for 2011-2015". It states: "The strategic goal of the state policy in the field of education is to increase the accessibility of quality education that meets the requirements of innovative economic development, the current needs of society and every citizen (Government Decree of February 7, 2011 No. 163-r" On the Concept of the Federal Target Program development of education for 2011 - 2015). Without citizenship, implying also a high responsibility, modernization will not yield a qualitative result, since the predominance of simple egoism reduces everything to the satisfaction of the person's own interests, regardless of the environment. In this case, the response to the authorities' promises in the modernization process will be formal.

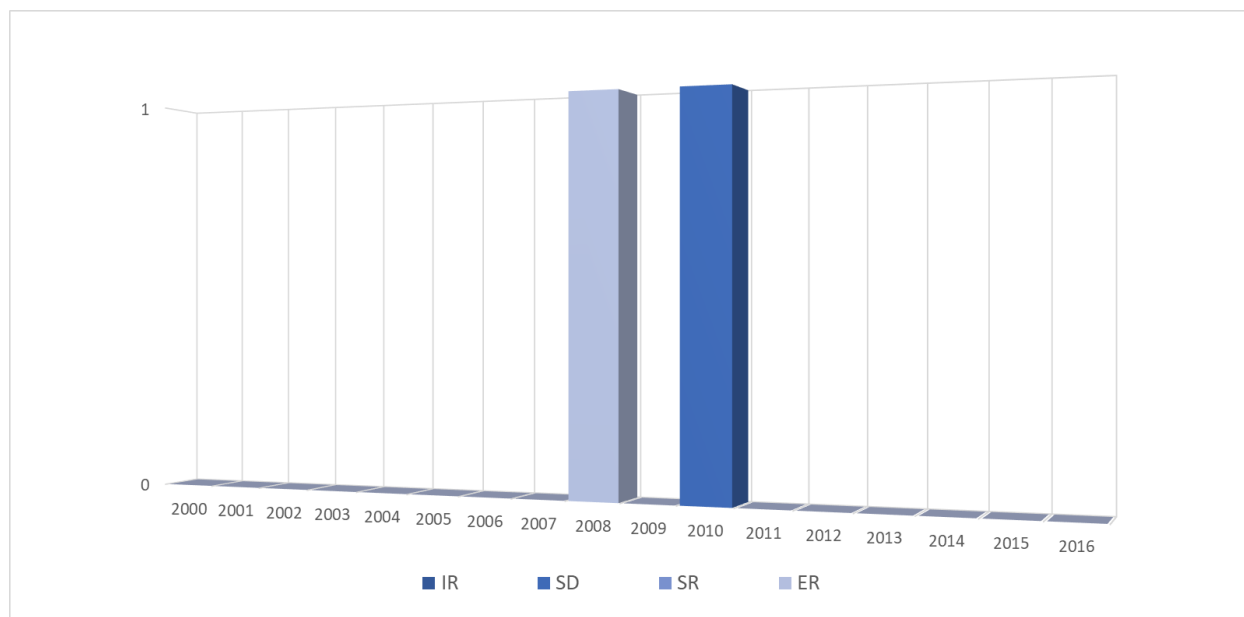
When discussing the importance of introducing the concept of CSR in the management of organizations and the development of social responsibility in general, it should be kept in mind that this is not just a commercial private sector, i.e. business, but also organizations of non-profit and state, society as a whole. And in the context of modernization of education, the introduction of the concept of CSR in the management of universities acquires a special meaning. As we see from the data in the table, the disclosure of information of higher education institutions on CSR activities as a whole has no dynamics at all. For the period of 2000-2016, only 2 reports were submitted to the register of non-financial reports.

Figure 25

Distribution of the number of submitted reports by **production of machinery and equipment** industry in the register according to Report types in 2000-2016.



Distribution of the number of submitted reports by **cement production and construction** industry in the register according to Report types in 2000-2016.



As we can see from the data in figure 25, "Distribution of the number of submitted reports by the production of machinery and equipment in the register according to the Report types from 2000-2016" and figure 26, "Distribution of the number of submitted reports by cement the dynamics of the development of the publication of non-financial reporting of companies in these industries is very low. According to Kazlova V., (2009) the structure of social investments in machine building began to be dominated by a shift towards domestic investment: staff costs increased (health protection and ensuring safe working conditions for employees, as well as employee development), and business reputation costs fell 10 times.

The explanation lies in the transition to new technologies that require improving the quality of personnel. It can be assumed that these factors are a slowdown in the openness of companies in these industries. Changes in the investment vector can be associated with an unstable level of economic development of the industry. Companies prefer to invest in internal development, rather than in CSR, which will strengthen the work of the staff, but will limit this sector in attracting investors, as the mistrust of the company and other interested parties will be due to the low level of openness about companies' activities.

Leading positions in the preparation of social reporting are held by the largest companies in Russia, which are able to make a significant contribution to the welfare of the country. From the dynamic and structural analysis for the period 2000-2016 in the field of the publication of non-financial reports by 161 largest companies in Russia that represent 15 sectors of economic activity,

it can be concluded that there is a strong gap between industries to provide the information of their activities using non-financial reporting. This fact reflects the closed nature of certain sectors, which does not allow us to fully determine the degree of development of CSR.

At the moment, the submission of social reports is carried out in the following options: social reports (SR), environmental reports (ER), sustainable development reports (SDR) and integrated reports (IR). There is a wide variety of types of reports and the frequency of their publication, which is determined by the reporting companies themselves. As a result, the social reporting of Russian companies has a different content, format and structure for presenting the results of socially responsible business.

Analysis of the industries activity on non-financial reporting allows us to identify the following patterns:

- the leading role of the oil and gas industry at the initial stage of development of the practice of non-financial reporting, as well as in submitting information in the form of reports on sustainable development in the unity of three dimensions: economic, social and ecological. Oil and gas companies are leading in disclosure of information on economic performance, social development and the environmental component. Sustainability reports submitted by oil and gas companies comprise 95 reports for the period 2000-2016 that reflect 66% of SD reports of the total number of submitted reports to the National Register of Non-Financial Reports. In Russian context, oil and gas business is leading in the sphere of corporate responsibility for several reasons. First, it is the richest branch of the country. Secondly, local authorities and social movements closely monitor these companies. But to a great extent this is due to the companies entering the Western stock exchanges;
- there is a transition of leadership in the total number of filings of non-financial reporting, for the analyzed period, the leading industries are energy (175 reports), oil and gas (145 reports), metallurgical (100 reports), accounting for 53% of the total number of submitted reports to the National Register of Non-Financial Reports;
- there is a certain positive dynamics on submitting non-financial reports of the financial sector, the chemical industry, the food industry, NGOs, telecommunications, the pulp and paper industry and the transport sector. As you can see from the data accumulated, a certain experience of non-financial reporting has already been achieved in Russia. Information contained in the reports is of interest for further analysis in order to understand and determine what form of CSR is reflected by large Russian enterprises in their practices.

5.2. CONTENT ANALYSIS OF NON-FINANCIAL REPORTS OF THE LEADING INDUSTRY ON CSR OPENNESS

Based on our analysis of non-financial reporting of the largest Russian enterprises for the period 2000 - 2016, we concluded that the leading industry in CSR openness is the oil and gas industry. As a result of our analysis of reports submitted to the national register of corporate non-financial reports, during the analyzed period 2000-2016, the companies of the oil and gas industry submitted the highest number of non-financial reports in the form of "Report on Sustainable Development" which is 66% of all reports submitted. Proceeding from the data accumulated, the further object of our research on defining the current form of CSR are enterprises of the oil and gas industry. According to J-P. Gond and O. Herrbach (2006), social reporting has become an increasingly important dimension of the corporate social responsibility process. The growing necessity to include the social dimension in reporting practices raises important questions about the nature of social responsibility and its impact on corporate and individual behaviour and performance. In order to identify the form of CSR development through the measurable qualitative results the content analysis of non-financial reports of this group of companies was used.

Content analysis is a research method for studying different documents and communication artefacts, which can be texts of various formats, pictures, audio or video. Social scientists use content analysis to quantify patterns in communication, in a replicable and systematic manner (Bryman, 2011). One of the key advantages of this research method is to analyze social phenomena in a non-invasive way, in contrast to simulating social experiences. Practices and philosophies of content analysis vary between scholarly communities. They all involve systematic reading or observation of text or artefacts which are assigned labels (sometimes called 'codes') to indicate the presence of interesting, meaningful patterns (Hodder, 1994). After labeling a large set of media, a researcher is able to statistically estimate the proportions of patterns in the texts, as well as correlations between patterns. By using content analysis, the presence of certain predetermined concepts is investigated. These categories can be determined based upon reporting guidelines, such as the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (José and Lee, 2006; Clarkson et al. 2008). Similar to Everaert et al. (2009) a content analysis based upon the GRI guidelines was performed. Prior to Everaert et al. (2009), some studies have tried to improve the method of content analysis by adapting it to more closely reflect the GRI guidelines. According to Y. Pesquex (2011), Corporate Social Responsibility can be considered as a speech in the full sense of the term, that is to say, coming to create the "elements of reality" going in the direction of speech,

but also as directions of big companies, trapped in this discourse in a form of circularity "content of speech - elements of reality produced by speech". José and Lee (2007) investigate the environmental management policies and practices of Fortune Global 200 companies. For this purpose, they developed a content analysis based upon concepts derived from the GRI guidelines. Based on the studied experience, we will analyse the CSR disclosures presented in non-financial reports of identified leading industry on CSR openness in Russia, using the coding structure for content and discourse analysis based on the GRI guidelines and defined forms of special characteristics of CSR : Altruistic, Philanthropic and Corporate Citizenship.

The innovations in software technology designed for qualitative data analysis significantly facilitates complexity and in some way simplify the difficult task, and consequently make the procedure relatively bearable. As a main tool for our data analysis we are going to use NVivo, the qualitative data analysis software developed to manage the 'coding' procedures is considered the best in this regards. The Nvivo software indeed reduces a great number of manual tasks and gives the researcher more time to discover tendencies, recognize themes and derive conclusions (Wong, L. P., 2008). All in all, qualitative researcher is strongly advised to pursue the procedures of this software in order to ease the muddled, vague and time-consuming task (H.Hilal, S.Alabri, 2013). The sample of oil and gas companies was based on the data of the "Responsibility and Openness" index 2017, developed by the Russian Union of Industrialists and Entrepreneurs (RSPP), which include four leading companies in the oil and gas industry: *Gazprom (Public, vertical integrated)*, *Lukoil (Public,vertical integrated)*, *Rosneft (Public, controlling stake belong to the Russian State)* and *Sakhalin Energy (Private company)* .

The material for content analysis was based on defined companies non-financial reports for the period 2015-2016. The information in the reports was constructed in accordance with the GRI-G4 standards and represent the most relevant information to the current period. Content analysis allowed us to reach out-of-text reality and formulate a conclusion based on certain criteria in CSR concept implementation for large Russian oil and gas enterprises. The content analysis algorithm had the following form:

1. Primary reading of the reporting text to form a vision;
2. Developing a list of key words (codes) for analysis of the degree of dissemination of information on the CSR in company reports based on 32 GRI criteria which consists of 8 parts :

2. 1. Relations with the government (5 criteria): measures to combat bribery, measures to combat corruption, social investments, stakeholders engagement, good business practice;

2. 2. *Relations with suppliers, partners (5 criteria): compliance with generally accepted code of ethics, human rights, responsible procurement, responsible business conduct, technical innovation,;*
 2. 3. *Relations with customers (4 criteria): good business practice, high quality of service, competitiveness of goods and services, development of portfolio with innovative products;*
 2. 4. *Relations with employees (4 criteria): decrease in staff turnover, pension liabilities, social welfare, assessment of staff satisfaction with working conditions ;*
 2. 5. *Relations with shareholders (3 criteria): fair payment of dividends to shareholders, risk management for sustainable development, transparent corporate governance;*
 2. 6. *Contribution to the economy (2 criteria): tax payment, ensuring the quality of goods and services;*
 2. 7. *Contribution to social welfare (4 criteria): availability of learning programs, gender equality, health care, social investments;*
 2. 8. *Contribution to the improvement of the environment (5 criteria): biodiversity, emission control, environmental protection, environmental certification, sustainable development;*
3. Using the NVIVO¹⁴ software for the qualitative analysis to determine the frequency of mentioning criteria the CSR reports of analysed companies were loaded into Nvivo software where the appropriate codes were linked to the relevant words and sentences. Since this study uses the coding structure, the only additional codes that were created into the program correspond with the identified forms of CSR : *Altruistic, Philanthropic and Corporate Citizenship*.
4. Interpretation of the results of content analysis is presented in the following table for each company in a comparative and average sample.

¹⁴ **NVivo** is a qualitative data analysis (QDA) computer software package produced by QSR International. It has been designed for qualitative researchers working with very rich text-based and/or multimedia information, where deep levels of analysis on small or large volumes of data are required

Table 24. The Content analysis of non-financial report of oil and gas enterprises, (%)

Codes	Company I	Company II	Company III	Company IV	Average
	SE	GZ	RF	LU	
Human Rights	0.11	0.06	0.05	0.06	0.07
Stakeholders engagement	0.12	0.09	0.03	0.06	0.09
Compliance with generally accepted code of ethics	0.01	0.01	0.02	0.01	0.01
Social Investments	0.2	0.18	0.1	0.2	0.17
Biodiversity	0.06	0.02	0.02	0.05	0.03
Emission control	0.06	0.05	0.05	0.04	0.05
Technical innovation	0.07	0.05	0.08	0.03	0.05
Social welfare	0.17	0.15	0.07	0.16	0.13
Good Business Practice	0.15	0.11	0.13	0.17	0.14
Responsible Management	0.42	0.35	0.32	0.35	0.36
Responsible procurement	0.05	0.02	0.04	0.06	0.04
Combating corruption	0.04	0.03	0.06	0.02	0.03
Measures to combat bribery	0.03	0.04	0.02	0.06	0.03
High quality of service	0.06	0.11	0.04	0.04	0.06
Ensuring the quality of goods and services	0.06	0.09	0.06	0.06	0.06
Competitiveness of goods and services	0.08	0.07	0.07	0.06	0.07
Pension liabilities	0.01	0.01	0.02	0.02	0.01
Decrease in staff turnover	0.01	0.01	0.01	0.01	0.01
Assessment of staff satisfaction with working conditions	0.01	0.02	0.01	0.01	0.01
Sustainable Development	0.69	0.8	0.24	0.48	0.55
Risk management	0.41	0.38	0.34	0.33	0.36
Environmental Certification	0.08	0.06	0.06	0.06	0.06
Tax payment	0.02	0.01	0.01	0.01	0.01
Development of portfolio with innovative products	0.01	0.01	0.01	0.01	0.01
Principles of civilised business and fair pricing	0.09	0.06	0.02	0.12	0.07
Health care	0.06	0.05	0.01	0.11	0.05

Codes	Company I	Company II	Company III	Company IV	Average
	SE	GZ	RF	LU	
Gender Equality	0.01	0.01	0.14	0.01	0.04
Environmental Protection	0.14	0.18	0.14	0.19	0.16
Responsible Business Conduct	0.17	0.11	0.14	0.19	0.15
Fair payment of dividends to shareholders	0.02	0.02	0.01	0.02	0.01
Transparent corporate governance	0.05	0.06	0.05	0.05	0.05
Availability of learning programs	0.04	0.03	0.05	0.03	0.03
Total	3.24	3.04	2.4	2.79	2.86

Table 24 (1). The Content analysis of non-financial report of oil and gas enterprises, (%)

Based on the data obtained, the content analysis of the list of key words (codes) based on GRI-standards for determining the degree of dissemination of information on the CSR, from 100% of the total presented text in the company's non-financial reports, the average for the four analyzed enterprises is 2.78%. The highest percentage (3.24%) of dissemination of information on the CSR criteria, is represented in non-financial report of the Sakhalin Energy company. The smallest figure is represented by RosNeft (2.4%) to 100% of the total information presented in the company report. The following figure represents the general results of the Content analysis by the average for the analyzed companies reports. Among the criteria that passed the barrier above 0.1%, aspects presented in non-financial reports of companies were identified as specific. Based on the data obtained, we can conclude that this set of criteria (*Social Investments, Social welfare, Good Business Practice, Responsible Management, Sustainable Development, Risk management, Environmental Protection, Responsible Business Conduct*) characterizes the commitment of companies to the formation of their activities within the framework of CSR at the form of Corporate Citizenship.

Table 25 . Characterises the commitment of companies to the formation of their activities within the framework of CSR at the form of Corporate Citizenship.

Feature	SE	GZ	RF	LU	Average	StD
Social Investments	0.2	0.18	0.1	0.2	0.17	0.04
Social welfare	0.17	0.15	0.07	0.16	0.13	0.04
Good Business Practice	0.15	0.11	0.13	0.17	0.14	0.02
Responsible Management	0.42	0.35	0.32	0.35	0.36	0.01
Sustainable Development	0.69	0.80	0.24	0.48	0.55	0.2
Risk management	0.41	0.38	0.34	0.33	0.36	0.03
Environmental Protection	0.14	0.18	0.14	0.19	0.16	0.02
Responsible Business Conduct	0.17	0.11	0.14	0.09	0.12	0.03

In this case, the Standard deviation shows the spread among companies by mentioning certain criteria and reporting on them. The greatest standard deviation is characteristic for the criterion of Sustainable Development (0.2). The smallest variation is inherent in the criterion Responsible Management (0.01). Averaged data on leaders indicate that the least used and represented are the following criteria: *Ethics, Pension Liabilities, Assessment of staff satisfaction with working conditions, Tax payment, Innovations Portfolio, Decrease in staff turnover etc.* Content analysis allowed for external quantitative characteristics and at the level of word combinations to make assumptions about the features of the implementation of the CSR concept among the leaders of the oil and gas industry in Russia at the form of "corporate citizenship".

We would like to recall that "corporate citizenship" exists in three forms: limited, equivalent and expanded. In the first case, the Corporate Citizenship is one of the forms of philanthropy, in the second it is a synonym for CSR, and according to the third (expanded) point of view, corporate citizenship is the current degree of development of organizations, a particular philosophy of activity as the highest form of CSR (*Matten, D., Crane, A.2005*). Proceeding from this, nowadays large organizations act as the most important participants in all spheres of society.

As a verification of *Content analysis* data results, it is proposed to use *Discourse analysis*. Careful selection of data and objectivity is ensured through the use of the software for qualitative research NVIVO.

5.3 DISCOURSE ANALYSIS OF NON-FINANCIAL REPORTS OF THE LEADING INDUSTRY ON CSR OPENNESS

Discourse analysis (DA), or discourse studies, is a general term for a number of approaches to analyze written, vocal, or sign language use, or any significant semiotic event. The objects of discourse analysis (discourse, writing, conversation, communicative event) are variously defined in terms of coherent sequences of sentences, propositions, speech or terms-at - talk (Discourse Analysis –Linguistic Society of America, 2016).

Discourse analysis has been taken up in a variety of disciplines in humanities and social science, each of which is subject to its own assumptions, dimensions of analysis, and methodologies. Corporate discourse can be broadly defined as the language used by corporations. It encompasses a set of messages that a corporation sends out to the world (general public, customers and other corporations) and the messages it uses to communicate within its own structures (employees and other stakeholders) (Breeze, 2013).

Discourse analysts argue that language and words, as a system of signs, are in themselves essentially meaningless; it is through the shared, mutually agreed- on use of language that meaning is created. Language both mediates and constructs our understanding of reality. It also defines the social roles that are available to individuals and serves as the primary means through which they enact their identities (Chandler, 2002; Lyons 1971). Careful analysis of language, using what Gee (2005) has described as the seven “building tasks” of language (significance, activities, identities, relationships, politics, connections, and sign systems and knowledge), can shed light on the creation and maintenance of social norms, the construction of personal and group identities, and the negotiation of social and political interaction. Discourse analysis involves tracing the historical evolution of language practices and examining how language both shapes and reflects dynamic cultural, social, and political practices (Crowe, 1998; Gee, 2005; Hayakawa & Hayakawa, 1991).

Discourse analysis made it possible to study the hidden meanings of the company's reporting text in the context of its likely interpretation for describing forms of CSR: altruistic, philanthropic and corporate citizenship, which was actively discussed in the previous chapter of this thesis. Creswell (1997) has described a systematic process for coding data from a phenomenological inquiry in which specific statements are analyzed and categorized into clusters of meaning that represent the phenomenon of interest. Taken-for-granted assumptions are explored, and special attention is given to descriptions of what was experienced as well as how it was experienced. The

objective of a discourse analysis is to understand what people are doing with their language in a given situation. Thus, the coding phase for a discourse analysis entails identifying themes and roles as signified through language use (Starks S., 2007).

In table below, specific characteristics and processes are identified as forms of CSR implementation. Taking into account certain processes and characteristics inherent to the listed forms of CSR presented in the table (26) below, the discourse analysis for interpretation of data was used.

	Characteristics
1.	Altruistic form
1.1	intention to meet the social sustainability criteria, such as rate of employment rise and social care budget increase;
1.2	constant development of quality, consumer properties and social significance of products and services;
1.3	Development of personnel through the system of professional training;
1.4	natural resources exploitation;
1.5	development and consistent compliance with internal corporate codes or other documents of their own business ethics;
1.6	maintaining good business practices, establishing reliable relationships with suppliers, distributors and customers, giving preference to companies that meet the requirements of social responsibility.
2.	Philanthropic form
2.1	informing customers of the company's CSR policy;
2.2	organizing rational land use and maintaining biodiversity and natural habitats, including recreational areas and reserves;
2.3	supporting the development of small and medium-sized businesses, including their own workflows, as well as participating in relevant sectoral and cross-sectoral programs and funds;
2.4	making social investments through internal and external social programs: supporting social projects in the fields of culture, sports and education;
2.5	participate in private-public partnership projects aimed at addressing the social and environmental problems of society;
2.6	supporting public and non-profit civil society organizations;
2.7	regular dialogues and public hearings with stakeholders: shareholders and investors, employees and trade unions, suppliers and consumers, representatives of local, regional and federal government bodies, the media, professional associations, public and non-profit organizations, and others; on this basis make the necessary changes in their activities;
3.	Form of Corporate Citizenship
3.1	publishing and reporting on short and long-term CSR-goals (incorporation to the management strategy);
3.2	developing personnel through the system of trainings concerned with the quality of life;
3.3	taking measures of a technological nature aimed at saving energy consumption, water and other resources; limit emissions destroying the ozone layer, Greenhouse gases, chemicals and other emissions into the atmosphere;
3.4	participating in sponsorship and charity programs of regional and federal significance aimed at solving acute national problems;
3.5	regular taking part in international charitable and social projects;
3.6	increasing the openness and transparency of its business through a system of regular social reporting and international sustainability reporting, allowing to improve the quality of production management, social development, and non-financial risks.

Discourse analysis allowed to investigate the functional purpose of non-financial reports and to consider them as a certain form of communication and social interaction. At the same time, we proceed from the position that discourse analysis demands argumentation (or reasoning) and allows to assess development of CSR through its characteristics. Social rules, unconscious, non-recursive and constitutive for defensive discursive rules, are sanctioned and appear to be a form of rationalistic ideology. The Non-financial reports discourse analysis was formed according to the concept of the TBL (Triple Bottom Line) and the GRI criteria, which include the following three sections:

Table 27. Formation of Discourse Analysis According to The Concept of the TBL (Triple Bottom Line) and GRI criteria

TBL	GRI Criteria	Sub-criteria
1. People	Human Capital	Goals and results of activities for the development of human resources; Goals and results of activities for the development of human resources; Brand of the employer; Remuneration and social support of staff; Training and development of personnel; Development of the personnel reserve; Work with alumni and young specialists
2. Profit	Economic result	Innovative activity; Control and improvement of product quality; Interaction with consumers; Priorities of the Company in the field of sustainable development; Value chain; Interaction with stakeholders; Responsibility in the supply chain
3. Planet	Ecological Safety	Industrial safety, labor protection and health - Goals and performance; Reduction of negative impact on the environment, efficient use of resources - Goals and results of activities; Energy consumption and energy efficiency; Company and regions: cooperation in solving problems of sustainable development; Impact of the Company on the regions of presence; Social activities of the Company; Corporate Volunteering

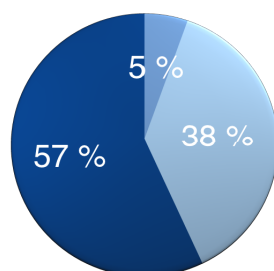
5.3.1 GENERAL RESULTS OF DISCOURSE ANALYSIS OF LEADING INDUSTRY ON CSR OPENNESS

Based on the data obtained, it can be concluded that, in accordance with the presented characteristics and processes in the non-financial reports of the leading oil and gas enterprises, the hidden meanings of discourse have the form of CSR in accordance to Corporate Citizenship. This indicator amounted to a total of 423 references referring to this form of CSR. This results presented in table and figures below.

Table 28. General Results of Discourse Analysis

Altruistic	Philanthropic	Corporate Citizenship
40	281	423

● Altruistic
● Philanthropic
● Corporate Citizenship



The following table reflecting the general results obtained by each company

Table 29. General results of Discourse of Analysis by companies.

Company	Altruistic	Philanthropic	Corporate Citizenship
Gazprom	4	87	127
Lukoil	3	78	115
Rosneft	24	52	110
Sakhalin Energy	9	64	71

The leader among analyzed enterprises by reflecting the form of CSR as “Corporate Citizenship” highly reflected by Gazprom enterprise, which has 127 references. This figure is 1.4 times more than the reference reflecting the stage of Philanthropy, which scored 87 references.

For the following companies, this trend has a similar tendency. The Lukoil enterprise, have scored 115 references of Corporate Citizenship against 78 references to the Philanthropic form of CSR, which also amounts to + 1.4. At the same time, despite the leading indicator of the discourse of Gazprom's for Corporate Citizenship, the Rosneft, have accumulated 110 points of the Corporate Citizenship basket against 52 references of Philanthropic form of CSR, what constitutes a larger percentage of the gap by + 2.1 compared to other companies.

Taking into account the results of the rating of the Russian Union of Industrialists and Entrepreneurs (RUIE) based on the results of the *Corporate Philanthropy Award 2017* leaded by Sakhalin Energy, this enterprise also demonstrates the advantage of having a discourse of Corporate Citizenship, which is 71 points. Below we present the resume of general results of analysed leading oil and gas enterprises discourse. The following table 31 is a display of report analysis:

	Name	Section areas
Section 1.	Message of the Chairman of the Board of Directors;	about the company
Section 2.	About the company	the purpose and mission of the company
Section 3	Sustainable development	responsibility in the supply chain, interaction with stakeholders, industrial safety, reducing the negative impact on the environment, energy consumption.
Section 4.	Human capital	objectives and results of activities for the development of personnel, the employer's brand, social support, the development of the staff reserve, work with graduates and young professionals;
Section 5.	Company's influence on the regions of presence	company's priorities in the field of sustainable development, cooperation with regions in the field of sustainable development, social activities of companies, corporate volunteering.

Table 30. Display of report analysis

Discourse analysis reflected the fact, that in non-financial reports, the analyzed enterprises pays a lot of attention to the following aspects: technological measures aimed at saving energy, water and other resources, developing its personnel through the system of professional training of personnel, carrying out social projects of sponsorship and charity in its territories presence, supporting their social well-being, security and sustainability, increases the transparency and transparency of their business through regulatory systems of social reporting and international reporting on sustainable development, which allow to improve the quality of production management, social development, and non-financial risks. These criteria are the basics of the model of Sustainable development which exist in a substance of CSR at the form of Corporate Citizenship. According to this result, it becomes clear that the leading oil and gas companies, reflecting their CSR in a core business model as a Corporate Citizens.

In the *Section 1 Message of the Chairman of the Board of Directors*, the discourse for all companies has strong commitments for Sustainable development orientation and its discourse reflecting CSR in a form of Corporate Citizenship. Companies Directors declare their awareness of its responsibility, socially oriented projects and initiatives in the regions where the companies are present, improvement of the economic, regulatory and organizational environment of the Company's business operations and drive sustainable development of the Russian regions. The following table reflects example of Gazprom enterprise:

Discourse example
<i>Gazprom: respects the principles of sustainable growth. The Company pays close attention to the introduction of personnel development programs, the implementation of social projects in the regions where it operates, the sustainable use of natural resources and improving the level of environmental and industrial safety. Gazprom Neft strictly adheres to the principles of corporate social responsibility and sustainable development.</i>

In *Section 2. About the Company*, the results of discourse fall into two forms of CSR. Two companies are oriented towards Philanthropic discourse of CSR and other two represent Corporate Citizenship. The companies *Sakhalin Energy* and *Rosneft* declaring their strong ethical behaviour commitments for companies activities and a high representation among governmental organisations to bring their value at the regulation level. At the same time two other companies *Gazprom* and *Lukoil* represents the general activity of their companies as active participants in regional development with a high degree for sustainable practice by generating new ideas, searching for and using new technologies and increase the efficiency of project solutions.

Discourse example (Corporate Citizenship)

LUKOIL is focused on generating ideas, searching for and using new technologies (including those specifically aimed at reducing the consumption of natural resources), materials and energy with the highest output possible. The achievement of this task is facilitated by the LUKOIL Group's research and project complex, whose aim is to search for and introduce new technologies, increase the efficiency of project solutions.

Discourse example (Philanthropic)

The Company continued to engage actively with the Russian Government, the Ministry of Industry and Trade, the Ministry of Energy and other federal executive bodies. It is represented in various intergovernmental task forces and research groups established by federal executive bodies to consider top issues, such as reducing the domestic energy sector's dependence on imported equipment, components and spare parts, as well as on foreign services and software. Rosneft is also involved actively in public discussions of draft laws and regulations aimed at facilitating import substitution.

In *Section 3. Sustainable Development and Stakeholders Engagement* the indicators show that the form of communication for Stakeholders Engagement reflects discourse of Corporate Citizenship. Companies declare their transparency and active stakeholder engagement, corporate governance model of the companies has gradually progressed to managing them as an open system. They present a developed system to take into account and to control external production, financial, technological, social and environmental impacts, which allows them to mitigate all types of risks to enhance its corporate sustainability. Also, in bilateral cooperation companies have an agreement with the Russian National Committee for the United Nations Environment Program (UNEP), as an example, *Rosneft* closely cooperates with the Russian Academy of Sciences under its board- level fundamental studies program for Russia's Arctic region (the task force on the Arctic, Environment Section) and with the Coordinating Research Council at the Russian Federal Agency of Research Organizations. The Companies regularly provided analyses of the effect of their operations on the environment and society and carefully evaluate the potential social and environmental impact of new projects. Companies support an active dialogue with all stakeholders and seeks to take their expectations into consideration when adopting management decisions. Companies range of principles reflects a number of UN Sustainable Development Goals (SDP) that aim to solve

important economic, social and environmental problems for the global community. The discourse example presented below

Discourse example

The Company regularly analyses the effect its operations have on the environment and society and carefully evaluates the potential social and environmental impact of new projects. Gazprom Neft supports an active dialogue with all stakeholders and seeks to take their expectations into consideration when adopting management decisions.

The Company's range of principles reflects a number of UN Sustainable Development Goals (SDP) that aim to solve important economic, social and environmental problems for the global community.

In 2015, Rosneft's Board of Directors adopted the organization- wide Environmental Protection Policies that set forth the Company's mission

- environmentally sustainable production operations in the interests of present and future generations*
- its goal of becoming a top environmentally friendly producer in the oil and gas industry. The policies also confirm Rosneft's key priorities in environmental management.*

The Company shares understanding that sustainable development requires a balanced combination of economic growth with mandatory solutions of social and environmental problems, accompanied by continuous improvement of corporate governance. The key principle followed by LUKOIL is to maintain an environmental and economic balance of production and environmental safety.

In 2016, Sakhalin Energy updated its Sustainable Development Policy. One of the fundamentally new provisions included in the updated Policy is the adoption by Sakhalin Energy of its commitments to the SDGs: Sakhalin Energy strives to be a leader in the field of sustainable development, taking into account the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development.

In Section 4. Human Capital we can observe philanthropic discourse that represented among companies. The philanthropic discourse of CSR concerning Human Capital can be explained by historical and cultural factors. The reason for this behaviour can be explained by the desire to follow the spiritual and cultural traditions of Russian philanthropy, connected with inner spiritual satisfaction, and not with external recognition (Nikolayev N. 2016). This attitude of CSR communication represent the third level of Institutional pyramid of corporate social responsibility developed by Russian researchers (Polyakova A., Fedorov M., 2010), which includes commitments made by companies outside the contracts with stakeholders, unilaterally, based on its strategic values and humanitarian attitudes, as the essence of "pure philanthropy". The discourse example presented below.

Discourse example

Gazprom employees are the Company's key asset and strategic partners in achieving its sustainable development goals. The Gazprom team includes professionals with a high level of involvement who share the Company's values. Taking care of their well-being and attracting and retaining the best employees is a top priority for Gazprom.

The Sakhalin Energy HR Directorate meets the company's manpower needs, which includes preparing organizational changes for upcoming large-scale projects, training and retaining staff and attracting skilled employees from shareholder companies and the external labor market. Sakhalin Energy pays great attention to the development of scientific potential of its employees. The company cooperates with universities and research institutes in the development of joint technical projects. Company's specialists are involved in the work of student scientific societies, the preparation and delivering of lectures etc.

The corporate pension program – a key element of the Company's HR and social policy – is designed to enhance the corporate pension benefits of Rosneft employees. The Company has made consistent efforts to develop the Veterans Social Support Project 2,100 veterans of new assets who were included in the project in 2015 receive corporate pension payments via Neftegarant.

Benefits and compensations of Lukoil : Contributions to voluntary medical insurance (VMI) for employees ; Coverage of services provided by healthcare facilities; Payments to compensate damage to the health of employees , Compensations to employees and their families for treatment, leisure, recreation, excursions and travels, Training of employees and their families (children) not related to the Company's operations , etc.

In Section 5. Influence of the company on the region of presence, companies represent their CSR in a form of Corporate Citizenship. The focus of activities reflects the involvement of companies coming to terms with the need for internal and external changes, in order to better meet its responsibilities to all of its stakeholders (direct or indirect), in order to establish, and maintain, sustainable success for the organization and for the community at large. The discourse example presented below.

Discourse example

Gazprom Neft representatives and the regional and municipal authorities are involved in the activities of conciliation commissions that resolve matters concerning the construction of new technological facilities in regions where indigenous peoples of northern Russia reside. As part of existing socioeconomic agreements, the Company provides the government with regular reporting on the social projects it has implemented.

LUKOIL abides by the principles of social partnership and views administrations of Russian districts and municipalities as its key partners in resolving social and economic problems existing in the areas where the Company has a presence.

Rosneft is involved in a state project to develop a system of national qualifications and contributes to the work of task forces of the National Council for Professional Qualifications under the President of the Russian Federation. In 2015 the National Council created a Council for Professional Qualifications in the Oil and Gas Sector, and the new council included representatives of Rosneft.

Since its establishment in 1994, the company has paid close attention to implementation of social programmes on Sakhalin Island. Significant and consistent investments in social sphere, as well as a long-term policy focused on addressing the social issues, are the core of Sakhalin Energy's commitment to sustainable development principles. Sakhalin Energy pursues a policy of mutual investments of resources for the benefit of all stakeholders. One way companies can demonstrate corporate social responsibility is by encouraging corporate volunteering. If a company provides its employees with an opportunity to help solve social problems, they feel a sense of pride in themselves and their company.

CONCLUSION ON CONDUCTED DISCOURSE ANALYSIS

Based on the general results of Discourse analysis, the choice of the leading Russian oil and gas enterprises to communicate on their CSR represent a form of Corporate Citizenship (hereinafter - CC). Today we see the positioning of business in a system of three spheres: economic, political and public spheres. Proceeding from this, organizations today act as the most important participants in these spheres of society. A characteristic feature of corporate citizenship is the relationship with the external environment of the organization. In particular, the external environment is seen more as a source of threats and risks. Corporate citizenship, by contrast, implies that the organization is a constituent of the external environment. Moreover, today the size of organizations and the scale of activities allow organizations to take the position of a full member of society, that is, a citizen on a global scale. At the same time, the concept of "corporate citizenship" has a purely political dimension aimed at entering the systemic interaction with other social institutions, such activity was noted by all companies in different contexts. According to Russian researcher (Matveeva, 2014) corporate citizenship is an aspect that requires a mechanism for effective interaction and adaptation. In the following *Table 31* (Matveeva, 2014) we present the certain signs of a higher level of responsibility, demonstrating how Corporate Citizenship and simple CSR can be distinguished.

Table 31. Distinguish of Corporate Citizenship and CSR

CSR	Corporate Citizenship
Sponsorship and Charity	Social Investment
A reactive approach to activities	Proactive approach to activities
Adapting to changes in the environment	Management of changes and involvement in the formation of the environment
Contribution to Infrastructure Development	Creating your own infrastructure and social environment
Development of human capital	Development of social capital
Business as a part of the economic sphere	Business as a part of public culture
Performing Civil Responsibilities	Protecting the Civil Rights
Development of own human capital	Development of human and social capital outside the organization
Solving regional problems	Solving Global Problems
Harmonization of relations with the state	Performing part of the functions in the maintenance of civil rights, which were the prerogative of the state
Differentiation of concepts external and internal environment	Action within the framework of a single social environment
Social orientation	Socio-political orientation

The content and discourse analysis shows that the leading Russian oil and gas enterprises give priority to CSR implementation in the form corporate citizenship. The concept of corporate citizenship was not only spread among market leaders as part of the company's image, but in practice it has revealed the positive impact on the results of the practical activities of organizations. It can be assumed that it is the large Russian enterprises that today can be the guarantors of employment, development, and social support of citizens. Such vector of development aimed at longterm perspective will allow to increase society welfare through harmoniously built-up interaction with organizations. The adherence to the principles of corporate citizenship will benefit both the companies and the society at large. Due to the principles of corporate citizenship the creation of social capital started to exist, it means that the social network and the relationships between them in a society allows them to translate knowledge, information, create partnerships the ratio aimed at obtaining mutual benefits.

Despite obtained results of discourse that confirmed analysed enterprises to their commitment to the strategy of sustainable development and demonstrating their CSR in a form of Corporate Citizenship, according to J-P. Chanlat, S. Urban and O. Boiral (2008), the amplification of ecological imbalances and the increasingly obvious gaps between discourses and actions probably explain in part the renewed interest in analyzing the organizational applications of sustainable development. To confirm the results obtained of the content and discourse analysis, in the following paragraph we are going to analyze the Reports of Sustainable Development of the leading Russian oil and gas enterprises according to the concept of Triple Bottom Line approach to reflect the real initiatives of analysed companies to meet their characteristics of CSR as Corporate Citizens (CC).

5.4 TRIPLE BOTTOM LINE (TBL) ANALYSIS OF NON-FINANCIAL REPORTS OF THE LEADING INDUSTRY ON CSR OPENNESS

To confirm the results obtained from the content and discourse analysis, we analyzed Non-financial reports for the actual CSR to reflect the real initiatives of companies by meeting Corporate Citizenship characteristics.

In 1994, an American economist and entrepreneur John Elkington offered his triple bottom line concept (TBL) in the business, whose activities we discussed in the first chapter of this research dissertation. This concept argues that business should be built on three pillars of sustainable development - planet, people and profit. And if everything is clear with the latter, the former two

pillars are simply ignored by many businessmen and their companies. Business should be honest with people who work in their organization, as well as with the community and the region in which the company builds its business activities. Companies must organize business in such a way that profit, good working conditions and interests of investors are interrelated. That is why, for the comparability of the data under study, we decided to adopt the concept of TBL as the basis for carrying out analysis for the actual CSR, reflecting the real initiatives of companies to meet Corporate Citizenship characteristics. The model for generating reports in the area of sustainable development for the period of 2015-2016 was built in accordance with the concept of TBL approach “people-profit-planet” or “3P” and certain GRI criteria distributed in accordance with “3P”. This model presented in table below.

TBL	GRI Criteria	The name of the criteria	Lukoil		Gazprom		Sakhalin Energy		Rosneft	
			2015	2016	2015	2016	2015	2016	2015	2016
Part 1. People	Human Capital	Goals and results of activities on human resources development			+	+			+	+
		Personnel characteristics	+	+	+	+	+	+	+	+
		Employer brand			+	+				
		Remuneration and social support of personnel	+	+	+	+	+	+	+	+
		Training and development of personnel	+	+	+	+	+	+	+	+
		Development of the personnel reserve	+	+	+	+	+	+	+	+
		Work with alumni and young specialists	+	+	+	+	+	+	+	+
Part 2. Profit	Economic result	Innovative activity	+	+	+	+			+	+
		Control and product quality improvement			+	+			+	+
		Interaction with consumers	+	+	+	+	+	+	+	+
		Priorities of the Company in sustainable development	+	+	+	+	+	+	+	+
		Value chain	+	+	+	+				
Part 3. Planet	Industrial Safety	Responsibility in the supply chain	+	+	+	+				
		Interaction with stakeholders	+	+	+	+			+	+
	Ecological Safety	Industrial safety, occupational safety and health - Objectives and results of operations	+	+	+	+	+	+	+	+
		Reduction of negative impact on the environment, efficient use of resources - Goals and results of activities	+	+	+	+	+	+	+	+
		Energy Consumption and Energy Efficiency	+	+	+	+	+	+	+	+
	Influence of the company on the region of presence	The Company and the Regions: cooperation in solving problems of sustainable development	+	+	+	+	+	+	+	+
		The impact of the Company's presence in the regions	+	+	+	+	+	+	+	+
		Social activities of the Company	+	+	+	+	+	+	+	+
		Corporate Volunteering			+	+	+	+		

Table 32. Analysis of industry leaders in the oil and gas industry for the actual CSR for 2015-2016.

To perform a comparative analysis of the data obtained in Table 33, we calculated the share of the actual CSR in the report according to the TBL concept and the GRI criteria.

Table 33. The share of actual CSR under the concept of TBL for 2015-2016.

TBL	Lukoil		Gazprom		Sakhalin Energy		Rosneft	
	2015	2016	2015	2016	2015	2016	2015	2016
Part 1. People	71%	71%	100%	100%	71%	71%	86%	86%
Part 2. Profit	80 %	80 %	100 %	100 %	40 %	40 %	80 %	80 %
Part 3. Planet	89%	89%	100%	100%	78%	78%	78%	78%

As can be seen from the table above, only Gazprom provided the most complete information. As can be seen from Fig. 27, the smallest value of the share of the actual CSR by "Profit" criteria was presented by Sakhalin Energy, it was 40% of the possible amount of reporting provided for this criterion.

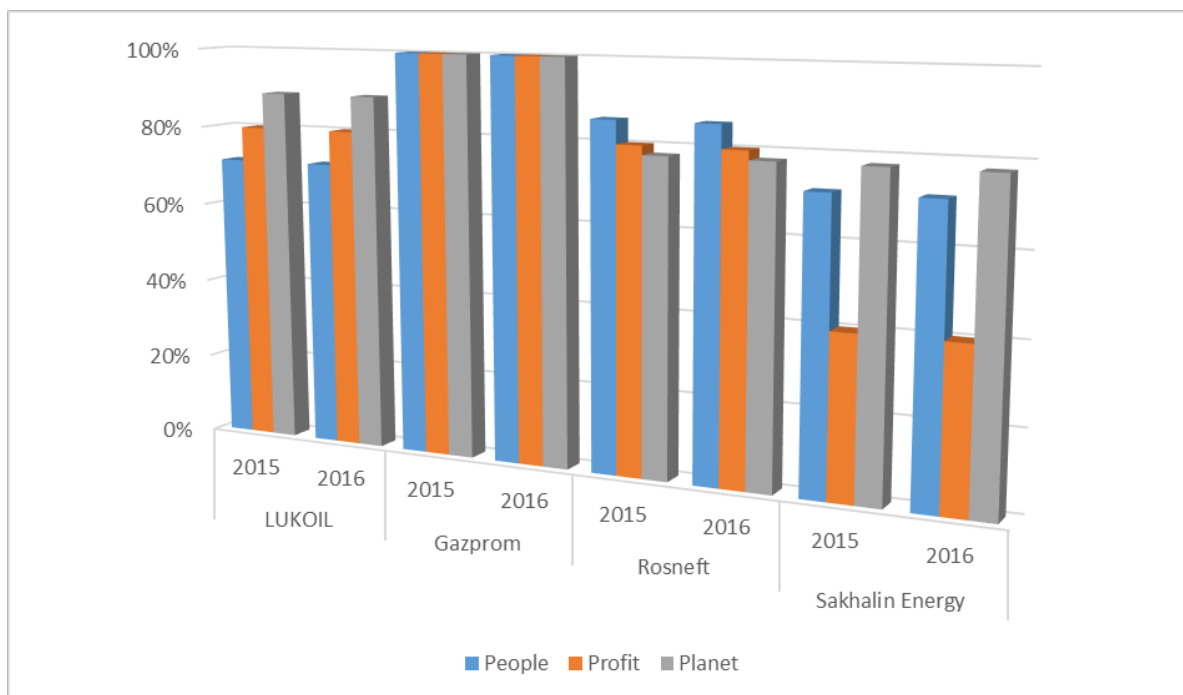


Figure 27. The share of actual CSR under the concept of triple TBL for 2015-2016.

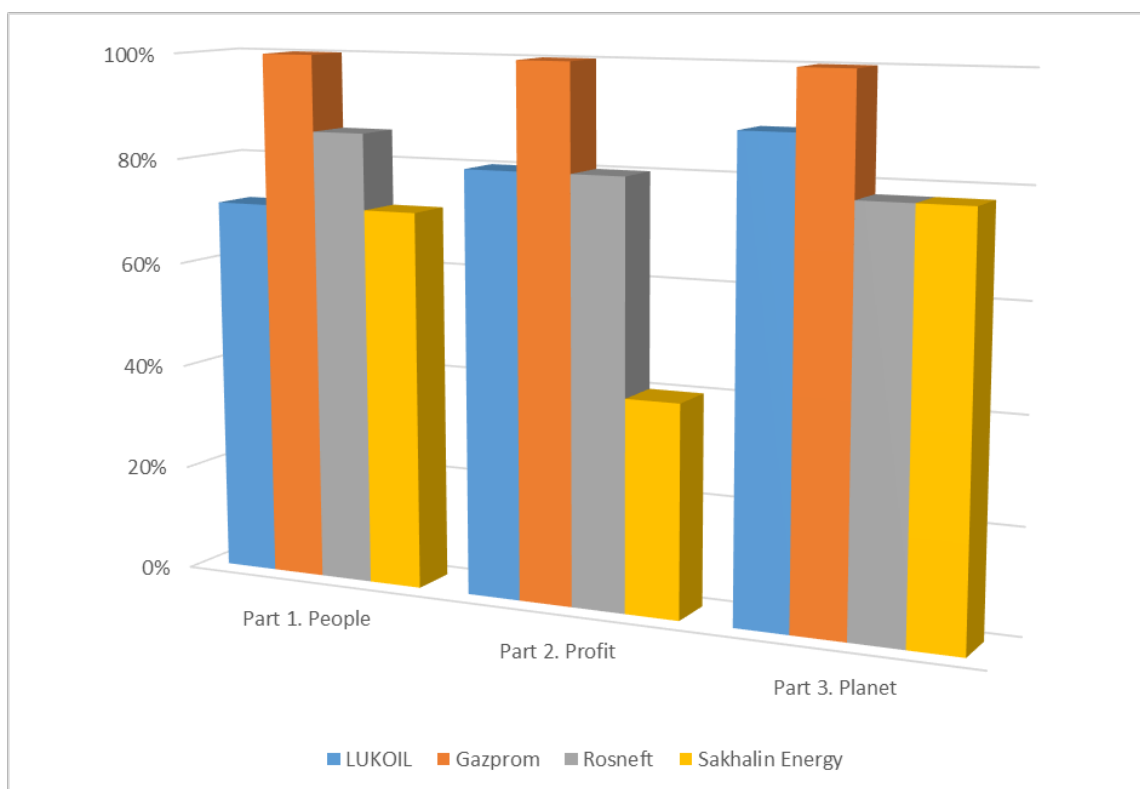


Figure 28. The share of the actual companies CSR by the concept of TBL for 2015-2016.

Analysis within the framework of TBL for 2015-2016 in Figure 28 shows more detailed reporting was presented under criterion "Planet" than under other criteria. In the same way, to perform a comparative analysis of the data obtained in Table 35 we calculated the share of the actual CSR in reporting to the GRI criteria.

Table 34. The share of actual CSR by GRI criteria for 2015-2016.

GRI Criteria	Lukoil		Gazprom		Sakhalin Energy		Rosneft	
	2015	2016	2015	2016	2015	2016	2015	2016
Human Capital	71%	71%	100%	100%	71%	71%	86%	86%
Economic result	80 %	80 %	100 %	100 %	40 %	40 %	80 %	80 %
Industrial Safety	100%	100%	100%	100%	0%	0%	50%	50%
Ecological Safety	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Influence of the company on the region of presence	75%	75%	100%	100%	100%	100%	75%	75%

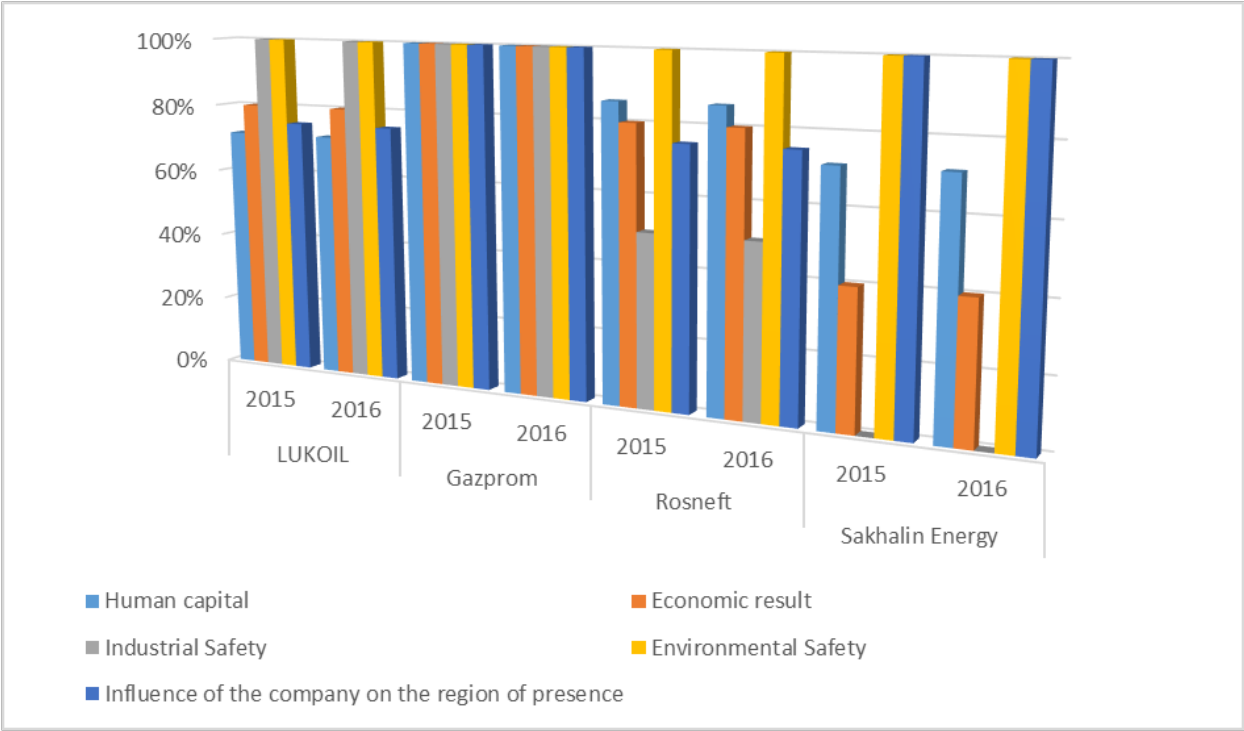


Fig. 29. The share of actual CSR by GRI criteria for 2015-2016.

Among analysed companies only Gazprom provided the most complete information, according to GRI criteria. According to the information reflecting criterion of "Industrial Safety", Sakhalin Energy did not disclose the availability of data in the reporting, which reduced for this company the share of actual CSR under the criterion "Planet" to 78% in comparison with the share of "LUKOIL" in 89% in 2015 - 2016. Also, Sakhalin Energy has a 2-fold lower share of actual CSR under the GRI criterion "economic result" for 2015-2016.

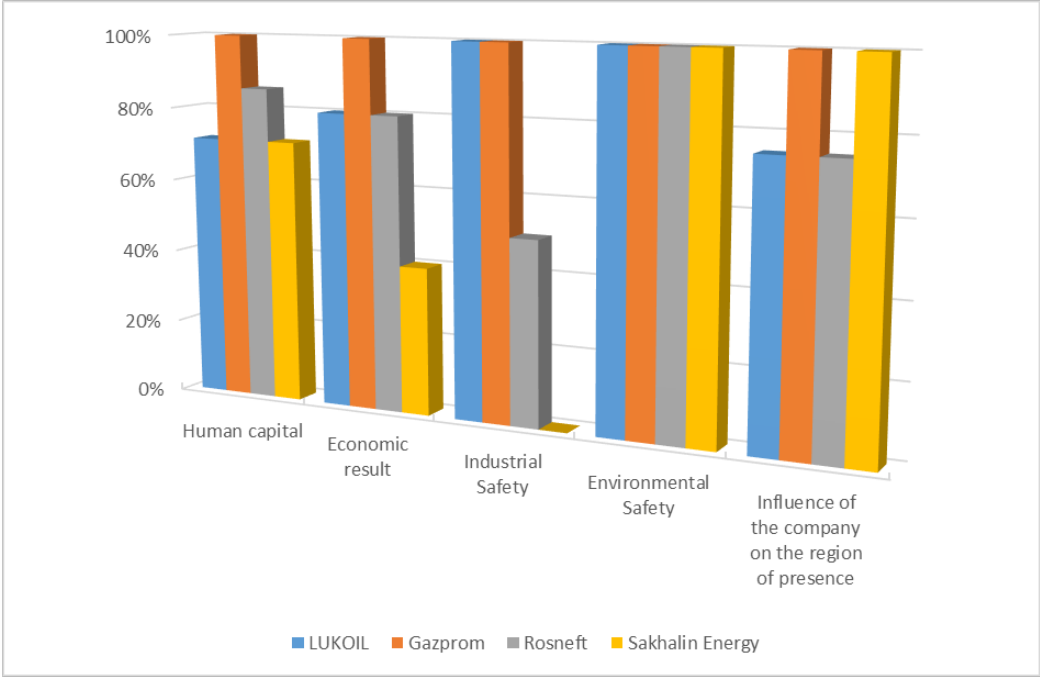


Fig. 30. Share of actual CSR companies by GRI criteria for 2015-2016.

Today, oil and gas companies are leaders in terms of social investment in Russia, which is explained by a number of factors, primarily the nature of business (in the oil and gas production there is a rental component) and the size of the companies themselves. At the same time, companies have a different approach to social investment, which is caused both by the peculiarities of their business and by the level of development of corporate social responsibility.

In Russia, oil and gas companies are quite actively implementing a socially-oriented policy. In this industry companies spend from 1 to 4% of annual net profit on social investments, which roughly corresponds to the level of the largest foreign oil and gas TNCs. Oil and gas companies within the CSR framework invest in areas that directly affect local communities. A significant part of the funds of most companies is directed to the development of social infrastructure and education. The main mechanism for financing social projects is agreements on social and economic cooperation with regions. These agreements allow to coordinate selection and implementation of projects, for example, on the construction or repair of socially important facilities, with regional authorities.

Also, a number of oil and gas companies have their own multi-year social programs. For example, such programs include Gazprom for Children (Gazprom) and Native Cities (Gazprom Neft). In addition, a special place in social policies of a number of companies (Lukoil) is devoted to the indigenous peoples of the North. Realization of socially responsible policy of companies is most actively conducted in small cities of the main oil and gas producing regions. This can be explained by the desire of companies to improve the living conditions for their employees and members of their family. Such policies are beneficial both for companies and regional authorities, who, therefore have an important investor in the social development of local communities.

CONCLUSION CHAPTER 5.

Russian leaders of non-financial reporting are the large companies, which have top ratings and make the greatest contribution to the welfare of the country, both through their direct economic activities and the implementation of approaches to corporate responsibility. Among them, oil and gas, metallurgical companies, and also chemical and banking sector.

The most complete information about how many companies in Russia produce non-financial reports and what approaches to reporting they chose are stated in the National Register of Corporate Non-Financial Reports and the Library of Corporate Non-Financial Reports of the Russian Union of Industrialists and Entrepreneurs (RUIE)¹⁵.

The data of the National Register of the Russian Union of Industrialists and Entrepreneurs make it possible to trace the dynamics of reports by years, the growth in the number of companies that publish non-financial reports, and their industry affiliation. As of November 1, 2017, 161 companies have been included in the National Register of Corporate Non-Financial Reports, and submitted 790 reports, issued since 2000. Among them: environmental reports (ER) - 72, social reports (SR) - 307, sustainable development reports (RSD) - 271, integrated reports (IR) - 140.

There is a wide variety of types of reports and the frequency of their publication, which is determined by the reporting companies themselves. As a result, the social reporting of Russian companies has a different content, format and structure for presenting the results of socially responsible business. From the dynamic and structural analysis of 15 industries for the period 2000-2016, it can be concluded that there is a strong gap between industries to provide the information of their activities using non-financial reporting. This fact reflects the closed nature of certain sectors, which does not allow us to fully determine the degree of development of CSR.

Analysis of the industries activity on non-financial reporting allows us to identify the following patterns:

- the leading role of the oil and gas industry at the initial stage of development of the practice of non-financial reporting, as well as in submitting information in the form of reports on sustainable development in the unity of three dimensions: economic, social and ecological. Oil and gas companies are leading in disclosure of information on economic performance, social development and the environmental component. Sustainability reports submitted by oil and gas

¹⁵ See information on the website of the RUIE, in the section "Social Responsibility": <http://pcnn.pф/simplepage/157>

companies comprise 95 reports for the period 2000-2016 that reflect 66% of RSD reports of the total number of submitted reports to the National Register of Non-Financial Reports. Russian companies in oil and gas industry are actively developing corporate reporting using international GRI standards, which contributes to improving the transparency of companies and the industry as a whole.

- In Russian context, oil and gas industry is leading in the sphere of corporate responsibility for several reasons. First, it is the richest branch of the Russian economy. Secondly, local authorities and social movements closely monitor these industry which provide a strong motivation to the companies to perform and develop their social responsible behaviour. But to a great extent this is also due to the companies entering the Western stock exchanges.

As a result of our analysis of reports submitted to the national register of corporate non-financial reports, the companies of the oil and gas industry submitted the highest number of non-financial reports in the form of "Report on Sustainable Development" which is 66% of all reports submitted. Proceeding from the data accumulated, the further object of our research on defining the current form of CSR, implementation and development based on the companies who are the representatives of the oil and gas industry. Information contained in non-financial reports is of interest for further analysis in order to understand and determine what form of CSR is reflected by large Russian companies in their practices.

The sample of oil and gas companies was based on the data of the "Responsibility and Openness" index 2017, developed by the Russian Union of Industrialists and Entrepreneurs (RSPP), which include four leading companies in the oil and gas industry: *Gazprom (Public, vertical integrated)*, *Lukoil (Public, vertical integrated)*, *Rosneft (Public, controlling stake belong to the Russian State)* and *Sakhalin Energy (Private company)*. The source for content analysis was based on defined companies non-financial reports for the period 2015-2016. The information in the reports was constructed in accordance with the GRI-G4 standards and represent the most relevant information to the current period.

Based on the data of the content analysis, we can conclude that this set of criteria (*Social Investments, Social welfare, Good Business Practice, Responsible Management, Sustainable Development, Risk management, Environmental Protection, Responsible Business Conduct*) characterizes the commitment of companies to the formation of their activities within the framework of CSR at the form of Corporate Citizenship.

Discourse analysis made it possible to study the hidden meanings of the company's reporting text in the context of its interpretation for describing forms of CSR: altruistic, philanthropic and corporate citizenship, which was actively discussed in the previous chapter of this thesis.

Discourse analysis reflected the fact, that in non-financial reports, the analyzed companies pay a lot of attention to the following aspects: technological measures aimed at saving energy, water and other resources, developing its personnel through the system of professional training of personnel, carrying out social projects of sponsorship and charity in its territories presence, supporting their social well-being, security and sustainability, increases the transparency and transparency of their business through regulatory systems of social reporting and international reporting on sustainable development, which allow to improve the quality of production management, social development, and non-financial risks. These criteria are the basics of the model of Sustainable development which exist in a substance of CSR at the form of Corporate Citizenship. According to this result, it becomes clear that the leading oil and gas companies, reflecting their CSR in a core business model as a Corporate Citizens. The analysis shows that the leading Russian oil and gas enterprises give priority to CSR implementation in the form corporate citizenship. To confirm the results obtained from the content and discourse analysis, we analyzed Non-financial reports for the actual CSR to reflect the real initiatives of companies to meet Corporate Citizenship characteristics.

In Russia, oil and gas companies are quite actively implementing a socially-oriented policy. In this industry companies spend from 1 to 4% of annual net profit on social investments, which roughly corresponds to the level of the largest foreign oil and gas TNCs. Oil and gas companies within the CSR framework invest in areas that directly affect local communities. Russian large enterprises, especially those from oil and gas industry, play a significant role in promoting the concept of sustainable development in Russia. Corporate social responsibility is becoming one of strategic priorities. Analysis of non-financial reports of Russian leading oil and gas companies showed that the demonstration and level of integration of Corporate Social Responsibility reflect the form of Corporate Citizenship (CC), positioning the business in a system of three spheres: economic, political and social. CSR is the foundation for implementing CC, both at the level of specific socially significant initiatives, and at the level of their ethical motivation.

The current analysis allows to define corporate citizenship as encompassing form of CSR, therefore, it should be intensively promoted into activities of Russian companies. It should be noted that foreign science in the field of corporate citizenship is developing more rapidly than in Russia

(Matveeva, 2014). This is reflected in the gap between the level of development of Russian and foreign companies.

CONCLUSION PART II

The processes of Russia's integration into the international economic environment, has forced Russian companies to join certain international CSR standards. A growing number of companies has reached a certain stage of their development, where at their own choice or on the recommendation of their international consultants or partners, or even out of necessity to attract foreign investors, is now implementing one or another international standard of corporate social responsibility and non-financial reporting (Nikolayev N., 2016). The standardization of CSR ideas was also recognized by the need to compile and submit non-financial (social) reporting by companies. In the most general form, the non-financial reporting represents information in the field of economic, social and environmental performance of the organization.

In Russia, non-financial reporting is currently optional, but despite this, more and more companies interested in foreign investment are providing this form of reporting. It should be noted that Russian and international documents regulating CSR policy are interrelated. So the Social Charter of Russian business in many respects echoes with the UN Global Compact, there are points of convergence in international standards and guidelines (ISO 26000, GRI, AA1000SES, AA1000AS, SA8000) with Russian counterparts (IC CSR-08260008000, Basic Indicators of the Russian Union of Industrialists and Entrepreneurs, The standard of social reporting of Russian Quality Organization).

Along with mandatory reporting, many companies in Russia and in the world also make voluntary reporting. Public non-financial reporting is one example of such reporting in most countries of the world. Today, the Russian Union of Industrialists and Entrepreneurs is responsible for creating and monitoring compliance with non-financial reporting. This organization represents the interests of business, participating in the development of regulations on labor cooperation and business development in the regions. Within this structure, there is a division "Social Responsibility", for which the responsibility is the Social Charter of Russian Business, established on the initiative of the Russian Union of Industrialists and Entrepreneurs, with 254 organizations-members.

In Russia, as well as in Europe, steps are being taken to regulate the activities of companies and public disclosure of non-financial information in various documents:

- The Code of Corporate Governance of the Bank of Russia;
- The concept of development of public non-financial reporting;

- Reporting on Environmental Aspects;
- RSPP indices on sustainable development, corporate responsibility and reporting.

In general, it can be noted that recognizing the concept of sustainable development, corporate social responsibility and non-financial reporting is gaining momentum in Russia, the requirements of regulator are being increased, the number of stakeholders involved in these processes is expanding, which should serve as a good basis for future development. (E. Feoktistova, L. Alenicheva, E. Dolgikh, G. Kopylova, M. N. Ozeryanskaya, N. V. Khonyakova, 2017.)

Meanwhile, the development of CSR in Russia is conditioned by the specific economic context - the active and successful expansion of the largest Russian companies abroad. International partners, investors, consumers demand greater transparency in doing business, and Russian corporations are actively developing in the field of CSR, adopting Western business practices and simultaneously implementing their unique approaches and solutions. The most complete information about how many companies in Russia produce non-financial reports and what approaches to reporting they chose are stated in the National Register of Corporate Non-Financial Reports and the Library of Corporate Non-Financial Reports of the Russian Union of Industrialists and Entrepreneurs (RUIE)¹⁶.

The data of the National Register of the Russian Union of Industrialists and Entrepreneurs make it possible to trace the dynamics of reports by years, the growth in the number of companies that publish non-financial reports, and their industry affiliation. As of November 1, 2017, 161 companies have been included in the National Register of Corporate Non-Financial Reports, and submitted 790 reports, issued since 2000. Among them: environmental reports (ER) - 72, social reports (SR) - 307, sustainable development reports (RSD) - 271, integrated reports (IR) - 140.

There is a wide variety of types of reports and the frequency of their publication, which is determined by the reporting companies themselves. As a result, the social reporting of Russian companies has a different content, format and structure for presenting the results of socially responsible business. From the dynamic and structural analysis of 15 industries for the period 2000-2016, it can be concluded that there is a strong gap between industries to provide the information of their activities using non-financial reporting. This fact reflects the closed nature of certain sectors, which does not allow us to fully determine the degree of development of CSR.

Analysis of the industries activity on non-financial reporting allows us to identify the following patterns:

¹⁶ See information on the website of the RUIE, in the section "Social Responsibility": <http://pcnnn.pф/simplepage/157>

- the leading role of the oil and gas industry at the initial stage of development of the practice of non-financial reporting, as well as in submitting information in the form of reports on sustainable development. Oil and gas companies are leading in disclosure of information on economic performance, social development and the environmental component. Sustainability reports submitted by oil and gas companies comprise 95 reports for the period 2000-2016 that reflect 66% of RSD reports of the total number of submitted reports to the National Register of Non-Financial Reports. Russian companies in oil and gas industry are actively developing corporate reporting using international GRI standards, which contributes to improving the transparency of companies and the industry as a whole.

- In Russian context, oil and gas industry is leading in the sphere of corporate responsibility for several reasons. First, it is the richest branch of the Russian economy. Secondly, local authorities and social movements closely monitor these industry which provide a strong motivation to the companies to perform and develop their social responsible behaviour. But to a great extent this is also due to the companies entering the Western stock exchanges.

Proceeding from the data accumulated, the further object of our research on defining the current form of CSR, implementation and development based on the companies who are the representatives of the oil and gas industry. Information contained in non-financial reports is of interest for further analysis in order to understand and determine what form of CSR is reflected by large Russian companies in their practices.

The sample of oil and gas companies was based on the data of the "Responsibility and Openness" index 2017, developed by the Russian Union of Industrialists and Entrepreneurs (RSPP), which include four leading companies in the oil and gas industry: *Gazprom (Public, vertical integrated)*, *Lukoil (Public, vertical integrated)*, *Rosneft (Public, controlling stake belong to the Russian State)* and *Sakhalin Energy (Private company)*. The source for content analysis was based on defined companies non-financial reports for the period 2015-2016. The information in the reports was constructed in accordance with the GRI-G4 standards and represent the most relevant information to the current period. Based on the data of the content analysis, we can conclude that this set of criteria (*Social Investments, Social welfare, Good Business Practice, Responsible Management, Sustainable Development, Risk management, Environmental Protection, Responsible Business Conduct*) characterizes the commitment of companies to the formation of their activities within the framework of CSR at the form of Corporate Citizenship.

Discourse analysis made it possible to study the hidden meanings of the company's reporting text in the context of its interpretation for describing forms of CSR: altruistic, philanthropic and corporate citizenship, which was actively discussed in the previous chapter of this thesis.

Discourse analysis reflected the fact, that in non-financial reports, the analyzed companies pay a lot of attention to the following aspects: technological measures aimed at saving energy, water and other resources, developing its personnel through the system of professional training of personnel, carrying out social projects of sponsorship and charity in its territories presence, supporting their social well-being, security and sustainability, increases the transparency and transparency of their business through regulatory systems of social reporting and international reporting on sustainable development, which allow to improve the quality of production management, social development, and non-financial risks. These criteria are the basics of the model of Sustainable development which exist in a substance of CSR at the form of Corporate Citizenship. According to this result, it becomes clear that the leading oil and gas companies, reflecting their CSR in a core business model as a Corporate Citizens. The analysis shows that the leading Russian oil and gas enterprises give priority to CSR implementation in the form corporate citizenship. To confirm the results obtained from the content and discourse analysis, we analyzed Non-financial reports for the actual CSR to reflect the real initiatives of companies to meet Corporate Citizenship characteristics. In Russia, oil and gas companies are quite actively implementing a socially-oriented policy. In this industry companies spend from 1 to 4% of annual net profit on social investments, which roughly corresponds to the level of the largest foreign oil and gas TNCs. Oil and gas companies within the CSR framework invest in areas that directly affect local communities. A significant part of the funds of most companies is directed to the development of social infrastructure and education. The main mechanism for financing social projects is agreements on social and economic cooperation with regions. Such agreements are practically all large oil and gas companies. These agreements allow to coordinate selection and implementation of projects, for example, on the construction or repair of socially important facilities, with regional authorities.

Russian large enterprises, especially those from oil and gas industry, play a significant role in promoting the concept of sustainable development in Russia. Corporate social responsibility is becoming one of strategic priorities. Most of the companies have been actively implementing best practices in the field of sustainable development and CSR both at the level of corporate governance and at the level of business model over the last decade. These companies are promoting a policy of responsible behaviour to suppliers, partners, and implement best practices at the level of social and environmental projects in the regions of presence.

Analysis of non-financial reports of the leading companies in oil and gas industry showed that the demonstration and level of integration of Corporate Social Responsibility reflect the form of Corporate Citizenship (CC), positioning the business in a system of three spheres: economic, political and social. CSR is the foundation for implementing CC, both at the level of specific socially significant initiatives, and at the level of their ethical motivation.

It can be assumed that it is the large Russian enterprises that today can pretend to be the guarantors of employment, development, and social support of citizens. Such a vector of development that aimed to the long-term perspective will allow increasing the welfare of the society through harmoniously built-up interaction with organizations. The adherence to the principles of corporate citizenship will benefit both the companies themselves and the society in which they operate. The current analysis allows to define corporate citizenship as the highest level of development of CSR, therefore, it should be intensively promoted into activities of Russian companies. It should be noted that foreign science in the field of corporate citizenship is developing more rapidly than in Russia (Matveeva, 2014). This is reflected in the gap between the level of development of Russian and foreign companies.

PART III

QUALITATIVE CASE STUDY TO REFLECT EXPLORATION OF THE FORM OF CORPORATE SOCIAL RESPONSIBILITY AND REFLECT STAKEHOLDERS THEORY APPROACH FOR CSR DEVELOPMENT IN RUSSIA

The third part of this thesis devoted to evaluate CSR of analysed enterprises, using the case study method. Studied material contribute to the knowledge on how deep CSR practices are implemented while meeting the triangulate criteria: special form of CSR, GRI criteria and Triple Bottom Line. As well we bring a light on significant impact of CSR development by Multinational Corporations that manifest as stakeholders to promote social responsible behaviour in contemporary Russian Business Environment.

CHAPTER 6. CASE-STUDY ARGUMENTATION ON THE FORM OF CSR PRESENTED BY RUSSIAN OIL AND GAS ENTERPRISES

The purpose of this chapter is to evaluate the scope of CSR introduced by analysed enterprises using the case study method. The material will contribute to the knowledge on how deep CSR practices are implemented while meeting the triangulate criteria: special form of CSR, GRI criteria and TBL approach.

Leading Russian oil and gas enterprises play a significant role in promoting the concept of sustainable development in Russia. Corporate social responsibility is becoming one of strategic priorities. Most large Russian companies have been actively implementing best practices in the field of sustainable development and CSR both at the level of corporate governance and at the level of business model over the last decade and a half, especially the leaders of the oil and gas sector. These companies are promoting a policy of responsible behaviour to suppliers, partners, and implement best practices at the level of social and environmental projects in the regions of presence.

Russian large enterprises from oil and gas industry are actively developing corporate reporting using international GRI standards, which contributes to improving the transparency of companies and the industry as a whole. Analysis of non-financial reports of the leading industry of CSR openness reflected that the demonstration and level of integration of Corporate Social Responsibility reflect the form of Corporate Citizenship (CC), positioning the business in a system of three spheres: economic, political and social. CSR is the foundation for implementing CC, both at the level of specific socially significant initiatives, and at the level of their ethical motivation. In our opinion, a company should establish itself as an effective participant in CSR, only then will it be able to act as a "citizen". We propose to measure using the Triple Bottom Line (TBL) model with the GRI criteria, by dividing the set of activities and initiatives of oil and gas enterprises, presenting their commitment to the form of Corporate Citizenship. In the following subparagraph we would like briefly present what corporate citizenship mean in a broad sense.

THE ESSENCE OF CORPORATE CITIZENSHIP

Corporate Citizenship is an entirely independent manifestation of social and political activity of corporations which has its own conceptual, theoretical, socio-political and organizational basis, and the CSR is a kind of material foundation, the "bearing construction" of CC, the totality of the mechanisms for implementing this strategy (Maignan, I., Ferrell, O., 2000). Corporate citizenship can contribute to the sum of the company's intangible assets, and consequently, have a positive impact on financial results and, ultimately, the possibility of survival in the market (Gardberg, NA, Fombrun, CJ Corporate Citizenship: Creating intangible assets in institutional environments. *Academy of Management Review*, 2006). There are two reasons for the development of intangible assets created from the CC.

First, investment in the CC (creation of infrastructure, the accumulation of social capital, the increment of human capital, cooperation with educational and political institutions) contribute to the differentiation of strategy. Moreover, actions within the framework of the CC provide valuable and rare reputational capital to the organization, which means that it allows them to obtain beneficial contracts with local governments, attract the best employees, and set premium prices for their goods.

Secondly, CC allows the company to integrate into local community. This is due to strengthening social ties between the company, its employees and the local community, which leads to an increase in the degree of trust between them and the creation of social capital (Gardberg, N., Fombrun, C., 2006). The presence of reputational capital allows creating a whole network of effective relationships that affect the role and importance of the organization in society. The structural-dynamic, content analysis and discourse analysis we conducted show that the leading companies of oil and gas sector give priority to development based on the principles of corporate citizenship. The CC phenomenon was not only spread among market leaders as part of the company's image, but positive influence was seen in the results of practical activities of organizations. It can be assumed that oil and gas companies today can be guarantors of employment, development, social support of citizens of the regions of their presence. The modern concept of "corporate citizenship" exists in three forms: limited, equivalent and expanded CC.

In the first case, CC is this limited view of the corporate philanthropy as its strategic focus. As opposed to corporations engaging in charity simply for the sake of it, CC presents a case for strategic philanthropy. For the firm, CC is generally seen, therefore, as fouled by issues of self-interest - including the insight that a stable social, environmental, and political environment ensure

profitable business (Windsor, 2001; Wood & Logsdon, 2001). A typical example for this type of CC is represented by Texas Instruments, which defines CC as "giving back to the communities where we operate", with this "making them better places to live and work," Texas Instruments, 2002). This is typical for the limited focus of local societies (Altman, 1998). The following from this self-interested approach is a significant amount of literature which discusses CC as manifested in specific investment decisions into the firm's social environment (Warhurst, 2001). However, the limited view of CC has yet to be explained clearly, let alone conceptualize the notion of citizenship in this respect. Overall the literature pertaining to this limited view does not provide convincing evidence (Gardberg, N., Fombrun, C., 2006).

In the second point of view, CC is a synonym for CSR, without attempting to define any new role for the corporation. This is the most evident in Carroll's (1998) paper, "The four faces of corporate citizenship", where it defines the CSR. Several authors have taken up this approach, although in some cases using slightly different phrasing. For example, Maignan & Ferrell, (2000, 2001); Maignan, Ferrell, & Hult, (1999) have defined CC as "the extent to which businesses meet the economic, legal, ethical and discretionary obligations imposed on them by their stakeholders ". This is largely synonymous with Carroll's (1991) definition of CSR, albeit with a slight refocusing of emphasis on the responsibilities themselves. This is essentially a performance-oriented reconceptualization of CSR (similar to Davenport, 2000), perhaps reflecting the prominence of CC in practitioner discourse. Much of the CC literature, such as stress tolerance, various aspects of CSR, such as sustainability (Marsden, 2000), the stewardship role of business (Reilly & Kyj, 1994) or drawing conceptual lines to the stakeholder approach (Andriof and McIntosh, 2001b; Davenport, 2000). Thus, CC just functions as a new way of presenting existing concepts, but applied to a wider range, or perhaps a different set of issues (Gardberg, N. A., Fombrun, C. J.2006).

In the third (expanded) point of view, corporate citizenship shows the current degree of development of organizations, a particular philosophy of activity as the highest form of CSR, where the social role of the corporation in administering citizenship rights is paramount (Matten, D., Crane, A., 2005) : social rights - corporation as a provider / civil rights - corporation as enabler / political rights-corporation as channel. In a general sense, the most unified definition of Corporate Citizenship were proposed by The World Economic Forum which defines Corporate Citizenship as the contribution a company makes to society through its core business activities, its social investment and philanthropy programs, and its engagement in public policy. The manner in which a company manages its economic, social and environmental relationships, as well as those with

different stakeholders, in particular shareholders, employees, customers, business partners, governments and communities determines its impact (World Economic Forum, 2003).

To reflect the encompass of CSR in a form of Corporate Citizenship presented by Russian oil and gas enterprises, we analysed the following case examples. To support this analysis, the best practices of oil and gas enterprises were collected from the website of the Russian Union of Industrialists and Entrepreneurs in the Compendium of Corporate Practices "Russian Business and Sustainable Development Goals" 2018. This compilation includes three oil and gas companies Gazprom, Lukoil and Sakhalin Energy. The following case-studies confirm our assumptions that the leading oil and gas enterprises implement their CSR activities at the form of Corporate Citizenship. To build a study of cases we collected best practices of analysed enterprises and examined them through Nvivo software. The methodology for analyzing practices were divided in three directions:

I. TBL criteria :social, economic, environmental protection

II. Eight sections of GRI 1. Relations with the government; 2. Relations with suppliers, partners; 3. Relations with customers; 4. Relations with employees; 5. Relations with shareholders; 6. Contribution to the economy; 7. Contribution to social welfare; 8. Contribution to the improvement of the environment.

III. The essence of which reflects the definition of the Corporate Citizenship proposed by The World Economic Forum (2003):

Corporate citizenship as the contribution a company makes to society through its core business activities, its social investment and philanthropy programs, and its engagement in public policy. The manner in which a company manages its economic, social and environmental relationships, as well as those with different stakeholders, in particular shareholders, employees, customers, business partners, governments and communities determines its impact.

Also, the compliance with the characteristics of Corporate citizenship was taken into consideration:

- 3.1 publish and report on short and long-term CSR-goals (incorporation to the management strategy);
- 3.2 develop personnel through the system of trainings concerned with the quality of life;
- 3.3 take measures of technological nature, at least, energy saving, water and other resources; limit emissions destroying the ozone layer, greenhouse gases, chemicals and other emissions into the atmosphere;
- 3.4 participate in sponsorship and charity programs of regional and federal issues;
- 3.5 regularly take part in international charitable and social projects;
- 3.6 increase the openness and transparency of its business through a system of regular social reporting and international sustainability reporting, allowing to improve the quality of production management, social development, and non-financial risks.

In the beginning we will reveal the presence and form of corporate citizenship in the mission statements of the companies.

Table 35. Corporate Citizenship in Mission Statements of Companies

Company	Mission	Corporate Citizenship
Sakhalin Energy	The company makes a significant contribution to the sustainable development of the Sakhalin Oblast, including programs to support environmental, social and cultural projects. The company uses a structured, systematic approach to managing CSR issues and sustainable development. It relies on a number of corporate documents, the basic ones of which are: the Code of Business Ethics; Sustainable Development Policy; Human Rights Policy; Obligations and policies in the field of occupational safety, health, environment and social activities, etc.	Meet to the dimension: 3.4
Lukoil	«LUKOIL contributes to the achievement of the goals of sustainable development (SD), striving to achieve balanced economic growth combined with the mandatory solution of social and environmental problems with the continuous improvement of corporate governance. In the long term, LUKOIL is aimed at finding and using new ideas and technologies, including helping to increase the efficiency of the use of natural resources, thus preserving the planet for future generations.	Meet to the dimension: 3.3
Gazprom	The mission of the company is to provide consumers with high quality energy resources, to conduct business honestly and responsibly, to take care of employees and to be a leader in efficiency, ensuring a long-term and balanced growth of the company. The company consistently integrates the principles of sustainable development and social responsibility into the business strategy, considering it as one of the key factors of long-term sustainability.	Meet to the dimension: 3.1, 3.2, 3.3

In Table 35, we assembled statements about the corporate citizenship of the leading Russian oil and gas companies. Companies emphasize the achievement of goals of sustainable development, which focuses on the company's efforts in responsible production, ethics and respect for human rights, interaction with stakeholders, partnerships for sustainable development, compliance with standards, biodiversity conservation, etc. Thus, companies confirm that the achievement of the Goals of Sustainable Development is among the priorities. Economic development, the global scope of activity and the degree of influence on the society make it possible to take a direct part in its development, which is demonstrated by the positioning of companies in the social environment as part of civil society. In view of the special social significance and scale of the activities carried out, as well as the impact on the external environment, oil companies are the most important subjects of social and environmental responsibility.

In this regard, the study of the specifics of the formation and implementation of socially-oriented programs of Russian oil and gas enterprises is a priority task in developing adaptive mechanisms for introducing the principles of corporate citizenship in Russian conditions. All three mission statements can be classified as Corporate Citizens. However, only mission of Gazprom corresponds to three characteristics. While the statements of the companies "Sakhalin Energy" and "Lukoil" – only to one. In particular, the "mission" of Gazprom confirms the adoption of measures for lean production (3.3), improvement of the quality of life of personnel (3.2) and integration of CSR into the management strategy (3.1). The statement of the Sakhalin Energy mission does not specify ways to implement CSR measures, references to other internal documents are cited. It can be argued that paragraph (3.4) is about the development of the Sakhalin region. Lukoil's mission statement determines its desire for sustainable development, which is more characteristic of the altruistic form of CSR. At the same time, the focus on the implementation of paragraph 3.3 (the ecosystem approach) has been determined.

6.1 CASE-STUDY ARGUMENTATION TO CONFIRM CORPORATE CITIZENSHIP OF OIL AND GAS ENTERPRISES BASED ON BEST PRACTICES OF “SAKHALIN ENERGY”

The universal nature of sustainable development goals of "Sakhalin Energy" allows companies to select the set of Objectives that best fit into their activities and existing CSR programs. After the adoption of the Goals of Sustainable Development in September 2015, Sakhalin Energy initiated work in this field, which included the following stages:

-
- definition of priorities and goals - analysis of the priorities and objectives of the company and the defining of the most significant Goals of Sustainable Development in terms of their importance in the company's activities and contribution to their achievement. At this stage, an essential condition is the involvement of stakeholders in the exchange of ideas about possible ways to achieve the Goals of Sustainable Development by the company. In particular, since 2016 relevant issues have been included in dialogues with external stakeholders in the preparation of sustainable development reports and discussions with the company's personnel, and also in 2017 - in questionnaires for interested parties;
 - integration of commitment and goals into the processes and practices of the company - the analysis showed that the company's existing processes, programs and practices in the field of sustainable development contribute to the achievement of the majority of goals for Sustainable Development and their tasks.
 - public reporting - the company decided to include information on its contribution to the Goals of Sustainable Development achievement in its annual reports on sustainable development of Sakhalin Energy (starting from the report for 2016 and at least until 2030), as well as to the annual reporting of the company as a participant United Nations Global Compact (Progress Report) (3.6).

Of particular importance are the efforts of the company in the field of responsible production, compliance with ethical norms and respect for human rights (interaction with stakeholders, partnerships in the field of sustainable development, resolution of complaints, etc.), compliance with standards in the field of occupational safety and health, conservation of biodiversity, etc. (3.3). Thus, the company in practice confirms that the achievement of the Goals of Sustainable Development is among its priorities.

Table 36. Corporate Citizenship in CSR practices of Sakhalin Energy

Corporate Programs	Outputs	CC	GRI	TBL
<p>Personnel : development and learning</p> <p><u>Target Audience:</u></p> <p>the company’s personnel and management, external target audience: shareholders, authorities, contractors, population, educational establishments, students, etc.</p>	<p>Results of key activities in 2015–2017:</p> <ul style="list-style-type: none"> • 1535, 1880 and 1870 people respectively attended training at workshops, class trainings and advanced training courses. These figures do not include man-days of on-the-job and distant learning whose proportion is steadily growing within the company’s training options portfolio in full correspondence with its personnel Learning and Development Strategy. • About 40 graduates were hired by the company under the Graduates Development Program (has been implemented from 2010 to meet the company’s requirement for talented newcomers). • During the succession planning process for 2017–2021, potential successors were identified (for short-term and long-run periods) for 608 out of 648 positions included into succession plan (94%). For all potential successors, Individual Development Plans were developed incorporating training and development events to be completed under the company’s learning and development framework. • Over 270 university and college students completed traineeship and pre-graduation internship programs with the company’s under its Internship Program (has been implemented since 2000). 	3.2	1/4/5/7	Social

Information Management and Communication Channels: Sustainable Development Report – Sections Personnel: “Management and Development“, “Engagement with Personnel”.

Table 36 (1). Corporate Citizenship in CSR practices of of Sakhalin Energy

Corporate Programs	Outputs	Form CC	GRI	TBL
<p>Grievance addressing mechanisms</p> <p><u>Target Audience:</u></p> <p>the Whistle Blowing Procedure – all internal and external stakeholders; the Employee Grievance Procedure – the company’s personnel. the Community Grievance Procedure – the inhabitants of Sakhalin Oblast, contractor and subcontractor personnel;</p> <p>The Sakhalin Indigenous Minorities Development Plan (SIMDP) Grievance Procedure – representatives of Sakhalin indigenous peoples, SIMDP stakeholders.</p>	<p>In 2015–2017 (as of October), more than 170 complaints and grievances were received from the company’s staff and external stakeholders via the various corporate grievances mechanisms, specifically:</p> <ul style="list-style-type: none"> • 83 grievances under the Whistle Blowing Procedure; • 18 grievances from the company’s employees; • 71 grievances from the community and contractor/subcontractor employees. <p>One of the most remarkable accomplishments related to the grievance mechanisms is that not a single major social conflict has occurred during the construction and operation phases, which would result in the stoppage of the project activities. Independent inspections and audits have confirmed that the target audiences trust the grievances process.</p>	3.6	2/4/3	Social

Information Management and Communication Channels: Information on the grievance work is included in the publicly available annual Sustainable Development Report and Public Consultations and Disclosure Report. The Employee Grievance Procedure can be consulted at all times at the company’s Intranet site and in its offices (information posters).

Table 36 (2). Corporate Citizenship in CSR practices of of Sakhalin Energy

Corporate Programs	Outputs	Form CC	GRI	TBL
<p>Conservation of the biodiversity</p> <p><u>Target Audience:</u></p> <p>project participants: contractors, partner companies, public organizations, authorities.</p>	<p>The results of measures to prevent and minimize the impact of the company's economic activities on the environment and the implementation of local monitoring programs allow:</p> <ul style="list-style-type: none"> • to preserve in a stable condition both populations of protected species in the zone of influence - gray whale, Steller's sea eagle, and vulnerable ecosystems - wetlands, breeding colonies of birds on Chayvo spit, coastal zone of Aniva Bay near the port of Prigorodnoye (prevention measures introduction of invasive species and monitoring of the environment in discharging ballast water); • minimize the impact on the environment by involving other energy companies, contractors, the public and state authorities in the region; • promote the education of a careful attitude to nature, environmental education and education of the population; • contribute to the conservation of biodiversity of Sakhalin as a whole by transferring the experience of the organization for the development of the Action Plan for Biodiversity Conservation in the Sakhalin region; • ensure compliance with the requirements of environmental legislation, creditors and shareholders; realize the concept of sustainable development of both the company and the whole energy sector of the Sakhalin region. 	3.3	1/2/8	Environment

Information Management and Communication Channels: Reports on sustainable development - special sections on biodiversity. Twice a year the meetings of the REGBR (Working Expert Group on Biodiversity Conservation - established at the initiative of the company in the Council on Ecology under the Governor of the Sakhalin Oblast in 2008), presentation of materials at the Ecology Council, if necessary. Annual meetings within the framework of the project: "The Tasks of Biodiversity Conservation in Russia's Energy Sector Policies and Programs", implemented by the United Nations Development Program, the Global Environmental Fund in conjunction with the Ministry of Natural Resources of Russia.

6.2 CASE-STUDY ARGUMENTATION TO CONFIRM CORPORATE CITIZENSHIP OF OIL AND GAS ENTERPRISES BASED ON BEST PRACTICES OF “LUKOIL”

LUKOIL corporate programs are implemented within the framework of agreements on social partnership with state authorities in the regions where the company is present and with other organizations (3.4). There is an agreement with the International Association of Trade Union Organizations. The company also supports and implements international projects (3.5), such as the Partnership for Youth Employment in the Commonwealth of Independent States and Caress the World, the International Football Tournament LUKOIL Children Champion Cup, etc. Regulatory documents have been adopted in all areas of work to achieve the Goals of Sustainable Development, standards and policies in the field of industrial safety, labor protection and the environment in the twenty-first century; personnel management; development of strategy,

investment and corporate planning; on cooperation with the indigenous minorities of the North (indigenous peoples); foundations of housing and youth policy (3.4). In the long term, LUKOIL is aimed at finding and using new ideas and technologies, including helping to increase the efficiency of the use of natural resources, thereby preserving the planet for future generations (3.3). Values of LUKOIL: personnel, ecology, technology, responsibility, openness, partnership and morality (3.1, 3.6). Further, we will evaluate the presented practices of LUKOIL for compliance with GRI criteria performance and CC dimensions.

Table 37. Corporate Citizenship in CSR practices of LUKOIL

Corporate Program	Goal	Form CC	GRI	TBL
<p>Personnel : development and learning</p> <p><i>Partnership. 60 educational organizations in seven regions of the Russian Federation.</i></p>	<p>The company received a positive experience in the creation of basic departments, which proved the effectiveness and relevance of this area of cooperation. To date, in particular, the departments of the Russian State University of Oil and Gas (NIU) have been established. IM Gubkina: "Innovation management" in "LUKOIL-Engineering", "Modeling of physical and technological processes of development of deposits" in "LUKOIL-Engineering"; "Renewable energy sources" in "LUKOIL-Energoengineering"; Department of Astrakhan State Technical University "Heat power engineering and heat engineering" in "LUKOIL-Astrakhanenergo".</p>	3.2	2/6/7	Social

The project helps to involve in solving social problems and customers. Receiving a quality product with information about how this purchase can help people, buyers can make an informed choice in favour of products with such "added social value."

Table 37 (1). Corporate Citizenship in CSR practices of LUKOIL

Corporate Program	Goal	Outputs	Form CC	GRI	TBL
"The Red Chym project"	<p>The goal of the project is to increase the availability of medical care to indigenous residents, as well as to the population of remote rural settlements in the district. For them an out-patient medical examination is carried out every year, within the framework of which it is possible to undergo medical examinations, get medical advice from specialists or first aid, if necessary, and conduct a fluorographic examination, ultrasound diagnosis, perform an electrocardiogram or measure pressure. Medical teams consisting of doctors and medical workers of different specialties, during the period of 1,5 - 2 weeks, receive all comers. Especially important are regular examinations for children and women.</p>	<p>In 2016, the project covered more than 400 people, including 101 children. In total for the duration of the project, over 6,000 people were provided with medical care.</p>	3.4	7/8	Social
Environmental Safety	<p>The main principle of the company is to ensure the ecological and economic balance between production and environmental safety. The environmental safety program includes a set of several subprograms: Clean Air, Pure Water, Waste, Reclamation, Preventing and Eliminating Emergencies, Priority Research and Development in the Field of Environmental Protection, Production Environmental control "," Environmental initiatives ". Indicators of the Program are defined by the standard LUKOIL 1.6.10-2012 "Industrial safety management system, labor and environment protection. Requirements for the collection of indicators and reporting. " Quantitative targets have been set, which the company intends to achieve as a result of activities planned annually.</p>	<p>A draft new environmental safety program for LUKOIL Group organizations for 2018-2020 has been developed, which includes more than 900 events with a total cost of about 106 billion rubles, of which in 2018 - 39.8 billion rubles. An example of the company's participation in initiatives promoting the GOALS OF SUSTAINABLE DEVELOPMENT is the projects "Green Office" and Carbon Disclosure Project. Participation of the company in projects ensures reduction of energy consumption and reduction of greenhouse gas emissions.</p>	3.4/3.3	1/8	Environment

Due to the interaction with stakeholders, LUKOIL regards it as one of the aspects of responsible business practices and develops a systematic approach to organizing contacts and joint actions to resolve issues of mutual interest. LUKOIL increases the level of openness and quality of interaction with stakeholders in order to achieve agreement and balance of interests (3.6) with some groups of stakeholders (regional and federal authorities, trade unions, public and international organizations, families and communities of indigenous peoples, business partners). The company builds relationships on the basis of agreements on cooperation or partnership. Key stakeholder groups: Regulators. The company operates in many countries, significantly different legal norms. LUKOIL participates in the work of official bodies and expert sites, where issues and draft laws relevant to the oil and gas industry are discussed; Shareholders and investors; Staff and trade unions; Producers; Local communities.

6.3 CASE-STUDY ARGUMENTATION TO CONFIRM CORPATE CITIZENSHIP OF OIL AND GAS ENTERPRISES BASED ON BEST PRACTICES OF “GAZPROM”

Gazprom is fully aware of the responsibility for nature preservation. The company strives to continuously improve the results in the field of industrial and environmental safety, labor protection. Gazprom strives to minimize the negative environmental impact of oil production and refining, to ensure higher environmental characteristics of products, to use natural resources as carefully as possible.

The energy management system of Gazprom is based on the international standard ISO 50001, which regulates the processes of system management of energy efficiency. The company has an integrated energy management system in accordance with the requirements of the standard. The introduction of modern production management tools gives Gazprom the ability to effectively use the best global and domestic practices for managing fuel and energy consumption (3.3). Much attention is paid to work with staff. One of the basic principles is to provide employees with ample opportunities for professional implementation. In 2016, the company invested more than 700 million rubles in training. (3.2).

The company plays a significant role in the development of the territories of its presence, being a large taxpayer and employer. Gazprom adopted a program of social investments "Native cities" aimed at developing the urban environment and social infrastructure of the territories of its presence. Gazprom social activities are implemented within the framework of the social

investments program "Native cities". This work involves all the major subsidiaries of the company (3.4).

The company's social investments are an instrument for establishing constructive relationships with stakeholders and contributing to the company's sustainable development and its regions of presence. In 2017 the program "Native cities" covered 35 regions of presence, 560 projects were realized, 339 charitable and volunteer actions were held. Over 5 years, the program implemented more than 2.5 thousand projects for almost 19 billion rubles. Within the framework of the "Native cities" program, projects are being implemented to address the pressing problems of the territories of the company's activities. When developing and implementing social projects, the company conducts a comprehensive analysis of the socio-political and economic situation in the regions, as well as the federal agenda that has an impact on regional development. Directions of the program are following:

- projects in the field of education, creation of new educational opportunities;
- development of urban environment;
- increase of creative potential of regions, development of cultural issues;
- support and development of mass and professional sports;
- preservation and development of the potential of the indigenous small-numbered peoples of the North.

Further, we will evaluate the practices of Gazprom for compliance with GRI criteria performance and CC dimensions.

Table 38. Corporate Citizenship in CSR practices of GAZPROM

Corporate Programs	Goal	Outputs	Form CC	GRI	TBL
"NORTHERN CITIES"	The intellectual tournament "MULTIPLE TALENTS" is held from 2015. It is aimed at popularization of engineering and technical specialties among schoolchildren and formation of research competences. Within the framework of the tournament, students of Russian schools solve project tasks on oil and gas topics and develop presentation skills.	In 2017, the tournament attracted more than 2.6 thousand schoolchildren (almost 1.5 times more than in 2016) from Moscow, St. Petersburg, Tyumen, Khanty-Mansiysk, Tomsk, Omsk, Orenburg, Muravlenko, Noyabrsk , New Port and Cape Stone	3.4 3.2	1/6/7	Social
Corporate Programs	Goal	Outputs	Form CC	GRI	TBL
"NORTHERN CITIES"	"MATHEMATICAL PROGRESSION" is the project, implemented in conjunction with the St. Petersburg State University (SPbSU), is aimed at supporting fundamental science, stimulating interest in it and attracting talented students and students to this field.	Since 2017, there is a system of travel grants for gifted youth, which allows young scientists to attend classes in leading mathematical schools.	3.5	1/7	Social

"NORTHERN CITIES"	Development of infrastructure	<ul style="list-style-type: none"> the company finances the construction of houses in remote settlements and housing for representatives of indigenous small peoples, construction and repair of social infrastructure in the regions of activity; the framework of the development of mass and professional sports with the support of Gazprom Neft, the projects "Sport in the yard" (children's and adult tournaments in mini-football, hockey, volleyball) are being implemented. 	3.4 / 3.5	1/7/8	Social/ Economic
"NORTHERN CITIES"	Community involvement In fact, the company invests in the development of human capital, which represents not only promising personnel, but also a resource for the development of regions. To implement projects, the company attracts respected experts, for example, in the framework of cooperation with the Institute for Media, Architecture and Design, Strelka is launching projects to train local residents in urban transformations and launch of socially significant projects.	In 2017, such projects were the "Strelka" Week in St. Petersburg (a series of lectures for citizens that gathered an audience of more than 5,000 residents) and "The City with Your Own Hands" in Khanty-Mansiysk (laboratory, during which the interested parties can present and implement projects aimed at improving the urban environment). One of the effective tools for involving residents is the grant competition of social initiatives, following which the company provides methodological and financial support for projects. Over the years of the contest, more than 400 initiatives of active residents have been supported.	3.4	6/7	Social

Table 38 (1). Corporate Citizenship in CSR practices of GAZPROM

Gazprom strives to ensure a high level of information openness and transparency. The company timely and regularly discloses relevant information about its activities in a volume that is sufficient for all target audiences. Gazprom developed and adopted an Information Policy that ensures effective information interaction between the company, shareholders, investors and all stakeholders (3.6). Control over compliance with the Information Policy is exercised by the Board of Directors. In the section for investors on the Company's official website www.gazprom-neft.ru Gazprom publishes all the main forms of financial statements prepared in accordance with IFRS and RAS and reports on the sustainability of development. Disclosed statements are supported by appropriate audit reports. The website also publishes documents regulating the activities of the management and control bodies of Gazprom, financial and operating indicators, information on the impact of the Company's activities on the economy, the environment and society. Information is presented in Russian and English languages.

Below we propose the summary of analysed practices which reflects CSR in a form of corporate citizenship and their interconnection with stakeholders.

SUMMARY OF CASE-STUDY

- The Gazprom strengthens influence through projects that are aimed at social support of the population, creating jobs in the regions of presence, providing assistance to veterans, investing in construction of social infrastructure facilities. The health complexes for children, stadiums have been built and reconstructed. With the support of Gazprom, the People's Prize is awarded for

inventions and developments in the field of energy. To improve the quality of life and work of employees in the development of deposits and the construction of gas pipelines in the Arctic regions, a system of medical-ecological and socio-hygienic monitoring, life-support workers. The main mechanism for the implementation of social policy are socio-economic agreements with regional and municipal authorities. Also, programs aimed at developing the urban and social environment, improving the quality of services, education and culture are being implemented. The company also implements programs aimed at cooperation with the peoples of the North, their integration into the present, while preserving the customs of their ancestors.

- The Lukoil, directs its funds to the socio-economic development of regions of its presence, construction of social infrastructure facilities, houses for representatives of indigenous peoples of the north, improvement of settlements. To solve environmental problems, the company operates a system of industrial safety management, labor protection and the environment. The company sets tasks in the regions to increase the associated petroleum gas utilization rate, apply the zero discharge principle in the development of offshore fields, and efficient emission control. Lukoil West Siberia was the first to receive the title of the best industrial company in the Russian Federation for working with the indigenous population. The company is actively assimilated in the work on the revival of folk crafts. Under the agreement with local authorities, the company promotes the social and economic development of cities, non-profit organizations, improvement of national settlements.

- The Sakhalin Energy pays great attention to the implementation of projects in support of culture, preservation and revival of national values and spiritual heritage in the regions of presence. The company develops projects of continuing education, the purpose of which is to prepare the youth of the districts where the company operates. The company builds its relations with the local community on the basis of respect throughout its activities.

Based on the material studied, it can be concluded that the main factors affecting social responsibility of oil and gas enterprises in Russian is ensuring labor with a decent level of social guarantees, respect for human rights, increasing the social potential of the regions, promoting healthy lifestyles, charitable support for the population, the maintenance of the traditional way of life of the regions where companies are present. It should be noted that the effectiveness in the formation and implementation of CSR policies of companies depends on interaction with stakeholders.

CONCLUSION CHAPTER 6.

Based on the data of socially oriented programs of the leading Russian oil and gas enterprises, we have identified that the main areas of social spendings directed to development of personnel, support of the local community, sustainable development of the enterprise and indicates the balance of the complex of social policy pursued by examined enterprises. Proceeding from the studied material of the leading oil and gas enterprises, we present the priorities and directions which reflecting CSR in the form of Corporate Citizenship of Russian oil and gas enterprises.

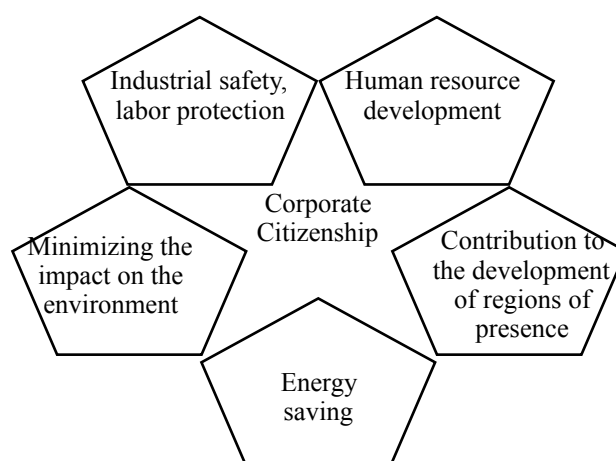


Figure 31. Priorities of the directions which reflecting CSR in the form of Corporate Citizenship of Russian Oil and Gas enterprises

The conclusion on observed CSR practices of leading Russian oil and gas enterprises and their compliance with Corporate Citizenship presented in table below.

Compliance with the characteristics of "Corporate citizenship"	Gazprom	Sakhalin Energy	Lukoil
publish and report on short and long-term CSR-goals (incorporation to the management strategy);	+	+	+
develop personnel through the system of trainings concerned with the quality of life;	+	+	+
take measures of technological nature, at least, energy saving, water and other resources; limit emissions destroying the ozone layer, greenhouse gases, chemicals and other emissions into the atmosphere;	+	+	+
participate in sponsorship and charity programs of regional and federal issues;	+	-	+
regularly take part in international charitable and social projects;	+	-	+
increase the openness and transparency of its business through a system of regular social reporting and international sustainability reporting, allowing to improve the quality of production management, social development, and non-financial risks.	+	+	+

Table 39. Compliance with a form of Corporate Citizenship of Russian Oil and Gas Enterprises

We can argue that two companies (Gazprom and Lukoil) have successfully implemented all the characteristics of CC, so they may be considered as a complete “Corporate Citizens”. And we must admit the fact that this responsible behaviour is fully rewarded by the market, which is proved by the companies’ financial results. Sakhalin Energy practice is not directed at pursuing federal and international charity programs. It initiates its own coverage for societal needs, bearing in mind the company’s insiders and partners in terms of environmental care. However it is worth mentioning that Sakhalin energy sustainable development vision was internationally recognized at the competition of US Vision Awards [<https://www.lacp.com/2017vision/competition.htm>]. Sustainability Report of Sakhalin Energy received 99 points out of 100 possible (<http://www.sakhalinenergy.ru/ru/news/4627/>). This proves the fact that the company strives to comply with the most advanced standards, based on the legislation of the Russian Federation and on international standards.

Conducted analysis shows that the leading Russian oil and gas enterprises give priority to CSR in form of corporate citizenship. The concept of corporate citizenship was not only spread among market leaders as part of the company's image, but in practice it was revealed the positive impact on the results of the practical activities of organizations. It can be assumed that it is the large Russian enterprises that today can pretend to be the guarantors of employment, development, and social support of citizens. The adherence to the principles of corporate citizenship benefit both the companies themselves and the society in which they operate. It should be noted that foreign science in the field of corporate citizenship is developing more rapidly than the Russian. This is reflected in the gap between the level of development of Russian and foreign companies.

The activities of oil and gas enterprises are associated with risks for the environment, human health and economies of territories of presence. Western companies tend to pay more attention to social policy than companies in developing countries because of the advanced law regulation and higher development of stakeholders institution impact on companies activities. As well, this is due, to a mature culture of transparent business conduct and high expectations of shareholders from developed countries on environmental protection and ethical principles.

Western oil-producing and oil refining companies have become pioneers in the field of corporate social responsibility, the same trend we can observe among Russian large enterprises where, especially, oil and gas industry take an effort strongly manifest in CSR development. This is due to the fact that many of the issues underlying CSR and discussed in this context have long occupied an important place in their practical work. Western companies do not perceive CSR as a charitable activity, while in general sense among Russian large enterprises CSR is still associated

charity of enterprise. Beside this fact, based on the studied material of non-financial reports and best practices in the field of CSR projects and policy presented by leading Russian large enterprises we can say that ensuring corporate social responsibility is perceived as a pragmatic direction of business development and is one of the tools that allows Russian enterprises:

- increase business reputation, capitalize the company, establish effective and balanced relations with all stakeholders of the company - the state, shareholders, consumers, personnel, partners, local communities;
- effectively manage non-productive risks arising in the process of interaction with stakeholders.

Russian oil and gas enterprises declare their program intentions in the field of CSR in special documents (non-financial reports) and publicly declare them. Most Western oil and gas companies (BP, ENI, Totale, ExxonMobil) are guided in their practice by similar documents of a strategic level, including in the areas of health, safety and the environment. According to this, it is possible to say that Russian oil and gas enterprises benchmark the best examples of strategic CSR of their international partners and competitors. Below you can see the table of leading International and Russian oil and gas enterprises in comparison of their CSR practice implementation.

Table 40. The main parameters of social policy of the largest revenues of Western oil and gas companies, 2014

Company	Social expenses, mln USD (% of net profit)	Key areas of social responsibility
Totale (France)	585 (4,6%)	Work with the local population, including support for education
ExxonMobil (US)	279 (0,9)	Multilateral work with the local population: health care, education.
Royal Dutch Shell (UK)	160 (1,1)	Support of public organizations for improving the management system
Eni (Italy)	80 (1,7)	Work with the local population

Company	Social expenses, mln USD (% of net profit)	Key areas of social responsibility
«Rosneft»	5,18 (1,5%)	Support to the social sphere of the regions: infrastructure development, sports, education / science
«Gazprom»	4,54 (3,7%)	Support for children and youth, culture and art, sports, the Russian Orthodox Church and international forums; charity
«Lukoil»	2,67 (1,0%)	Sport, public funds and organizations, preservation of cultural and historical heritage, assistance to the peoples of the Far North, religion, education, etc.

Source: Social responsibility of oil and gas companies // Energy Bulletin / Analytical Center under the Government of the Russian Federation. - 2015.

Based on this data, we can say that Russian oil and gas enterprises are trying to build their CSR policy in accordance with the target areas and examples of "senior partners / competitors". Companies are leaders of the international market, are the best example of benchmarking for Russian companies, and stimulate the development of CSR goals at the level of international practices.

In fact, many consider oil and gas industry to be a strategic outpost of the Russian state: this is the basis that ensures stability of the country, and the basis for the development of its economy. It so happened that the modern world depends on fuel: vehicles travel thanks to oil products, polymers, some medicines, even a toy - the result of processing of minerals are made from natural gas. All this, without exaggeration, makes gas and oil the most useful and valuable resources not only for the fuel industry, but for other spheres as well. Therefore, the oil and gas industry plays a leading role in the Russian economy. The gas and oil complexes are closely connected with other branches of the economy and state production. The commodity structure of domestic and international trade is full of gas and oil products. Thanks to all this, the oil and gas industry plays a key role in the Russian economy. According to the Russian Energy Ministry, the share of the fuel and energy complex in GDP in 2017 was 22.6%, the share of oil and gas revenues in the federal budget is 39.6%, the share of the fuel and energy complex in exports is 58.9%. Russian leading oil and gas enterprises are budget-forming for the Russian economy. Five largest companies form 70% of oil and gas revenues represent the federal budget. The indisputable leader is Rosneft, taking into account the deductions to budgets of all levels, the company with an indicator of 2.6 trillion rubles. almost 3 times ahead of LUKOIL, which occupies the second place. Each of the gas and oil giants plays a big role for the country. At the same time, all companies are able to solve the most complicated tasks at the state level.

Companies	Export duties	Duties	Total
RosNeft	658	1956	2614
Lukoil	178	791	970
Gazprom	78	514	605

Table 41. Payments of Leading oil and Gas enterprises to budgets of all levels in 2017 (billion rubles)

As can be seen from the data provided by the companies, most of the revenue is generated through the export of oil and oil products. In the foreseeable future, Russian oil and gas industry will continue to be a "locomotive of the Russian economy". In this regard, the extension of sustainable development of oil and gas enterprises is important for Russia.

CHAPTER 7. CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN THE CONTEXT OF STAKEHOLDERS THEORY IN RUSSIAN BUSINESS ENVIRONMENT

This chapter devoted to reflect Stakeholders theory for CSR development in Russian context. In following paragraphs we propose a model of stakeholders significance of analysed enterprises, identified stakeholders groups, values and their influence on formation of enterprises CSR. We conducted an interview with a leading expert on CSR development in Russian business environmen to obtain certain information of CSR advancement in Russian context linked to stakeholders involvement. This chapter terminate by bringing a light on significant impact of CSR development by Multinational Corporations that manifest as stakeholders to promote social responsible behaviour in contemporary Russian Business Environment.

7.1 STAKEHOLDERS SIGNIFICANCE MODEL FOR CSR BASED ON EXAMPE OF RUSSIAN OIL AND GAS ENTERPRISES

As it was discussed in the first part of this thesis, the approach to strategic management of CSR based on the interests of stakeholders suggests that managers should identify and implement those processes and those groups that are interested in this business. The central task in this process is to manage and integrate the relations and interests of shareholders: employees, customers, suppliers, local communities and other groups in such a way as to ensure long-term business growth.

The stakeholder theory assumes active management of business environment, relations inside and outside the organization, and promotion of common interests. For example C. David (2013), argues that the concept of CSR should be expanded to include the responsibility of all stakeholders to hold firms accountable for their actions. David (2013), explains that firms can best meet the needs of their stakeholders, broadly defined, when stakeholders create a framework of market-based incentives for acceptable processes and outcomes. In this way, firms can pursue the instrumental goals of efficiency and profit maximization while attending to the substantive goals of their stakeholders. Another example developed by El Akremi, A., Gond, J-P., Swaen, V., De Roeck, K. & Igalens, J. (2015), who reflect Corporate Stakeholders Responsibility as employees' perceptions of corporate investments oriented towards enhancing the welfare of stakeholder groups and conceptualized as a multidimensional super-ordinate construct. The analysis of stakeholder behaviour for large and medium-sized businesses is devoted to the work of B. R. Agle and A. L. Friedman (2001), however, the work on the study of stakeholder theory, taking into account the industry specifics of the oil and gas industry, was not met. In particular, there was no comprehensive analysis of the interest factors of stakeholder groups of oil and gas companies, as well as their impact on the state of companies.

The materials studied from non-financial reports of analysed Russian oil and gas enterprises made it possible to sight, that Russian large enterprises are pursuing their CSR strategies with a close attention to stakeholders interest. According to conducted analysis of CSR practices presented in non-financial reports, we have divide stakeholders on two following groups :

- the first group (external stakeholders): government and state authorities, consumers, local communities, public organizations.
- the second group (internal stakeholders): investors, employees, suppliers.

In order to determine stakeholder significance for Russian oil and gas enterprises CSR, we have applied the Mitchell-Agle-Wood (2001) stakeholders significance model. This model allows classifying stakeholders by determining whether they have the appropriate attributes and allows to make managerial decisions regarding the interaction of business and stakeholders.

Within the Mitchell-Agle-Wood model, each group of stakeholders is characterised by three properties: *power*, *legitimacy*, *actuality*.

Attribute "*power*" interpreted by authors as the ability of stakeholders to obtain the desired result from business, using the resource of coercion, financial resources and symbolic (emotional) resources. That is, the stakeholder has an attribute of "power" to the extent that he is able to use force, finances and emotions in interaction with business.

Attribute "*legitimacy*" in this model is interpreted by authors rather widely. Therefore, in our opinion, legitimacy should be understood as the degree to which stakeholder's interests in business correspond to the legal norms and norms of morality adopted in a specific society.

Attribute "*relevance*" allows to add dynamics to this model. This attribute characterizes the relationship between business and stakeholders in terms of their urgency. That is, as the interests of a particular stakeholder urgently need to be satisfied.

In the process of studying non-financial reports of analysed oil and gas enterprises, it was concluded that the selected stakeholders have three properties at the same time. Based on the data obtained from analysed non-financial reports of oil and gas enterprises, in Table 42 below, we propose a key stakeholder groups and their values (in accordance with the GRI criteria) influencing company's strategies within the CSR framework.

Table 42. Key stakeholder groups and their values effecting companies CSR

Level of significance			Stakeholders	Stakeholder values according to GRI criteria influencing CSR
P	L	A		
+	+	+	Investors <i>internal</i>	<ul style="list-style-type: none"> - develop and consistently comply with corporate codes or other documents of their own business ethics; - responsible business practice - compliance with generally accepted legal and ethical business standards; - constantly develop the quality, consumer properties and social significance of their products and services;
+	+	+	Employees <i>internal</i>	<ul style="list-style-type: none"> - compliance with generally accepted legal and ethical business standards; - realization of pension obligations; - timely reports on changes in the organization, including the conclusion of collective agreements; - compliance with basic rates of fair value for men and women; - availability of health care and health promotion programs, improving safety of life;
+	+	+	Customers <i>external</i>	<ul style="list-style-type: none"> - adopting the principles of honest, civilized business, responsibility to consumers, fair pricing; - compliance with the code of ethics of consumer behavior; - ensuring the high quality and competitiveness of goods and services; - equal conditions for the use of products for people with disabilities; - records of feedback to reduce the number of consumer complaints; - developing a portfolio of new products (improved quality, innovative products);
+	+	+	Suppliers <i>internal</i>	<ul style="list-style-type: none"> - respect for human rights in relations with suppliers, both for national and international chains of subcontractors - suppliers; - responsible procurement; - improvements in supply chain management practices;
+	+	+	Government and Regulatory Authorities <i>external</i>	<ul style="list-style-type: none"> - support the efforts of the authorities in the territory where the organization is located, help local social institutions - measures to combat corruption - measures to combat bribery - support for government initiatives with corporate alliances and associations - completeness of payment of taxes - support social projects in the fields of culture, sports and education; - increase transparency and transparency of business through regular social reporting systems
+	+	+	Local community <i>external</i>	<ul style="list-style-type: none"> - availability of continuing education programs, employment promotion; - participate in social investments through their internal and external social programs; - to participate in sponsorship and charity programs of regional and federal significance aimed at solving acute national problems; - limit the emissions of ozone-depleting substances, greenhouse gases, chemicals and other harmful emissions to the atmosphere;

+	+	+	Public Organisations <i>external</i>	<ul style="list-style-type: none"> - savings of electricity, water and other non-renewable natural resources; - prevention of CO2 emissions; - rational land use, support of biodiversity including recreational areas and reserves; - environmental Certification - limit the emissions of ozone-depleting substances, greenhouse gases, chemicals and other harmful emissions to the atmosphere;
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Table 42 (1). Key stakeholder groups and their values effecting companies CSR

7.2 AN EXPERT OPINION OF CSR DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT AMONG LARGE ENTERPRISES.

This paragraph devoted to reflect an independent opinion for the confirmation of the obtained results of conducted analysis on CSR development among large Russian enterprises. For this purpose we have addressed to the leading expert on CSR development in Russia ,Aleksey Kostin, to take a part in this research interview. Before the accepted date for the interview the guide plan of questions were presented to the interviewer for prior approval. This interview were organised by Skype and recorded on dictaphone. The total time of discussion have taken 60 minutes.

Aleksey Kostin, the leading expert in the field of Corporate Social Responsibility and Sustainable Development and Executive Director of "CSR-Russian Centre". The questions we were interesting are following:

According to your personal experience, do you agree that Russian large enterprises who represents budget forming industries in Russian economy are Corporate citizens in the way of doing their CSR?

Yes, there are some reasons to confirm this fact. There was a substitution of the state by large companies. Since local and regional authorities do not have enough funds to develop and ensure the quality of sports, health care systems, and so on, it is Russian companies that motivate the development of these areas is much higher than that of European companies. Because in Europe there is no such substitution.

For example, I know very well the activities of Sakhalin Energy, their plant in the south of Sakhalin Island. There is a poor abandoned city of local importance. And to my eyes, since I consult this company, for 10 years, Sakhalin Energy has built an ultra modern polyclinic where excellent specialists were invited. This is just one example.

Could you tell as us please, what is the role of stakeholders for CSR development in Russia?

A certain impact from stakeholders definitely exist, but this is a company-driven process. Companies respect the stakeholders environment and certainly take into account interaction with many of them. The dialogue with first group of stakeholders is a public service that represents different institutions and it have a positive influence and partnership. The second group is environmental stakeholders. As there are environmental problems in Russia, they are aware and at the moment there are a large number of environmental organizations that deal with these issues. But they are very weak, as there is nobody to support

them, there are no such funds. There are state grants, but they are aimed at very specific projects in the field of ecology. The third group of stakeholders are organizations that receive charitable assistance from companies. There are NGOs that support orphans and disabled people. Companies give decent money for help and this is also a positive cooperation. The main thing to note is that this is not sponsorship. This is charity.

How did the sanctions imposed by the financial sector have a negative effect on the development of CSR of large companies in Russia?

Over the past 10 years, large Russian companies have focused on the international market and on leaders in their sectors. Especially it is the oil and gas sector, metallurgy and chemistry. Russian companies quickly realized that in order to comply with the international market, it is necessary to engage in CSR and Sustainable Development. Since 2004, approximately 50 large companies have started to actively develop CSR and Sustainable developed, non-financial reporting in accordance with accepted international standards (in majority GRI G4). This affects the attractiveness of the company and the reduction of non-financial risks, and this is a very important factor for the investor who makes the decision. Everyone reads not financial reports and looks very attentively at the social and environmental aspects. Since Russian companies have adopted a model of a controlling owner, investors are always as junior partners in Russian business. These minority shareholders certainly influence the decision-making in the field of CSR and sustainable development of Russian companies, bearing their experience and standards, which they are obliged to hold in all companies where they are participants. And this is a good factor that is working for the development of CSR in Russian business culture. Influence through the system of Western participation on Russian companies is significant and progressive. Companies engaged in serious development of CSR and the introduction of international standards, for investment attractiveness of competitiveness and the main factor for this activity was to attract "cheap" loans from Europe. For the development of CSR, international finance, banks that are responsible for financing, and pay attention to compliance with international requirements for CSR. But the year 2014 became the year of economic and political sanctions and the motivation cooled down in the topic of CSR and sustainable development, as the attraction of foreign finance became impossible. That is, since 2014 there is no growth on this field. The level at which companies were able to exit, remained the same and simply supported not to get lost the archived experience on CSR. Of course the international competition forces us (Russian business society) not to give up with CSR expansion, but this is a formal fact. And unfortunately, the further development does not happen.

Therefore, it can be concluded that the impact of political and economic sanctions on the development of CSR in Russian business environment through financial sector constraints has a large negative role. Even countries that have not joined the sanctions, do not risk crediting either the Russian state, the financial sector, or individual enterprises. European sanctions affect the most sensitive sector for Russia - energy sector. European companies are prohibited from providing deep-sea drilling services to Russian partners for oil and gas production.

Proceeding from the material discussed above, the conclusion is following. Finding the actual political and economic dependence of Russian business, the further development of CSR by large enterprises, and in particular oil and gas industry, becomes questionable. At this stage, the companies support the level that was achieved due to the high motivation for entering international

markets and investment attractiveness, where the CSR development and implementation was obligatory and the best forms of CSR of Western companies were actively taken on the account.

How CSR will develop in conditions of political and economic sanctions is difficult to judge. Due to the lack of new technologies, companies are channeling funds into the development of equipment, as this area at this stage is reaching the first level of the importance of financial investments to ensure the efficiency of this industry. Based on this trend, measures to develop the social strategy of companies may have a significant decline until the companies reach the level of financial freedom that they will be allowed to develop CSR at the level of international practices. The CSR policy of the government, which should stimulate companies to integrate and develop CSR as part of their business strategy, also has a significant stimulating affect for specific advancement. The next factor and again the strongest will be the resumption of international cooperation, whereby the companies themselves, on their own initiative, will strengthen the CSR strategy through regulatory mechanisms in this field in international markets and demonstrate competitiveness and responsible business conduct.

7.3 MULTINATIONAL CORPORATIONS AS CSR AMBASSADORS TO PROMOTE SOCIAL RESPONSIBILITY OF ENTERPRISES IN RUSSIA

According to recent literature developments, the spread of CSR principles would inevitably have a significant impact on multinational corporations particularly with reference to decision concerning their management of foreign activities (Collier and Wanderley, 2005; Jamali & Mishak, 2007). However, the works of researchers, like Davel, Dupuis and Chanlat (2009), insist on the persistence of particularities of national systems which could bring an impact on management systems and practices, such as training of human resource etc., These global-local tensions at a time when organizations need to be particularly vigilant about local dimensions such as institutional and regulatory framework, the economic context, the technological environment and the sustainable development have an particular importance. The literature has already pointed out under the importance of phenomena by highlight the function of moral agent of multinational firm in the spread of the principles of respect of human rights and goals of sustainable development (Collier and Wanderley, 2005) and the role of corporate citizen to be able to bring benefits to society and environment where they operates (Porter and Kramer, 2002). As regards on the relationship with local stakeholders some authors have underlined that CSR is increasing its importance with respect to supply chain management (Boyd, Spekman, Kamauff, Werhane, 2007). In this perspective,

emerges as the traditional comparative advantage concept at the base of international distribution of multinational activities (Porter 1986, 1990) can not be framed only in the consideration of goals and managerial criteria of the multinational firms. Even if these firms strive to reach their competitiveness objectives through a well established global value chain, they can not leave out of consideration from the adoption of a responsible behaviour (Tsai and Child 1997; Anupama, 2006). Research conducted by J. Rive and P.M. Collin (2013), discuss the issue of human resources management, highlighting the importance of preparing professions specific to international activities. Considering that such trainings can be a source of development for multinationals (better understanding of needs, better mapping of know-how at the service of international action, etc.), they stress the importance of adopting a prospective approach in a context of local environment where company are going to be present. The specific nature of CSR highlights important questions to be discussed about the special role of management and responsible behaviour of multinational enterprises in their strategy abroad.

France is a leader in the field of CSR, and it is especially important to make a comparison of international and Russian experience, to show how exactly CSR of multinational companies can contribute to business development and what practices of CSR are applicable in Russia. According to data of the Franco-Russian Chamber of Commerce and Industry it brings together more than 400 French, Russian and international companies and represent the largest network of French enterprises in Russia. According to Christophe Lekurtier (2018) in his interview for INTERFAX (<http://www.interfax.ru/interview/614902>) France is the first foreign investor in the number of job creation in Russia. Between 2010 and 2016, France occupied a leading position in terms of investment in Russian economy.

Of course, various political events take place in the world at the political level. The assessments of events often diverge between the EU and Russia, but the conviction that French enterprises have an important niche in Russian market is confirmed. French enterprises, wherever they are, including in Russia, are execute their business process in accordance with the existing laws of the country. They respect the legislation, as well as the economic policy pursued by the state of their presence. French companies that are present in Russia, acting well according to the Russian national policy and made a significant contribution in the development of the transport sector, health care and consumption.

To provide enlargement of the scope of our research on CSR development in Russia, we were interested to interview managers on CSR, who represents French enterprises in Russian market. For this purpose, based on the data from Franco-Russian Chamber of Commerce and Industry, we have

sent a request by e-mail to the companies participants who represent the following groups of members. The first group is “*Honourable Member*” consist of twelve large enterprises, who represent different sectors of economic activity. The second group is “Platinum Member”. This group formed with forty four enterprises who represent different economic sectors. On which criteria the ranking of the groups is formed are not specified. In total, from fifty six requested enterprises, only Danone and Leroy Merlin have accepted our request to participate in this research interview.

We have conducted the qualitative research interview that seeks to describe meanings of central themes in the life world of the subjects. The main task in interviewing is to understand the meaning of what the interviewees say. (Kvale,1996). Interviews are particularly useful for getting the story behind a participant’s experiences. The interviewer can pursue in-depth information around the topic. Interviews may be useful as follow-up to certain respondents to questionnaires, e.g., to further investigate their responses. (McNamara,1999). We build a Semi-structured interviews for this goal. According to M. Easwaramoorthy & Fataneh Zarinpoush (2006) this type of interview method based on a set of predetermined questions and the respondents answer in their own words. Some interviewers use a topic guide that serves as a checklist to ensure that all respondents provide information on the same topics. The interviewer can probe areas based on the respondent’s answers or ask supplementary questions for clarification. Semi-structured interviews are useful when there is a need to collect in-depth information in a systematic manner from a number of respondents or interviewees (e.g., teachers, community leaders).

The interviews were taken face-to-face with managers who are responsible for CSR in both enterprises offices based in Moscow. Each interview lasted between 45 and 60 minutes. The interviews were recorded using either a dictaphone as well as in the form of ethnographic notes, where appropriate. All of the interviews were then translated and transcribed. Physical examples of CSR activity, including documentation, CSR policy statements and other activities, were also collected. Collecting this documentary data was done in order to increase the understanding of a firm’s CSR approach.

The goal for this study was to get knowledge on how French companies operates their CSR on Russian market? What methods this enterprises use to integrate CSR at different levels: inside and outside the company. What impact international companies can bring for CSR development for Russian business environment? The interview guide was constructed based on three parts (detailed guide presented in ANNEX):

I. This part of questionnaire were based on 34 GRI indicators which represent eight parts of the worksheet: 1. Relations with the government; 2. Relations with suppliers, partners; 3. Relations with customers; 4. Relations with employees; 5. Relations with shareholders; 6. Contribution to the economy; 7. Contribution to public welfare; 8. Contribution to improving the ecology of the environment. This exercise was aimed to reflect companies sufficiency and fullness of CSR.

II. This part of questionnaire was based on six open questions which affects different nature of internal and external CSR. For this exercise participants were expected to provide a detailed response to meet our expectations (the answers on this questions were recorded on dictaphone).

III. This part of questionnaire was based on two sections of close questions. Participants were asked to provide answers for the following topics : Does CSR affect internal performance criteria? If there relationship between CSR and internal efficiency criteria?

7.3.1 GENERAL DISCUSSION OF OBTAINED RESULTS ON PROMOTING CSR BASED ON EXPERIENCE OR FRENCH MULTINATIONAL ENTERPRISES

DANONE Russia

Danone was one of the first French enterprises to enter the Russian market in 1992. The volume of the company's investments since its inception in Russia amounted to \$ 1.8 billion. The number of employees worldwide is 102 thousand of people and 15 thousand of people work in Russia.

The values that Danone is guided by in its business activities include: humanism (participation, responsibility and respect for people); openness (curiosity, dynamism and readiness for dialogue); proximity (accessibility, trust, empathy); enthusiasm (audacity, passion for achievement, the desire to overcome difficulties). According to Danone Social responsibility, is the voluntary contribution of business to society, whether it is support for the economy, the social sphere or the environment. In its social activities, Danone in Russia is guided by the basic principle expressed by the founder of the group Antoine Riboud:

The company's responsibility does not end at the door of the plant or office. As a part of society, we constantly remind ourselves of our responsibilities.

One of the components of social responsibility in Danone is the safety of its employees. Danone, together with consultants from the DuPont Security Resources division, developed the WISE program. The program is aimed at improving the culture of safe behaviour and improving the safety

management system. The main idea of the program is safety, based on the behaviour of people, their care for their own safety and the safety of colleagues. The essence of the WISE approach reflects five basic principles: zero accidents - an achievable goal. All accidents can be prevented; change in people's behaviour is necessary, since 96% of incidents occur due to unsafe actions; the basis of a safety culture is the active involvement of everyone; management is responsible for the security of the enterprise; high level of safety culture - good business results.

Danone in Russia has provided to all its employees the voluntary medical insurance, since it is an important element of the social protection of employees and care for their health. In March 2013, a voluntary health insurance contract was signed with one of the leaders of the Russian insurance market, *Alfa Insurance*, which specifically for Danone has developed a unique insurance program, including outpatient, consultative-diagnostic, planned and emergency inpatient, as well as dental care. This program is paid from the profit received by the company. Throughout its activities, the company supports a significant number of social projects. Some of them presented below:

-
- "Milk Generation" is a large-scale long-term program. The goal is to revive youth's interest in the dairy industry, support talent work in this area, and also assist young professionals who want to link their lives with agriculture.
-
- SOS Villages" are children's villages that exist throughout the world. The peculiarity of this program is that when adopting children they are not separated and their siblings have the opportunity to grow together. The company provides financial assistance to such families. The project exists already for 15 years.
-
- Support of the "League of Nations Health". In Russia Danone is a strategic partner of the all-Russian public organization dealing with key issues of lifestyle and habitat formation for Russians. The company sees as its goal not only development and production of healthy food products for a healthy balanced diet, but also assistance in creating conditions for a safe life for people.
-
- MBA (Milk Busies Academy), company have created such a social project as a school for farmers in order to educate them correctly and effectively to manage the farm. Such an Academy works in Moscow region, and even the bottom opens in the Republic of Tatarstan. The results are excellent, the efficiency of the work of the farms after the introduction of this knowledge is noticeable.
-
- Program for sorting garbage waste. Tis is a global project, including the one being implemented in Russia. It focus on to help Russian state to deal with garbage.

Danone Group deliberately accepts increased social responsibility obligations and aims to create unique opportunities for motivation and development of employees around the world. The use of a number of advanced HR technologies that are common to all countries suggests that the company has a productive compensation system based on a unified job classification (grading). The company pays special attention for employees development: the annual budget for training is tens of millions

of euros. On average, about 3 thousand euros are invested in development programs of one manager in Russia, which allows to pay 64 study hours per year. Individual development plans drawn up in the process of personnel assessment and goal setting include all available forms of development: self-education, conferences, round tables, participation in business committees, internship programs, etc. Partnership with employees is a prerequisite for improving the competitiveness of the company, as well as an important part of the corporate social responsibility program.

LEROY MERLIN Russia

Leroy Merlin specialised in purchasing in household items and tools for repair - everything that could improve and arrange the house. This influences the internal corporate ideology of the stores - because the buyer wants to bring environmentally friendly, "virtuous" things into the house that symbolize security. It is clear that the stores build their own "*corporate house*", using these key concepts - benefit, order, security. The environmental thinking of Leroy Merlin is:

Waking in the morning, wash your face - put your planet in order.

For Leroy Merlin, CSR is a part of corporate culture. They develop several areas: responsibility to employees, responsibility to customers for ensuring that goods are safe and environmentally friendly, responsibility to suppliers, responsibility for their stores. Finally, the company is responsible for the development of local communities as well.

Leroy Merlin in Russia, has a highly developed employee engagement policy and a strong corporate culture. Four years ago, the company initiated a large project for employees, "My life is my company." They decided to collect feedback from all employees in areas of what they would like to improve in the company? What needs to be developed? At that time, the company already had 10,000 employees, now there are 20,000 in Russia. The company's role is very significant, and the special point of this project was that the employees mentioned the high importance for development of Social Environmental Responsibility.

Each of the 59 Leroy Merlin hypermarkets in Russia patronizes a rehabilitation center, an orphanage or a nursing house. For the exchange of practices between stores, the company has a blog "ecology and society" on the internal portal, which is monitored by CSR Manager. There are regularly published international news and interesting practices from the world of ecology.

All employees understand that in order to successfully integrate into local communities, they need to be supported and developed. Therefore, there is no problem with the search for volunteers

to participate in social and environmental projects of the company. Activity in this direction is very high. One of the example is annually launched tradition - Saturday community workday.

As well in each hypermarket there are special machines that sort cardboard packaging pallets - everything that needs to be disposed of. Also the company's employees collect waste paper and batteries. Everything is compressed, and company brings it to recycling. This is a concern of the company for the environment.

In 2016, Leroy Merlin was joined the National Council for Corporate Volunteering. The Council was created with the support of the Association of managers in Russia. This initiative facilitates organisation of common social projects in different regions.

In April 2017, Leroy Merlin held a general cleanup in one of the parks of Moscow, in which 40 employs were participated. As well there were more than 100 volunteers from different companies. Company have painted a playground, benches and planted trees. Cleaning materials were provided by Leroy Merlin. What is positive in this cooperation union? From the point of view of Leroy Merlin manager, these initiatives is strengthens the brand. Of course, if you are an active citizen, you work in a large company, such events are always demonstrated in media, and based on that your personal and professional motivation is raises. This is the absolute principle of "win-win" game. As well as a company has its own specialist on environmental issues who works together with the Ministry of Environment and other administrative organizations in Russia and monitors all changes in environmental legislation. One of the results of this partnership is building work with stores to sort waste. This project was named "Transfer Waste on Revenue".

Leroy Merlin pay a lot of attention for children support, especially for children from orphanages. In addition, graduates of orphanages often entering the adult world completely unsuitable for everyday life. And company set as a goal to teach them to create and equip their home with their own hands. As a part of this initiative company organizing a master class for making furniture with your own hands for adolescents. In continuation of cooperation with orphanages, the company invites adolescents to their hypermarket for excursions. Here opens a diverse world of future professions: logistics, salespeople, managers, service personnel. And in the future, they can become part of this team. In 2017, Leroy Merlin joined the project "Choosing the Future", where the company takes under the patronage several adolescents from orphanages and conducting them during a whole year, offering various master classes together with other business partners.

"Study, try, believe, and you will definitely become the store director, if you want, of course" - this is the company's idea for their wards.

In conclusion we can observe, that the CSR initiatives of both interviewed companies has the same direction. Both companies pays special attention with safety of materials and full recycling cycle. We can see the high spirit of corporate volunteering presented in Leroy Merlin, what is very necessary for Russian society. In any case, both companies pursue the “corporate citizen” policy of their influence, and trying to introduce the correct, environmentally friendly ideas and high support for local communities in their strategical CSR. French multinational companies demonstrating progressive approach in the field of promoting and implementing environmental projects; a high attention paid for creating a safe and comfortable working environment for their employees.

French multinational companies demonstrating their high attention on a lean and environmentally friendly attitude to the regions where they operate, allocate significant funds for targeted events. It can already be noted that the result of the implementation of CSR by multinational companies in the Russian business space contribute to increase in the standard of living of staff and the local community, the establishment of stable and mutually beneficial relations with society and local authorities. The main factors affecting the social responsibility of the analyzed companies on society are: providing labor with a decent level of social guarantees, respecting human rights, increasing the social potential of the regions, spreading a culture of healthy lifestyle and social responsibility, charitable support for the needy population, support for local community initiatives.

Russian companies should, as soon as possible, based on the experience of international colleagues, understand, that a balanced and effective social policy, helps to reduce business risks; rise the efficiency of employees; customer loyalty; and the company's overall reputation in front of its stakeholders.

CONCLUSION CHAPTER 7.

The materials studied reflected that Russian enterprises representing the oil and gas industry are pursuing CSR policy in an active dialogue with internal and external stakeholders. The analysis of non-financial reports of Russian oil and gas enterprises allowed us to identify the main groups of external and internal stakeholders. The first group (external) focuses on relationships with: the government and state, consumers, local communities, public organizations. For the second group of stakeholders (internal) we identified: investors, employees, suppliers.

The results obtained by the calculation of regression model confirmed our hypothesis that oil and gas companies address their CSR for the most significant groups of stakeholders: government, employees, public organizations, and local communities. It is worth noting that role of stakeholder management gains importance in the corporate governance system in Russian practice. The obtained result of the multiplication regression, have also demonstrated that Russian oil and gas enterprises are very sensible to the current unstable market price situation and also political sanctions which reflect a tendency of price reduction.

The actual political and economic dependence of Russian business, the further development of CSR by large enterprises, and in particular oil and gas industry, becomes questionable. At this stage, the companies support the level that was achieved due to the high motivation for entering international markets and investment attractiveness, where the CSR development and implementation was obligatory and the best forms of CSR of Western companies were actively taken on the account. How CSR will develop in the conditions of the sanctions period is difficult to judge. Due to the lack of new technologies, companies are channeling funds into the development of equipment, as this area at this stage is reaching the first level of the importance of financial investments to ensure the efficiency of this industry. Based on this trend, measures to develop the social strategy of companies may have a significant decline until the companies reach the level of financial freedom that they will be allowed to develop CSR at the level of international practices. The CSR policy of the government, which should stimulate companies to integrate and develop CSR as part of their business strategy, also has a large stimulating affect for this development.

The specific nature of CSR highlights important questions to be discussed about the special role of management and responsible behaviour of multinational enterprises who manifest as CSR ambassadors for developing countries in their strategy abroad. France is a leader in the field of CSR, and it is especially important to make a comparison of international and Russian experience,

to show how exactly CSR of multinational companies can contribute to business development and what practices of CSR are applicable in Russia.

According to data of the Franco-Russian Chamber of Commerce and Industry it brings together more than 400 French, Russian and international companies and represent the largest network of French enterprises in Russia. According to Christophe Lekurtier (2018) in his interview for INTERFAX (<http://www.interfax.ru/interview/614902>) France is the first foreign investor in the number of job creation in Russia. Between 2010 and 2016, France occupied a leading position in terms of investment in the Russian economy.

The CSR initiatives of interviewed French multinational enterprises (Danone and Leroy Merlin) pays special attention with safety of materials and full recycling cycle. This enterprises demonstrates the high spirit of corporate volunteering presented, what is very necessary for Russian society. Both companies pursue the “corporate citizen” policy of their influence, and trying to introduce the correct, environmentally friendly ideas and high support for local communities in their strategical CSR. French multinational companies demonstrating progressive approach in the field of promoting and implementing environmental projects; a high attention paid for creating a safe and comfortable working environment for their employees. French multinational companies demonstrating their high attention on a lean and environmentally friendly attitude to the regions where they operate, allocate significant funds for targeted events.

It can already be noted that the result of the implementation of CSR by multinational companies in Russian business environment contribute to increase in the standard of living of employees and local community, the establishment of stable and mutually beneficial relations with society, local authorities. The main factors affecting the social responsibility of the analyzed companies on society are: providing labor with a decent level of social guarantees, respecting human rights, increasing the social potential of the regions, spreading a culture of healthy lifestyle and social responsibility, charitable support for the needy population, support for local community initiatives.

Russian companies should, as soon as possible, based on the experience of international colleagues, understand, that a balanced and effective social policy, helps to reduce business risks; rise the efficiency of employees; customer loyalty; and the company's overall reputation in front of it stakeholders.

CONCLUSION PART III

Russian large enterprises play a significant role in promoting the concept of sustainable development in Russia. Corporate social responsibility becoming as one of the strategic priorities oil management of enterprise. Most Russian large enterprises have been actively implementing best practices in the field of sustainable development and CSR both at the level of corporate governance and at the level of business model over the last decade, especially this actions demonstrated by leaders of the oil and gas industry. These companies are promoting a policy of responsible behaviour to suppliers, partners, and implement best practices at the level of social and environmental projects in the regions of their presence.

Russian leading oil and gas enterprises are actively developing corporate reporting using international GRI standards, which contributes to improving the transparency of companies and the industry as a whole. Analysis of non-financial reports of leading oil and gas enterprises showed that the demonstration and level of integration of Corporate Social Responsibility reflect the form of Corporate Citizenship (CC), positioning the business in a system of three spheres: economic, political and social. CSR is the foundation for implementing CC, both at the level of specific socially significant initiatives, and at the level of their ethical motivation.

The concept of corporate citizenship was not only spread among market leaders as part of the company's image, but in practice it was revealed the positive impact on the results of the practical activities of organizations. It can be assumed that it is the large Russian enterprises that today can pretend to be the guarantors of employment, development, and social support of citizens. Such a vector of development that aimed to the long-term perspective will allow increasing the welfare of the society through harmoniously built-up interaction with organizations.

The adherence to the principles of corporate citizenship will benefit both the companies themselves and the society in which they operate. Due to the principles of corporate citizenship the creation of social capital started to exist, it means that the social network and the relationships between them in a society allows them to translate knowledge, information, create partnerships the ratio aimed at obtaining mutual benefits. Today the concept of corporate citizenship is the engine of development, a philosophy that justifies the priority of the contribution to the development of society in obtaining its own benefits.

The current analysis allows defining corporate citizenship as the most complete fulfilment of CSR implementation, therefore, the mechanism of this phenomenon should be intensively

introduced into the activities of Russian companies. It should be noted that foreign science in the field of corporate citizenship is developing more rapidly than the Russian. This is reflected in the gap between the level of development of Russian and foreign companies. Russian oil and gas companies are trying to build their CSR policy in accordance with the target areas and examples provided of their "senior partners / competitors". Companies are leaders of the international market, are the best example of benchmarking for Russian companies, and stimulate the development of CSR goals at the level of international practices.

Based on the material studied, it can be concluded that the main factor affecting the social responsibility of Russian oil and gas enterprises is: ensuring labor with a decent level of social guarantees, respect for human rights, increasing the social potential of the regions, promoting healthy lifestyles, charitable support for the needy population, in the maintenance of the traditional way of life of the regions where companies are present. It should also be noted that the effectiveness in the formation and implementation of CSR policies of companies depends on interaction with stakeholders.

Based on the data obtained from the non-financial reporting of oil and gas companies, we have identified significant stakeholder groups that reflects their values in accordance to the GRI criteria that influence the form and result of the company's activities within the CSR framework. It is worth noting that role of stakeholder management gains importance in the corporate governance system also in Russian business practice.

GENERAL CONCLUSION ON CONDUCTED RESEARCH

General conclusion on conducted research brings an end to our work and summarises main results, the discussion, the main contributions, the limitations of this research, and the potential further research.

CONCLUSION AND GENERAL DISCUSSION ON OBTAINED RESULTS: CONTRIBUTIONS, LIMITATIONS, POTENTIAL FURTHER RESEARCH

Today, the issue of corporate social responsibility of Russian business community is very acute due to the aggravation not only of the environmental situation in Russia, but also with other important issues such as: employment of citizens, cultural development of society, sports and healthy lifestyles, training of personnel which is a future potential of the country. These issues at the present stage of the life of Russian society can not be solved only at the expense of the state, therefore large enterprises becomes responsible for its activities and solve different social and economic tasks. In order for CSR programs to bring different social and economic results, their integration into the company's strategy is necessary. In other words, company's activities and CSR programs should have the same vector. Then the CSR program will act as an organic auxiliary element of the company's activities. Answering the question that lies at the heart of this research:

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- What form of Corporate Social Responsibility Present in Russian Business Environment Among Large Enterprises ?

According to studied material we can say the following. The interest in the development of CSR by Russian large enterprises clearly tends to grow. In modern Russia, CSR is of interest to a greater extent for companies engaged in business for renovating Russian economic environment and country as a whole. The main incentive for large enterprises to engage in CSR is a pragmatic benefit, due to the need to enhance the company's reputation in the eyes of different stakeholders. Also, the motivation of large enterprises for developing CSR in their business practices is their great willingness entering the international markets. To this end, Russian large enterprises comply with the requirements of international CSR standards. International partners, investors and consumers demand for a greater transparency in doing business, and Russian corporations are actively developing in the field of CSR, adopting Western business practices and simultaneously implementing their unique approaches and solutions. Nevertheless, the overwhelming majority of experts in this field, including foreign ones, recognize that the existing international standards and approaches to the development of CSR take root on the basis of Russian business with great difficulty.

Despite the fact that in Russian business environment the nature of CSR currently have conceiving stage of it development, Russian large enterprises due to Russian economic and social conditions manifest their CSR practices as a corporate citizens.

Russian large enterprises have been actively implementing best practices in the field of sustainable development and CSR both at the level of corporate governance and at the level of business model and manifest their responsible business behaviour as corporate citizens. Large enterprises promoting a policy of responsible business behaviour to suppliers, partners, and implement best practices at the level of social and environmental projects in the regions of their presence. It can be assumed that it is the large Russian enterprises that today can pretend to be the guarantors of employment, development, and social support of citizens due to Russian economic and social development. Such vector of social activity of Russian large enterprises represent their CSR at the form of corporate citizenship. The adherence to the principles of corporate citizenship benefit both the companies themselves and the society in which they operate. Especially manifestation of CSR in a form of corporate citizenship strongly demonstrated by leaders of oil and gas industry. Since CSR in Russia continues to improve, current trends in its development are determined adherence of Russian large enterprises to form their CSR as corporate citizens. It can be conclude, that today the concept of corporate citizenship is the engine of CSR development in Russian business environment. The following trends of CSR implementation by large Russian enterprises described in Table 43 below.

Trends	Characteristics
Business involvement	Russian business community is beginning to realize the economic benefits that are possible when investing in social and environmental projects, so more and more participants are involved in voluntary CSR reporting.
Reasons of involvement	Companies are involved in CSR both from citizenship motives as well as to achieve the necessary PR effect.
Strategic CSR implementation	The policy of socially responsible behaviour is embedded in the strategic plan of companies.
Cross-sectoral partnership	CSR projects are being consolidated, the state, non-profit organizations, the local community and partners are involved in their implementation.
Increasing the depth of introduction of CSR principles	Major large enterprises and market players require suppliers to adhere to CSR principles as an important condition for sustainable cooperation
Appearance of advance form of CSR	It is observed the appearance of CSR in communication and partnership with the public and local community, high attention for reducing resource consumption and waste reduction
Caring for the environment	The share of environmental responsibility in CSR is increasing, acceptance at both categories of enterprises that can have an impact on the environment and those who do not affect it significantly
Appearance of Responsible Business Culture	Business behavior is becoming more sustainable, including through the promotion of CSR among young employees.

Table 43. Trends of CSR implementation by large Russian enterprises

► Q.1.1 How CSR Present in Russian Business Context?

Despite the fact that in the developed countries CSR took shape as an independent trend in the middle of the twentieth century, in Russia, this type of business activity has only been raised. Moreover, it should be noted that the development of CSR in Russian business culture facilitates the growth of the economic well-being of the population and the development of partnership relations with foreign companies who are the assignees of CSR. Nevertheless, the overwhelming majority of experts in this field, including foreign ones, recognises that existing international standards and approaches to CSR are being integrated to Russian business environment in a very reluctant way.

The entering foreign markets have led Russian companies to reassess existing risks, in particular intangible ones, and to realize the need to incorporate corporate social responsibility into the business strategy. With the spread of the principles of corporate social responsibility in Russia, emphasis has shifted to such aspects as labor relations and good business practices. Elements of corporate social responsibility respond to the expectations of society at a certain point in time and, accordingly, are subject to change. So, as the attention of stakeholders to such issues as human rights, environmental protection, consumer rights, counteracting corruption, environmental

sustainability increased, the tasks to address them were included in the company's policy as elements of corporate social responsibility.

A number of Russian specialists believe that corporate social responsibility is a fundamentally new phenomenon for Russian business environment. For example, N. Voevodkin (2011) argues that the system of corporate social responsibility at Russian enterprises is not formed as a full-fledged activity and is an imitation of Western practices.

The Russian CSR is at the stage of formation and there is a number of factors hindering it in Russia, in particular, the lack of state incentives for CSR, the weakness of market institutions, corruption and sanctions restrictions. In compare with European Countries such as France, which represent the most complete examples of the policy of national governments in the field of CSR, in Russian Federation CSR does not have a mandatory nature.

Currently In Russia, favourable conditions for the development of CSR have not developed yet. Pre-revolutionary charity and the Soviet system of social support did not contribute to the formation of CSR institutional norms and social partnership mechanisms, and the characteristic irrational-activist position of representatives of civil society did not lead to the development of the integration of CSR issues and sustainable development into public policy, as it was in the EU.

Many experts argue that among Russian large enterprises their CSR practices are now as close as possible to international ones. However, this statement is more true for those Russian large enterprises that are in the sphere of international competition. The development of corporate social responsibility (CSR) in Russia is in line with the world trends, but so far it has been slow and in fact not embracing small and medium-sized businesses.

► Q.1.2 What are the key factors of Corporate Social Responsibility Formation in Russia?

First of all, Russian corporate sector, which was newly formed during the privatization process, acted as an active participant in public policy and development of civil society. This is an important prerequisite for creating an environment in which companies can make long-term profits and develop strategies for the benefit of society which represent companies as social responsible. Characteristic features of CSR for Russia large enterprises represent the form of initiative on the part of large companies (volunteers), which build partnerships with representatives of government and business.

Another important and most significant factor is the processes of Russia's integration into international economic environment, that has forced Russian companies to join international CSR

standards. A growing number of companies has reached a certain stage of their development, where at their own choice or on the recommendations of their international consultants or partners, or even out of necessity to attract foreign investors, start implementing one or another international standard of corporate social responsibility and non-financial reporting (Nikolayev N., 2016). As well, Russia is among the countries most attractive to international investors. Thus, improving the practice of corporate social responsibility has become an important factor in the formation of a systemic positive image of Russian business environment.

The increasing complexity of the social and economic structure of Russian society: the rapid shift of technologies, the increasing intensity of competition, the growth of mergers and acquisitions, growing concern about the state of the environment and the demographic situation - expanded the range of risks and at the same time turned corporate social responsibility into levelling. These factors have had a controversial effect on the formation of a system of social responsibility and its formalization. In particular, the transition from the concept of total quality management (Total Quality Management) to the concept of socially oriented management (Total Responsibility Management), which implies an increased attention to the interests of various social groups, has become necessary.

Meanwhile, the development of CSR in Russia is conditioned by the specific economic context - the active and successful expansion of the largest Russian companies abroad. In the following figure below we formed the key factors of CSR formation for Russian large enterprises.

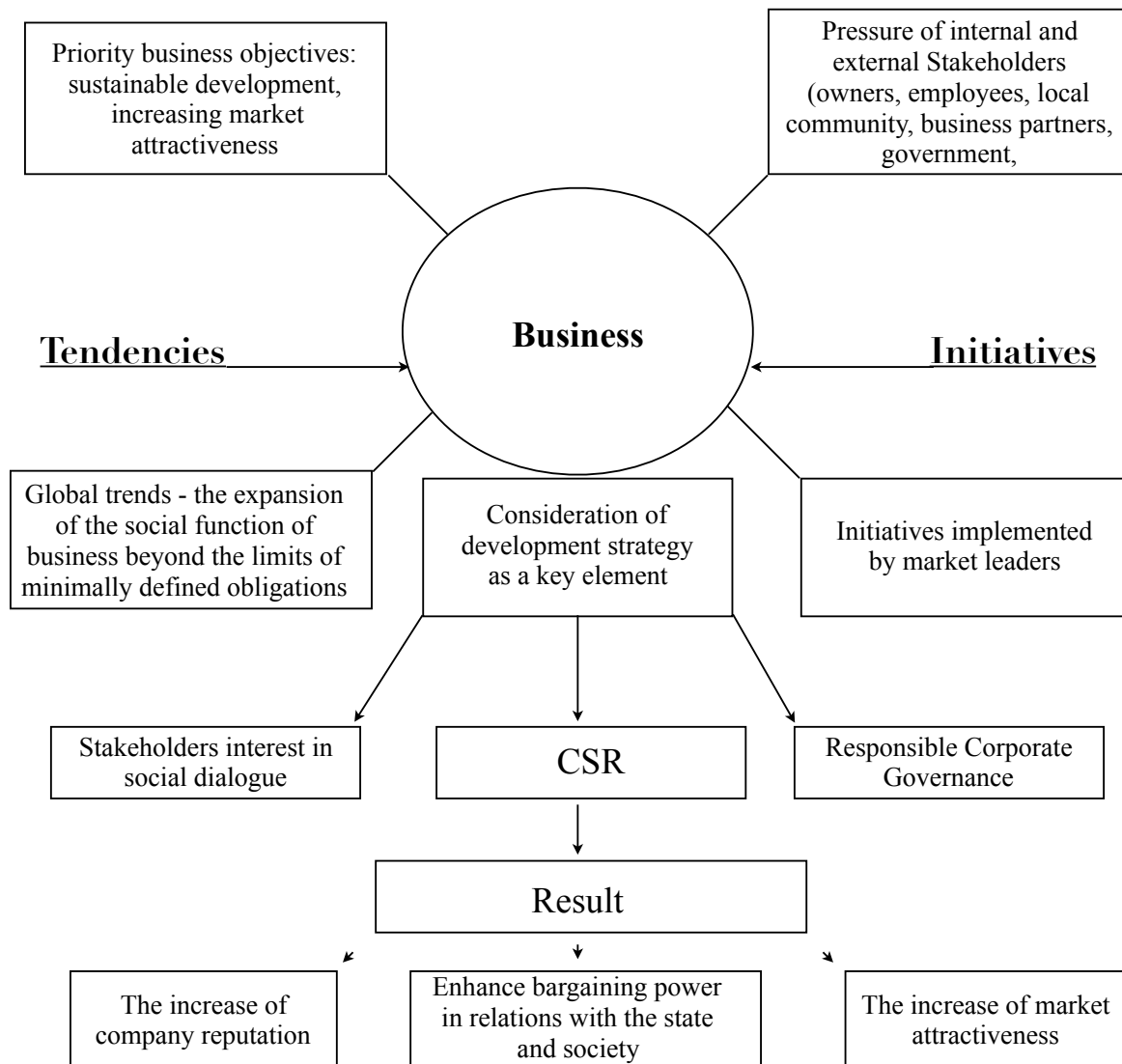


Figure 32. The key factors of CSR formation for Russian large enterprises.

► Q.3 What Structure Of Non-Financial Reporting in Russian?

Since in the near future, the attention of the Western partners to the social responsibility of Russian business will only grow, the desire of Russian entrepreneurs to get a positive CSR assessment of their business has great prospects. It is worth to mention, that connection with the widespread adoption of the concept of CSR, became necessary to develop and apply systems for evaluating and standardizing this process in enterprises. An effective tool in this process is social (non-financial) reporting, which is an accessible, reliable, balanced and related description of the company's main activities and results of achievements related to values, goals, and sustainable development policies on issues of greatest interest to key stakeholders.

However, some companies recognize that a number of international standards are difficult to apply, and they do not always conform to national financial and statistical reporting standards. In general, the process of reporting on CSR in Russia is at the development stage.

The most complete information about how many companies in Russia produce non-financial reports and what approaches to reporting they chose are stated in the National Register of Corporate Non-Financial Reports and the Library of Corporate Non-Financial Reports of the Russian Union of Industrialists and Entrepreneurs (RUIE). The data of the National Register of the Russian Union of Industrialists and Entrepreneurs make it possible to trace the dynamics of reports by years, the growth in the number of companies that publish non-financial reports, and their industry affiliation. As of November 1, 2017, 161 companies have been included in the National Register of Corporate Non-Financial Reports, and submitted 790 reports, issued since 2000. Among them: environmental reports (ER) - 72, social reports (SR) - 307, sustainable development reports (RSD) - 271, integrated reports (IR) - 140. There is a wide variety of types of reports and the frequency of their publication, which is determined by the reporting companies themselves. As a result, the social reporting of Russian companies has a different content, format and structure for presenting the results of socially responsible business. From the dynamic and structural analysis of 15 industries for the period 2000-2016 we concluded that there is a strong gap among large enterprises to provide the information of their activities using non-financial reporting. This fact reflects to the closed nature of certain industries, which was a great limit to allow us to fully determine the degree of development of CSR.

Conducted Dynamic and structural analysis of the industries activity on non-financial reporting allows us to identify the following patterns:

- in Russian context, oil and gas industry demonstrates a leading role in the sphere of corporate responsibility. Firstly it can be explained by the reason that Oil and Gas industry is the richest branch of the Russian economy. Secondly, local authorities and social movements closely monitor these industry which provide a strong motivation to the companies to perform and develop their social responsible behaviour. But to a great extent this is also due to the companies entering the Western stock exchanges;
- conducted analysis demonstrated the leading role of the oil and gas industry at the initial stage of development of the practice of non-financial reporting, as well as in submitting information in the form of reports on sustainable development (RSD);
- oil and gas companies are the leading in disclosure of information on economic performance, social development and the environmental component. Sustainability reports

submitted by oil and gas companies comprise 95 reports for the period 2000-2016 that reflect 66% of RSD reports of the total number of submitted reports to the National Register of Non-Financial Reports.

- Russian companies in oil and gas industry are actively developing corporate reporting using international GRI standards, which contributes to improving the transparency of companies and the industry as a whole.

- Russian companies in oil and gas industry operates in accordance with international standards for workers. The company complies with international standards on wages, working hours and working conditions, remuneration of workers for labor, social insurance, paid leave, labor protection;

- all reviewed reports include a fairly detailed and well-developed set of indicators characterizing the activities of companies in the field of CSR and sustainable development.

From the conducted study, it can be said that the leading companies on CSR openness from oil and gas industry in Russia consider social obligations to be an important element of the corporate strategy of their development.

Thus, considering the existing degree of development of corporate social responsibility of analyzed companies we can see its fullness and implementation of all directions of sustainable development: economic, social, environmental. Given the large aspect of the work already being done, analysed enterprises do not intend to stop at reached stage. They continue developing and improving the quality of existing practices of CSR.

From the material studied, we can provide the following answer for the last subquestion of this research

► Q.1.4 Which Conditions Can Influence Russian Business for Active Involvement in CSR?

It can be said that the Russian business environment does not just remain a permanent mechanism for the initiative - voluntary development of CSR due to not simple political / economic barriers of Russian state. In general, the step to determine further ways to develop CSR strategies and policies and sustainable development will largely depend on the choice of a common model of economic development in the context of a political and economic crisis. With a strengthened government incentive role, CSR of Russian business will develop in all aspects. As in all developed and in many advanced developing countries, Russian business is quick to realize the benefits of an equal

partnership with the authorities and civil society in the social and environmental areas. This will lead to corporate sustainability and the growth of capitalization of Russian companies both inside and outside the markets. The competitive growth of industries will begin with each other and even with foreign companies for the image of "Social Responsibility". Russian society as a whole will benefit from improving the quality and availability of goods, environmental safety, growing social investments and projects by corporations.

At the same time, private philanthropy can also grow. According to Kostin. A (2014) if at the moment according to sources are covered by no more than 2-3 large companies in the country, then in the case of the correct state policy of "partner incentives", the number of companies adhering to modern sustainable development strategies will be able to cover from 40% (today the USA, France, Denmark, Great Britain) to 70% (Japan) of Russian companies of all shapes and sizes: large, medium, small. At the same time, the moral and indirect stimulation of this process by the state will be more effective than any new administrative mechanisms of impact. Given the rich traditions and roots of the Russian social charity in the 19th and early 20th centuries, Russian companies will quickly reach the global level of CSR, but already in its perfect version of sustainable development for business and for the state as a whole.

RECOMMENDATIONS FOR OIL AND GAS ENTERPRISES TO FOSTER CSR DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT

- For the better CSR development among large companies in different industries and in Russian business culture as a whole, Oil and Gas enterprises who manifest as CSR leaders and adherence of the concept of Corporate Citizenship have to followed up initiative with regional information events and organised discussions that aim at broadening and deepening people's knowledge of corporate social responsibility. Especially large enterprises should comprise the main target group for these activities which should be planned and executed in cooperation with trade associations, unions, chambers of industry and commerce and civil society organisations (or non-governmental organisations).

- Oil and gas enterprises as a leading industry on CSR openness have to facilitate the access to reliable CSR information. From our point of view it necessary for large companies to be much more motivated and active in communication with Russian Union of Industrialist and Entrepreneurs to setting up an information portal that serves as a central platform where enterprises are free to publicise their CSR activities and best practices. This aim is to give all

stakeholders in society access to a trustworthy source of information on corporate social responsibility. As well such communication could provide a fruitful base among industries for CSR benchmarking:

- information should be processed according to field of action and in an easy way to understand and to enable comparisons of corporate activities. Using this way of communication in CSR among industries, relevant information should be collected and made available in ways that are tailored to the respective target group to provide consumers, potential employees, investors and the broad public at national and international level quick orientation. It is important to provide an access to objective and high-quality information;

- this benchmarking will be of help to other companies from different industries seeking to bundle their CSR communication efficiently and effectively. In addition, such initiative will increase the visibility of corporate social responsibility of Russian business in connection with international business relations and could provide a positive picture of the social market economy of Russia that should be promoted abroad.

- As well Oil and Gas enterprise as leaders of CSR practices in Russia have to foster public acknowledgement of CSR activities. Prizes, awards and honours should be used to generate appreciation for corporate social responsibility and encourage other enterprises to get involved in CSR. Large enterprises together with state authorities and non-governmental organisations, associations and foundations should examine existing business and economic awards (for example: The International CSR Excellence Awards¹⁷, The Sustainability Awards¹⁸) to determine the extent to which a reference CSR could be expressly incorporated into the conditions for submissions to the respective competition.

- Oil and Gas enterprises can foster the dissemination of the subject of CSR, particularly among industries. Partnerships between companies and stakeholder groups in their region generate important impetus not only for the enterprises involved but also for regional development:

- foster regional networking. Large enterprises in the individual regions can do much to advance the work CSR being done on regional tasks by establishing networks in which

¹⁷ <https://csrawards.co.uk>

¹⁸ <https://www.bintelligence.com/sustainability-awards/>

municipalities, administrative districts, enterprises, chambers, associations and social services / institutions work together;

- the establishment of groups for the purpose of sharing information on experience with CSR is of fundamental importance to the success of industry involvement in corporate social responsibility.

- Oil and Gas enterprises can assist by advising to large enterprises representatives of other industries on the strategic direction on their CSR activities should take:

- advisory and information services — such as instruction on simple methods that companies can use to evaluate the potential and current status of their CSR efforts — should be provided to help other industries with their CSR activities.

- Oil and Gas enterprises have to foster the process to integrate CSR into education, training, science and research. Values (such as trust, respect, integrity, human dignity and the right to develop one's full potential) and a dialogue over their importance play a key role in sustainable economic and social development. We considers the integration of CSR and sustainability demanding by large companies into education and training, science and research to be indispensable to establishing competence and an awareness of problems early on. To bring a faster growth of CSR spread in Russian business culture, it is very important that especially business industry push values-oriented economic and management education to promoted in all phases of life, university-level education and subsequently throughout continuing training. The scientific expertise that the science and research community has to offer in the CSR area should be bundled and linked with the international discussion. The reason: CSR is a classic transversal issue that can best develop its potential for benefiting business and society when a combination of disciplinary approaches is used.

- Oil and Gas enterprises have to strengthen CSR in international and development-policy contexts. Russian business community should set itself the goal of strengthening the international regime for responsible corporate governance on a lasting basis. This regime is based on resolutions passed by the international community and encompasses legally binding rules as well as further-reaching international agreements and initiatives. Russian Oil and Gas enterprises should manifest (progressive) development of international instruments and processes that serve to strengthen corporate social responsibility should also be promoted. Important areas for action

in this connection are ensuring employment and good working conditions, climate protection and the fight against corruption

At this stage, we can say that the general form of CSR among Russian large companies is of an inertial nature. In the current period there is a gradual coverage of CSR system by large Russian companies. Basically, these are companies that are dependent on local and regional authorities, the social community, as well as those companies that are striving to compete and attract investment in foreign stock markets, where they openly and demonstratively present their social and environmental responsibility, which is in fact mandatory from the point of view of the business community as a whole.

In Russia, the social dimension is a priority for raising and developing CSR. Companies invest heavily in training and staff development, improving working conditions, ensuring social protection of employees, participating in solving socially significant problems in the regions of presence. The notion of such an important issue is an important step in the development of people's understanding of what it is worth to strive for in life, what is worth appreciating above only the material aspects. By promoting the development of employees' skills, the company increases their competitive advantages in the labor market, improves self-esteem, confidence in the future. As a result, the company becomes a responsible and attractive employer, which increases not only its reputation, but also its sustainability. In addition to internal programs, companies take part in solving problems in the territories of their presence. Many enterprises today are developing policies and standards of corporate charity, establishing special funds, implementing long-term investment programs for local communities.

An important role in the current process of strengthening CSR practices in Russia is also played by the mass media. Conducted research signals a large-scale problem of lack of information on the development of CSR. The point is that modern society rarely encounters the formulation of the CSR issue in everyday life. In order to increase the credibility and visibility of CSR, we consider it important to raise public awareness of the concept of corporate social responsibility. A variety of independent sources of information should be created to give national and international users an overview of relevant corporate activities in this area in Russia. Information should be made available to ensure a quick overview and enable the comparison of companies that voluntarily practise corporate social responsibility. Spotlighting the societal and economic benefits of corporate social responsibility could have the effect of getting more companies interested in CSR and in translating this interest into responsible action. Special attention should be given to portraying the

diversity of CSR activities and taking into account the different information needs of various target groups. Important target groups (in addition to the target group that enterprises comprise) include in particular consumers, company employees, the general public at national and international level, the media and national and international investors.

It is also important to recognize that even within the framework of theoretical economic and sociological research, a common approach to the interpretation of the term CSR has not yet been developed in Russia. There is no uniform methodology for studying CSR problems. Although one should pay attention to a number of studies in which part of the theoretical and applied problems of CSR research in Russia are already being solved (Turkin S., 2003; Kozina I., 2004.; Demidov E., 2009; Blagov U., Jaroviy A., 2010; Alekseeva O.,2014).

HAMPERING REASONS FOR THE APPLICATION OF EXISTING CSR MODELS IN RUSSIAN

As we have seen, the issues of socially responsible behaviour have become popular in Russia. It have recently developed in certain industries, mostly in budget-forming industries (as oil and gas) of the Russian economy, which raises a question:

Is it possible today to discuss the uniqueness and identity of the Russian model of CSR?

The opinions of the academic and business communities on this account were divided. Some argue that Russian model of CSR as an independent, unique phenomenon is absent. According to this view, Russia adheres to existing models of social responsibility (American, European or their combination) and develops it self in accordance with them. This position was indicated by the experts of the Managers Association in the "Report on Social Investments 2004". They believe that "according to sources of regulation, practice and drivers, the Russian version of CSR is a mixture of the British model (voluntary initiation by business) and the continental scheme (the desire of enterprises to obtain from the state a clear legal framework for CSR)." In other words, the discussion is about a model, the uniqueness of which can not be said yet.

For example, the associate professor of the Department of Economic Theory and Social Policy at the Faculty of Economics of Saint Petersburg, V.S. Sopin is convinced that "the Russian national characteristics can not but exert a certain influence on the content of CSR and in many ways determine the specifics of relations between business and society in Russia." Nevertheless, the common view that CSR in Russia is at the stage of formation, with the inherent features of

American and European models, but at the same time there are features related to geography, history, socio-political situation, mentality, legal aspects, traditions of business practice, which undoubtedly influence the formation of the Russian model of CSR and at the same time make it difficult (currently impossible) to apply (adapt) CSR models that have already developed in other countries. We denote some of these features in the table below.

Table 44. Features that affect the formation of the Russian national model of CSR
 Compiled by: G.N.Ilina, M.V.Bikeeva, V.S.Sopin

Features	Explanations
1. Features related to geography	<ul style="list-style-type: none"> ▪ The vast territory of the country, remoteness of settlements from each other. ▪ Underdevelopment of transport and social infrastructure (especially in the regions). ▪ Spatial centralization. The concentration of significant resources in major cities - capitals and regional centers (in particular, in Moscow and St. Petersburg). The degradation of small towns and villages. ▪ The concentration of capital in the undeveloped and climatically complex regions of the country (Siberia, North). ▪ A large number of single-industry towns (319 mono-cities according to the TASS news agency) The need to reduce their number.
2. Features related to the history	<ul style="list-style-type: none"> ▪ Negative attitude of society to private property. The society perceives the results of privatization, conducted in the 1990s, as unfair. Socially responsible behavior of the owner companies is perceived as "whitewashed reputation" and "consolation of conscience".
3. Features associated with the socio-political situation	<ul style="list-style-type: none"> ▪ High level of poverty in the regions. ▪ A huge number and a wide range of social problems: <ul style="list-style-type: none"> - low level of wages in certain branches of activity; - high unemployment in the regions (especially in single-industry towns); - low quality of free medicine; - decreasing quality of food products (use of low-grade palm oil instead of milk fats, soy products instead of meat products, etc.); - inability of the social environment for people with disabilities, etc.
3.1 Features associated with the socio-political situation	<ul style="list-style-type: none"> ▪ Insufficient financing of the social sphere from budget sources (how much money is actually needed for these purposes and whether the state can physically allocate such amounts). ▪ Insufficient qualification of municipal employees. ▪ Inadequate media attitude to the initiatives of companies in the field of CSR (from total ignoring to accusations of self-interest). ▪ Great distance between the authorities and society; mistrust of society to power. ▪ The immaturity of civil society.
4. Features related to mentality	<ul style="list-style-type: none"> ▪ High social expectations with low social activity ("take, until they give"). ▪ Consumer attitude of society and social groups in relation to business. Lack of mutual support and mutual interest of business and public organizations. ▪ Low degree of social consciousness. ▪ An unrelative attitude to the tax system as a whole ("taxes" as a synonym for "deprivation"). ▪ Mistrust of the state, criticism (grounded and unreasonable) of its decisions.
5. Features related to legal aspects	<ul style="list-style-type: none"> ▪ High level of corruption. ▪ Low level of legal literacy of the population. ▪ Lack of experience in solving legal problems (protecting their rights). ▪ Difficult entrepreneurial climate. ▪ Imperfection of tax legislation.
6. Features related to the traditions of business practice	<ul style="list-style-type: none"> ▪ "Voluntary-compulsory" order of company's initiatives in the field of CSR (pressure from state structures). ▪ Social investments are not carried out systematically, without careful preliminary analysis, and therefore often do not lead to the desired economic and social effects ("money to the wind"). ▪ A stereotype is formed, according to which CSR only distracts resources that could be used for the development of the company itself (for example, modernization of equipment).

Taking into account the indicated features (problems), let us ask a question about the possibility of applying CSR models in Russia that have developed already in Western countries. The American, European, British and Canadian models of CSR can be adapted to Russian realities, as the features of these models in general do not contradict to the local peculiarities of doing business and have rich historical traditions. The application of the Scandinavian model, on the contrary, is very difficult for a number of reasons, the main of which are: distrust of Russian society to power; low level of social activity; low degree of social consciousness; negative attitude of society towards the national tax system; high level of corruption.

RECOMMENDATIONS FOR DEVELOPMENT THE RUSSIAN MODEL OF CSR

Taking into account the fact that CSR in Russia has an inert stage of development, and taking into account the specific features that influence this development process, we have revealed some recommendations for state structures, recommendations for representations of large enterprises and other stakeholders. Our recommendations can contribute to a more effective development of CSR in Russia, as well as the possibility of forming a Russian CSR model.

Recommendations for State Structures for Maintain CSR Development in Russian Business Community.

1. Develop a policy in the field of CSR.

Russian experts agree and insist on the need to develop a national policy in the field of CSR. The need to create a unified CSR policy has long been awaiting of implementation. An important role played by the legislative definition of the significance and functions of CSR for Russian business community. At the moment there is no clear definition of CSR in Russian legislation. It is significantly important for Russian government to bring a legislative nature of CSR to maintain and highlight its significant importance for Russian economic, political and social development. From our point of view the implementation of the following consecutive interrelated actions can serve as fundamental institutional prerequisites for the development of CSR.

- Russian state have to improve the legal and regulatory framework of CSR. In order to create an institution of socially responsible business community, it is necessary to develop and adopt a number of regulatory documents governing the activities of CSR, which could be applied in

process of corporate governance and business activities of companies. The main regulatory and legal acts for the coordination of activities and the successful practice of implementing CSR can be resolutions stimulating activities in this direction. In the context of institutional transformations of corporate social responsibility, the legislative securing of the mechanism of state protectionism with respect to socially responsible and socially oriented employers is of fundamental importance.

- Social examination of projects and programs of socio-economic development, agreements on socio-economic cooperation. Such an examination should observe the criteria of socially responsible behaviour of business. Social expertise should be conducted by experts, which allows, firstly, to assess the state of company, secondly, to obtain reliable information about company and its environment, thirdly, predict its changes in perspective and assess the impact on other social objects and, fourthly, develop measures and propose specific recommendations for making strategic management decisions in social projects. Thus, the main goal of social expertise is to determine (establish) the compliance of activities with the interests and needs of modern society, the requirements of social policy and the development of specific proposals and measures to achieve this compliance.
- The Social Charter developed by the Russian Union of Industrialists and Entrepreneurs have to become an obligatory set of rules for the introduction of CSR by business community. The Social Charter was developed in 2007 and officially recognized as a national document, consistent with the UN Global Compact. At the moment it has the character of a voluntary initiative.
- Maintain Non-Financial (Social) Reporting of enterprises. This is an important mechanism for reporting on CSR to shareholders, employees, partners, customers, the whole society about how and at what pace a company implements its goals for achieving economic sustainability, social well-being and environmental stability in its strategic development plans. In this case, the need to force enterprises on publishing non-financial reports one of the main conditions that forms the environment of socially responsible behaviour of Russian business community. An important stage in CSR and achievement of the goals of sustainable development activities was the implementation of the Global Reporting Initiative (GRI) international standards, which represent the concept of “triple bottom line” - economic, ecological and social policy. As we have seen from our research analysis for a certain part of Russian business community (mostly large enterprises), the introduction of CSR principles according to international standards become a serious and potentially very successful step forward on CSR integration. Thus, in modern

Russian conditions, it is fundamentally important to Russian state authorities to realize the high potential of supporting integration of international CSR standards on non-financial reporting that could bring to Russian business understanding that business develop itself much better when it respect the interests and meet the needs of all stakeholders. This is the only way to provide profit in the long run, while promoting the sustainable development in front of society and all stakeholders.

2. Support Public-Private Partnership.

Public-Private Partnership (3P) for the Russian economy is quite a new phenomenon. The first projects based on Public-Private Partnership mechanisms appeared in 1990s. However, as experts note, there have been no real breakthroughs in this area since then (Center for Public-Private Partnership, 2016). Nevertheless, the development of partnerships in the chain of "business-society-state" system allows realizing long-term socially significant projects on mutually beneficial terms for business and the state. The Public-Private Partnership mechanism is an instrument for developing regional and municipal infrastructure, attracting investments, improving the quality of services to population (Development of public-private partnership in Russia in 2015–2016). Most actively it is used in the construction of infrastructure facilities: cities, highways, bridges, railways, airports, seaports. To date, the Public-Private Partnership market in Russia demonstrates high growth rates in quantitative terms: from 86 projects that passed the commercial closure in 2013 to 873 projects in 2015. According to experts' forecasts, by 2018 the number of such projects will exceed the level of 5000. The most favourable regions for the level of Public-Private Partnership development are: Moscow, Moscow region, Samara region, Novosibirsk region and St. Petersburg (Development of public-private partnership in Russia in 2016–2017). It should be noted that Public-Private Partnership objectively can not solve all the problems of infrastructure development in Russia. However, according to Russian Public Private Partnership report, developed by the team of experts of the Public-Private Partnership Development Centre, rightly points out, 3P mechanisms can significantly improve the efficiency of public spendings.

3. Support Socially Responsible Enterprises.

One of the effective support measures is the provision by the state of tax benefits to socially responsible companies. However, this measure is not the only one. In order to identify socially

responsible companies, the authoritative business organizations of Russia compile ratings in the field of CSR. Among such ratings are:

- rating of the Managers Association "Top 50 CSR Managers";
- RSPP ratings: "Leaders of RSPP indices", "Leaders of Russian business: dynamics and responsibility" (All-Russian competition);

All of them are more motivational in nature and contribute to strengthening the business reputation of the participants. There is no talk of financial encouragement. However, the reinforcement of the honorary title of "the leader of Russian business in the field of CSR" would be highly desirable. The system of material rewards will awaken in the companies competitive spirit and purely practical interest. The number of companies wishing to join the leaders could increase. Questions about the specific amounts of awards (grants) and sources of funding remain open. However, the very idea of material incentive needs to be paid attention.

The construction of a system of material incentives is undoubtedly a very difficult task. The main difficulties are to find the necessary amount of money, as well as to distribute these amounts among the participants. Leading positions in the ratings are traditionally occupied by large companies, while representatives of medium and small businesses remain out of work. The solution of this problem can arise by development of separate ratings for small, medium and large enterprise. One way or another, the issue of developing a system of material incentives for socially responsible companies requires attention and careful consideration both from government agencies and from business organizations. This initiatives can manifest in: improvement of the tax legislation, developing strategies which will contribute for a favourable business climate.

On March 13, 2017, in Moscow, within the framework of the 10th Russian Business Week, the forum "Setting up the tax system to stimulate business activity and create competitive conditions for the development of Russian enterprises" was held. The President of the Russian Union of Industrialists and Entrepreneurs A.Shokhin drew attention to the fact that for today "the structure of the tax system is too complicated and there are not many incentives for investments". He recalled the installation, given by the President of the Russian Federation Vladimir Putin, to "the adjustment of the tax system".

The forum discussed issues related to the need to increase the tax burden, the level of tax exemptions, the reduction of the rates of some taxes (in particular, labor taxes), the redistribution of the tax burden (reducing the rate of insurance premiums with a simultaneous increase in the VAT rate), and others. Unresolved problems in the field of taxation are very many, and all of them require not only attention, but also concrete practical actions (Russian Business Week, 2017).

The tax sphere has always been and remains a field for discussion. So the tax manoeuvre to reduce the rate of insurance premiums from 30% to 22% with a simultaneous increase in VAT from 18% to 22% is supported by some experts (in particular, Finance Minister A. Siluanov) and seriously criticized by others (A.Kudrin, development, considers the arguments in favour of tax maneuver inadequate). Ambiguity and inconsistency in such matters seriously complicates the adoption of concrete practical solutions. The process of "tune-up" risks seriously dragging out. In these circumstances, the specific proposals of experts on the solution of existing problems acquire special significance.

4. Strengthen CSR in Sustainable Investments

There is a need to find new ways to develop capital markets that minimize the possibility of recurring a large-scale financial problems. New economic realities - climate change, water scarcity, depletion of other important natural resources, and other factors associated with human activity - require such changes. Russian government have to form basic ideas on the unacceptability of maintaining unsustainable economic investments to develop responsible business behaviour in its business society. Russian researcher in the field of sustainable investment Zambley A., (2013) defines Sustainable investment as a process of investments, based on the principle of sustainable development and the principle of profit maximization, aimed at reducing risks, increasing effectiveness and eliminating negative externalities in the long term by taking into account not only financial, but also environmental, social and corporate management factors the social consequences of which are too high.

The definition formulated above reflect that the issues of sustainable investment are relevant in the Russian community and sustainable investment can be one of the factors to foster CSR.

5. Develop and Maintain CSR Education

Conducting discussion about CSR in Russia, experts agree that one of the reasons for the slow involvement of CSR development is the lack of competence. According to Kostin A. (2017) the problem of implementing CSR at all levels lies in the fact that there is no government interest in the fundamental development of this area at higher educational level. The stakeholders are weak due to the fact that there is no projection at the legislative level and there is no synergy for business from the state in promoting CSR practices, which would give a strategical vector for CSR integration in education. According to S. Faucheux (2008), if to focus on the role and responsibility of the

educational sphere in the implementation of the goals of sustainable development, this does not exclude the subject of cooperation of media, public institutions or companies that must also push for this synergy. These actors (stakeholders) need to be made aware of their responsibility for education and sustainable development. It's about making the most of their experience, their knowledge and their know-how. It is also a question of putting in place adequate frameworks of principles and good pedagogical practices. The educational sphere is based on the actors and defines with them a fruitful partnership. The modernization of the economy of any country in contemporary world is determined by several key factors, among which the availability of developed human capital is of paramount importance. This implies the objective necessity and priority of improving the educational sphere in Russia on the subject of responsible management education.

In the "Concept of the long-term socio-economic development of the Russian Federation for the period up to 2020" (hereinafter - the Concept of Development) mentioned: the level of competitiveness of the modern innovative economy is largely determined by the quality of professional personnel. At the same time, it is emphasized that a necessary condition for the formation of an innovative economy is the modernization of the education system, which serves as the basis of dynamic economic growth and social development of society, a factor in the well-being of citizens and the security of the country (Order of the Government of the Russian Federation of November 17, 2008 No. 1662-p "Concept of the long-term socio-economic development of the Russian Federation for the period up to 2020").

Business schools and management faculties play a key role in shaping the skills and mindsets of future business leaders, and can be powerful drivers of corporate sustainability. The mission of PRME¹⁹ (Principles of Responsible Management Education) is to transform business and management education, research and thought leadership globally, while promoting awareness about the Sustainable Development Goals, and developing the responsible business leaders of tomorrow. According to the data of (mbatoday.ru) there are 117 Business Schools in Russia and only seven of them are participants of PRME. In our opinion, such a low level of involvement presented by economic and business education institutions in the process of participation and integration of the principles developed by PRME to create a new quality of managers - "*responsible managers*", reflects the low interest of Russian state structures in spreading the concept of CSR and

¹⁹ The Principles for Responsible Management Education (PRME) is a United Nations-supported initiative founded in 2007 as a platform to raise the profile of sustainability in schools around the world, and to equip today's business students with the understanding and ability to deliver change tomorrow. As a voluntary initiative with over 650 signatories worldwide, PRME has become the largest organised relationship between the United Nations and management-related higher education institutions.

sustainable development among society and future generation. Below we present Figure 34 which reflect the potential effect of integrating PRME standards into Russian Business Schools and Management faculties and its positive impact for companies.

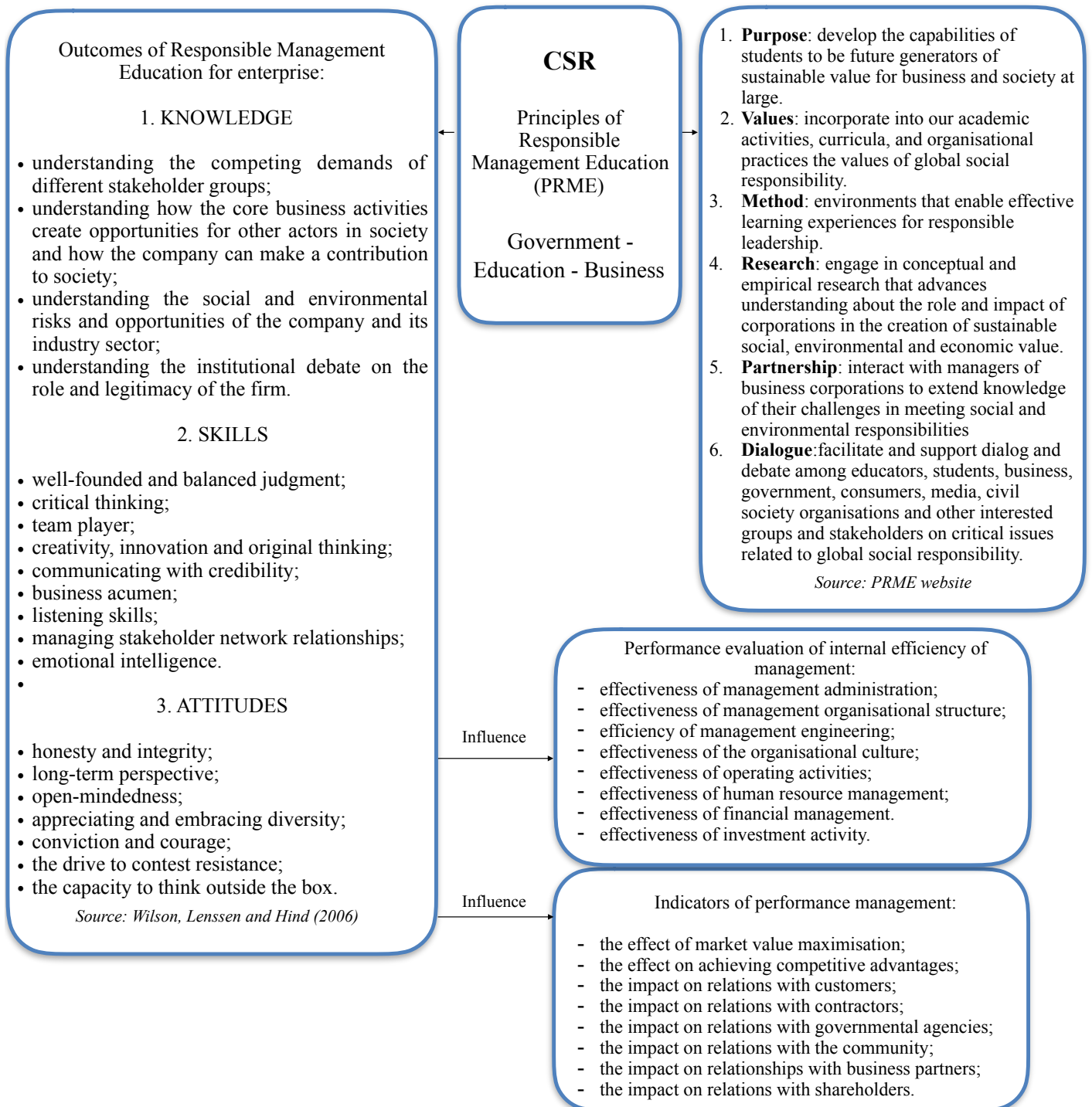


Figure 33. Implementation of PRME standards into Russian Business Schools and Management faculties and its positive impact for Russian companies

In order to effectively provide the development of established Concepts of long-term socio-economic development of Russia, it is necessary to Russian state to maintain the significance of PRME approaches for modern business education, that will contribute to form a new generation of managers based on knowledge, principles and philosophy of sustainable development and its positive result for the interaction of following sectors:

Sector: “Government and Higher Education”.

The Ministry of Education and Science has not developed federal state educational standards in the field of CSR. As CSR develops in Russia, there may be a need. Considering the fact that CSR is a concept that includes aspects of several fields of knowledge (economics, management, philosophy, public relations, ethics), the development of a separate standard would allow to integrate these aspects into a single document, to structure and further use for the preparation of competent, multilateral developed specialists (experts). Modern business conditions have become the basis for the creation and introduction of a new position into the corporate management system - a corporate social responsibility manager. Every day the trend of social activity is gaining momentum and this profession is becoming increasingly popular and in demand. Corporate Social Responsibility Manager is responsible for cooperation with stakeholders, reputation management, preparation of social and non-financial reporting. Today in Russia there is a great shortage of specialists in this field. That is why the question “What is the role of a CSR manager in a modern company?” The executives of many large companies are worried about. The role of a corporate social responsibility specialist is directly related to his skills and responsibilities. The CSR manager should understand the peculiarities of the interaction of all participants in social processes and communicate freely with different categories of employees and target audiences. The specialist must have the foresight and the ability to think strategically, correctly prioritize and formulate plans, and motivate staff to participate in the company's social activities.

It can be assumed that, currently in Russia there is a demand for CSR specialists. However, as demand increases and business demands grow for the skills of future workers, the serious measures have to be required in the form of developing CSR education and active promotion of PRME principles could be a helpful approach.

Sector: "Higher Education and Business Community".

Companies who are striving to be socially responsible has a need in qualified personnel in the field of CSR. They generate demand for graduates of educational institutions that have motivation to work, a willingness to develop, an active life position and sufficient theoretical readiness. Graduates, in turn, are interested in decent wages, career prospects, stability of the employer company and comfortable working conditions (Research Center portal 2015).

Government, in turn, should be supported by socially active companies. The most effective way to support, as previously mentioned, is to provide tax incentives. Maintaining the development of the designated sectors, it can be possible to form an effective synergy system to form modern CSR thinking and its development in Russian business community.

RECOMMENDATIONS FOR LARGE ENTERPRISES FOR MAINTAIN CSR DEVELOPMENT IN RUSSIAN BUSINESS ENVIRONMENT

1. Develop Strategic and Management Approach to CSR.

In a dynamically changing world, it is important to be aware of what needs to be done today, so that tomorrow not be defeated in the struggle for existence. Of course, strategic management can not provide an accurate description of what will happen in the future. However, it allows on the basis of an analysis of various elements of the environment to assume how it will change, and to adapt to these changes in a timely manner. A strategic approach to CSR is widely in demand in Western countries. In Russia, it is just appeared to form and is supported mainly by large companies. From our point of view, it is the strategic approach that will allow Russian companies to develop successfully, keeping the course for the long term CSR.

Currently, most Russian companies are focusing on individual elements of CSR, not considering it as a complex, multi-factor process and an independent management entity (Kanaeva O., 2013). So CSR is associated primarily with corporate charity, while the remaining elements of the "portfolio" of social investment are either absent or they are given much less attention (Blagov Y., 2014). Adherence to the GRI standard will help companies to bring together in a single system the principles of social responsibility (as we have observed on oil and gas companies examples), approaches to its main themes and problems, as well as ways to integrate socially responsible behaviour into managerial processes.

2. Forster a Systematic Approach on Interaction and Communication With Stakeholders on CSR.

The systemic approach assumes that building relationships with stakeholders is viewed as an integral set of interrelated processes. Such processes include:

- definition of the purpose of interaction;
- identification, determination of the degree of their influence and significance;
- identification of key stakeholders;
- planning the process of interaction with them;
- definition of principles, methodology and necessary tools;
- maintaining a balance of interests of the company and stakeholders.

Based on our analysis of the stakeholders communication and stakeholders significance for companies CSR (based on example of Oil and Gas enterprises) we can argue that building a strategy for the sustainable interaction of Russian business with stakeholders is still at the beginning of the path, although large enterprises clearly demonstrate the understanding of the importance and advantages of such interaction. Systemic unity in building the interaction of "business-stakeholders", improving this interaction, its subordination to the company's overall strategy in the field of CSR will improve the efficiency of corporate social activity as a separate company and the entire Russian business.

3. Participate in Socially Responsible Investment (SRI).

Modern companies have the opportunity to contribute to sustainable development through their social investment. This is a type of investment, the goal of which is not so much to receive income on invested funds, but rather to create positive social changes, reduce the negative impact on the environment and comply with ethical standards (Ernst & Young, 2010). Over the past 40 years of the world community development SRI has evolved from single practices to a separate segment of the stock market with its participants and infrastructure. At the end of 2016, the Global Impact Investing Network Forum (GIIN Forum) was held in Amsterdam, the organizers of which published a report on the development of social investment in the world. According to the report, by the end of 2015, total investments in social enterprises amounted to 77 billion US dollars. The most popular investment tools are the purchase of a stake in capital and various types of loans. S. Zabolin, expert of the information portal "New Business. Social Entrepreneurship ", notes that many investors preferred point-based investments of money into individual projects, a system approach, in connection with which there are more and more funds specializing exclusively in social investments

(S. Zabotin,2017). The main fund for social investment in Russia today is the Our Future Foundation, which has been supporting social business for 10 years. As of the beginning of 2016, the total amount of the Fund's return investments amounted to 366.5 million rubles (4,880 mln.euros). Support was provided for 150 projects in 49 regions of the country (Ivanova, 2017). Every year, the Fund receives a prize for its contribution to the development and promotion of social entrepreneurship in Russia, known as the "Impulse of Goodness". In 2016, it was supported by 71 organizations. The leader in the number of applications was the nomination "For Personal Contribution to the Development of Social Entrepreneurship" with 155 participants (Annual award for contribution to the development and promotion of social entrepreneurship in Russia, 2016).

Of course, there is no need to talk about the massive spread of social entrepreneurship in Russia today. For Russia it is a sway of new practice. Because of the novelty of the phenomenon, not all investors understand the possibilities of social investment and in the majority prefer the traditional philanthropy. Russian companies and individuals should pay more attention to the new investment mechanism and, after preliminary analysis, consider it as an alternative / complement to philanthropy. As an information basis for the analysis, reports of foreign investor companies and social investment funds on successfully implemented projects can act. As this trend develops in Russia, companies can reconsider their conservative investment strategies, including social investments. The profitability of social businesses, according to experts, can reach 5-6% per year, which corresponds to the average profitability of commercial funds with a conservative investment strategy (Ivanova, 2017)

4. Create and Maintain Inter-Corporate Clusters on CSR Practices.

According to G. Ilyina, she notes that large corporations are already start to realize the need to create clusters "working in the same region, including representatives of public organizations, socially active groups and representatives of authorities to develop a joint strategy for social development."(G. Ilyina, 2014). Indeed, such clusters would allow companies to co-finance social projects, which is especially important for representatives of small and medium-sized businesses, to exchange experience and disseminate the best corporate practices.

It should be noted that Russia already has experience in creating clusters in the fields of petrochemistry, information technology, engineering, etc (Clusters Map of Russia, 2017). It is highly likely that this experience would be useful in creating social clusters from the point of view of the general mechanism of cooperation of companies for joint solution of priority tasks.

5. Improve Transparency of the Company Through the Persistence of Non-financial Reporting.

Russian enterprises still lagging behind the rest of the world in terms of the number and quality of non-financial reports. A study by the Russian Union of Industrialists and Entrepreneurs notes that Russian companies produce only 2% of non-financial reports against the backdrop of leading countries such as Great Britain (more than 4,000 reports), the United States (over 3,500 reports), Japan (more than 3,200 reports), Germany (more than 2,050 reports). The conducted dynamic and structural analysis demonstrated that there is a big gap between industries on providing non-financial reporting. This fact reflects the existing gap of CSR involvement among industries and reflect a certain lack of transparency in their activities. Nevertheless, the most advanced industries in this field are oil and gas, metallurgy, chemical. The participation in non-financial reporting promotes the dissemination of principles of responsible business conduct for all stakeholders. At the same time according to Gond J-P., (2006) who arguing that organisational reporting about social responsibility can be viewed as a learning tool in some instances. The examples of the best practices on CSR presented in non-financial reports of the most advanced industries can be as a learning tool of other enterprises who aspire to improve their CSR. Under this view the design and implementation of corporate social reporting procedures may lead to development of the practice of its compilation is a priority for Russian companies for a number of reasons.

After the global financial crisis of 2008-2009, as well as major accidents in the Gulf of Mexico and at the Fukushima-1 nuclear power plant, which questioned the effectiveness of risk management systems, investors and other stakeholders began to pay more attention to information on sustainable development in company reports, it is more critical to refer to the indicators presented in them. Therefore, for the development of Russian business, which requires attracting investors, it is necessary to develop non-financial reporting both in terms of the number of published reports and in terms of their quality.

On the way to spreading the understanding among Russian companies of the need to implement sustainable development goals in the operational strategy, it is not just necessary to introduce the legally mandated compilation of non-financial reporting, but to develop its methodological basis. In this case, there will be an incentive not only to increase the number of documents, but also to improve their quality in order to facilitate understanding and comparison of data by stakeholders, and all this will affect the improvement of the companies themselves as a result of elimination of bottlenecks identified during the preparation of the report.

At the same time, it is necessary to disseminate principles of responsible business conduct among representatives of small and medium-sized businesses. It is important to give them the opportunity to form non-financial reporting by adapting the methodological basis to their specifics, since they constitute a significant part of Russian business. As a result of greater attention on the part of government bodies and management of both large and small companies to address these problems, and their recognition of the need for non-financial reporting and its positive effect, Russian companies will be able to reach a qualitatively new level of reporting on economic, environmental and social performance.

Thus, we proposed recommendations that can lead the formation and development of CSR in Russian business society. This recommendations are directed to government agencies, the representatives of the large industries, and all business stakeholders. Adherence to these recommendations, their consideration as a single system of necessary measures can contribute to the formation of the Russian CSR model.

However, the question arises about the uniqueness of Russian CSR model. Is it possible to talk about the uniqueness and identity of the Russian model of CSR, given the fact that it has features of other models (American, European), and at the same time the process of borrowing foreign corporate practices by domestic companies is taking place?

To provide a discussion about the uniqueness of the Russian model of CSR is only possible with respect to the set of features that have developed in the course of historical development and are related to the socio-political situation in the country, the legal aspects, the mentality of the population and the traditions of business practices. In other respects, the Russian national model of CSR has a "hybrid" nature that allows it to "absorb" the best CSR practices in foreign companies, to adopt their long-term experience and learn from the mistakes already made.

As CSR develops in the Russian business environment, the Russian CSR model will undergo some changes taking into account its own accumulated experience. However, at present, the amount of experience and knowledge is not sufficient for the independent formation of the Russian CSR model, and therefore the best solution to date is to select tactics defined in terms of benchmarking as following the leaders. We would like to bring the end for this research with a following excerpt:

You cannot hope to build a better world without improving the individuals. To that end, each of us must work for his own improvement and, at the same time, share a general responsibility for all humanity, our particular duty being to aid those to whom we think we can be most useful... (c) Marie Curie

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ABSTRACT

Title: *Corporate Social Responsibility Development in Russian Business Environment Based on Non-Financial Reporting*

- *Analysis of Corporate Social Responsibility Development in Russia through Non-financial reporting of Russian large enterprises.*

Context: The retrospective analysis of CSR formation helped us to define the core special characteristics of CSR and divide them on three classifications (forms): Altruistic, Philanthropic Corporate Citizenship. Using the Triple Bottom Line approach and GRI standards for non-financial reporting, we build our model to conduct a qualitative research analysis to evaluate and define the current form of CSR development among large Russian enterprises. We have identified the positive trend of CSR presence by oil and gas industry. Under Russian conditions, oil and gas enterprises are leading among other industries in the sphere of CSR for several reasons. First, it is the richest branch of the economy of Russia. Secondly, local authorities and social movements closely monitor these companies because of their high impact on environmental issues. This industry represent a strong commitment of international standards and practices of CSR by implementing sustainable business conduct in their managerial practice. This is due to a high international impact and an active expansion abroad of the enterprises by making socially significant investments to create a positive image of their companies in front of stakeholders.

Limits: There is a lack of information on CSR activities among large Russian enterprises, which indicates a low involvement of the companies in non-financial reporting. This fact reflects the closeness of activities of certain industries of Russian business environment and a significant gap of CSR development among industries.

Key words: Corporate Social Responsibility, Russia, Western countries, Sustainable Development, Corporate Citizenship, Ethics, Stakeholders, International Standardisation, Non-financial reporting

RÉSUMÉ DE THÈSE

«Développement de la Responsabilité Sociétale des Entreprises (RSE) dans l'Environnement Commercial Russe»

1. RÉSUMÉ DE THÈSE

1.1 CONTEXTE DE LA RECHERCHE

La pertinence du sujet de recherche est liée à l'attention croissante de la communauté des affaires internationales et ses différents acteurs prêté à la transparence et à l'honnêteté de l'administration des grandes entreprises, à leurs principes d'éthique des affaires, dont le plus discuté est le principe de responsabilité sociétale des entreprises (RSE). À l'heure actuelle, l'intérêt à la responsabilité sociétale des entreprises a pris de l'importance.

La responsabilité sociétale des entreprises (RSE) est un concept qui indique la décision volontaire des entreprises de participer à l'amélioration de la société et à la protection de l'environnement. La RSE repose sur une interaction avec toutes les parties prenantes: employés, actionnaires, investisseurs, consommateurs, autorités publiques et organisations non gouvernementales.

Dans le processus d'intégration internationale des entreprises, il est nécessaire de prendre en considération les stratégies de responsabilité sociétale des entreprises dans des pays différents, car les particularités nationales des modèles et pratiques de RSE ont un impact significatif sur les activités des entreprises et organisations locales.

Ces dernières années, la RSE est devenue un problème majeur d'ordre théorique et pratique dans l'économie de l'Europe de l'Est. La Fédération de Russie est le quatrième partenaire commercial de l'Union européenne mais on ne sait toujours pas dans quelle mesure les principes de RSE se reflètent dans les pratiques de gestion des entreprises russes. Pour la Fédération de Russie considérer la RSE comme un élément central de la création d'entreprise et de la stratégie de gestion est une approche relativement récente et on ignore comment les entreprises russes ont intégré les normes internationales et les pratiques de RSE dans leur culture d'entreprise. C'est pourquoi l'intérêt pour la formation et la mise en œuvre de pratiques de RSE des entreprises russes est pertinent.

1.2 OBJECTIFS DE LA RECHERCHE, PROBLEMATIQUE ET QUESTION DE LA RECHERCHE

Cette thèse vise à fournir une vision multidimensionnelle d'un nouvel objet de recherche. Du point de vue académique, nous souhaitons contribuer aux recherches sur l'analyse de la nature et du développement de la RSE dans les conditions actuelles des grandes entreprises russes et de

l'environnement commercial russe, au sens large, peu étudiés dans le domaine de la pratique internationale de la RSE.

Du point de vue de la gestion, notre étude vise à informer le monde des affaires international sur l'expérience des entreprises russes en matière de développement et de mise en œuvre de pratiques de RSE, qui mène à la gestion responsable des entreprises et à l'engagement à suivre la stratégie de développement durable.

En effet, nous souhaitons proposer des recommandations sur la conception et la mise en œuvre de pratiques de RSE basées sur les rapports non financiers, les normes GRI²⁰ et l'approche Triple Bottom Line (TBL)²¹ qui révèlent la forme existante de la RSE des grandes entreprises russes. Le présent ouvrage tente de répondre à la question suivante:

Quelle forme prend la responsabilité sociétale des entreprises dans les grandes entreprises de l'environnement commercial russe?

Afin de répondre à cette problématique, nous la divisons en quatre sous-questions:

Q.1.1 Comment la RSE est-elle présentée dans le contexte commercial russe?

Q. 1.2 Quels sont les facteurs clés de la mise en place de la RSE en Russie?

Q.1.3 Quelle est la structure et la composition des rapports sur la RSE en Russie?

Q.1.4 Dans quelles conditions les entreprises russes chercheront-elles à participer à la RSE?

1.3 REVUE DE LITTÉRATURE

La RSE a fait l'objet de nombreuses recherches scientifiques. Les théories fondamentales ont précédé les études contemporaines sur la responsabilité sociétale des entreprises dont celles de la seconde moitié du XXe siècle proposées par les auteurs suivants: G. Bowen, C. Davis, M. Friedman, A. Carroll et E. Freeman, qui, à leur tour, s'appuient sur les idées classiques avancées par J. Locke, A. Smith, M. Weber, F. Knight, H. Lenk, T. Parsons et autres. Aujourd'hui, la recherche sur la RSE apparaît dans un domaine de recherche interdisciplinaire dans lequel des auteurs étrangers examinent des questions de développement durable (J. Elkington, N Finch et al.), d'éthique des affaires (A. Kr. Shein, D. Matten et autres), d'administration des entreprises (F. Kotler, JK Rowey, A. Loket et autres), de dialogue avec les parties prenantes (MS Branko, LL Rodriguez, S. Saks et al.), du rôle des institutions internationales et des normes (S. Prakash Seti, G Kell, B. Slob et autres), de problèmes de législation (L. Lewin, MV Sieger, etc.), etc.

On constate l'intérêt croissant pour l'étude de la RSE en Russie également. Ainsi, les auteurs russes ont mis en évidence la pertinence de la responsabilité sociétale des entreprises dans le contexte russe et son rôle dans le développement de l'économie et de la société modernes. Ils ont adapté les

²⁰ Les normes GRI sont les premières normes mondiales en matière de rapport sur le développement durable. Ils présentent une structure modulaire et interdépendante et représentent la meilleure pratique globale pour rendre compte de toute une gamme d'impacts économiques, environnementaux et sociaux.

²¹ Les normes GRI sont les premières normes mondiales en matière de rapport sur le développement durable. Ils présentent une structure modulaire et interdépendante et représentent la meilleure pratique globale pour rendre compte de toute une gamme d'impacts économiques, environnementaux et sociaux.

concepts internationaux de RSE, élaboré des recommandations pratiques, etc. Parmi les chercheurs et les experts qui ont apporté une importante contribution intellectuelle à l'étude de la RSE, il convient de noter A.N Shokhin, S.V. Turkina, S.E. Litovchenko, M.I. Liborakin, F.T. Prokopova, S.P. Peregudova, L.I. Polishchuk, G.L. Tulchinsky, A.E. Kostin et autres.

Par ailleurs, en raison de la nouveauté de la RSE comme sujet de recherche, son principal vecteur en Russie est de nature théorique. Un certain nombre de questions théoriques pouvant aider à analyser l'expérience et les perspectives de développement de la RSE à la jonction des disciplines scientifiques, n'ont pas encore été résolues. Une attention particulière est accordée à l'analyse institutionnelle sous-développée de la RSE, sans laquelle il est difficile de mener une étude exhaustive des causes du progrès rapide de la RSE dans certains pays et son retard dans d'autres.

Les problèmes du contexte social et politique de la RSE ont également été considérés brièvement. T. Hoskins, D.A. Detotomy, M. Stol et d'autres ont tenté d'étudier ce domaine. Dans leurs ouvrages des dernières années, l'accent a été mis sur la définition du rôle de la RSE dans le développement social et sur la manière de le mettre en œuvre, en fonction du cadre juridique existant. D'autre part, des problèmes aussi importants que les conditions préalables, les possibilités et les conséquences de la participation des institutions publiques à la promotion de la RSE, ce qui est extrêmement important pour les pays où on observe le retard du développement de la RSE, n'ont pas été suffisamment étudiés.

Aujourd'hui en Russie, le sujet de la responsabilité sociétale revêt de plus en plus d'importance dans le monde des affaires. À cet égard, la sensibilisation aux changements de la conjoncture du marché et le désir des grandes entreprises de s'intégrer à l'économie mondiale et d'introduire directement les principes de la responsabilité sociétale dans les pratiques commerciales s'établissent. La diffusion des principes de responsabilité sociétale en Russie résulte de la volonté d'assurer le développement durable de son entreprise et de répondre aux exigences de l'économie mondiale moderne. Les mutations en cours sur le marché mondial ont amené les grandes entreprises russes à considérer la responsabilité sociétale des entreprises comme une partie intégrante du concept de développement harmonieux et durable des entreprises, élément fondamental de la gestion des entreprises d'aujourd'hui.

1.4 DESIGN DE RECHERCHE

Le plan de recherche de cette thèse repose sur une approche systématique de l'étude des problèmes de RSE (Prigozhin 2008, Lefever 2016) et de l'utilisation d'outils d'analyse structurelle, fonctionnelle et comparative, aux niveaux macro et micro-économiques. Les informations utilisées représentent des éléments de conférences de recherche et de forums d'entreprises, des documents analytiques d'agences de presse et des médias, des évaluations d'experts, des documents émanant d'organisations internationales, des études d'associations professionnelles spécialisées, des sites Web d'entreprises russes et étrangères, des rapports non financiers.

La recherche empirique se base sur les données de l'expérience des quatre principales entreprises pétrolières et gazières russes: Gazprom, Lukoil, Rosneft et Sakhalin Energy, présentées dans leurs

rapports non financiers. L'étude utilise une approche systématique avec des éléments de modélisation, d'analyses dynamique, structurelle, comparative, discursive et de contenu, basés sur des informations provenant de publications scientifiques de chercheurs russes et étrangers, des enquêtes sociologiques, des entretiens avec des experts et des entrepreneurs ainsi qu'avec les principales parties prenantes russes, des informations sur les activités des pouvoirs publics, des structures commerciales, des organisations publiques, etc. Nous avons également utilisé les données relatives au développement de la RSE menées par l'Association des Managers russe, l'Union russe des industriels et des entrepreneurs.

- *Objet de la recherche* - Rapports non financiers des grandes entreprises russes qui représentent les principales industries de la formation économique de la Fédération de Russie.
- *Le sujet de la recherche* est la responsabilité sociétale des entreprises en tant que forme d'interaction entre les entreprises, la société et l'État. Caractéristiques de la formation, du développement et de la mise en œuvre de la responsabilité sociétale des entreprises dans la Russie moderne.
- *L'objectif de la recherche de thèse* est d'identifier les caractéristiques de la formation et d'identifier les méthodes prometteuses pour la mise en œuvre d'activités socialement responsables des grandes entreprises russes dans des conditions modernes.

La réalisation de cet objectif implique les tâches de recherche suivantes:

- analyser les concepts existants de responsabilité sociétale des entreprises et les caractéristiques de leur mise en œuvre dans des pays différents;
- révéler le contexte socio-économique des caractéristiques de la mise en œuvre d'activités commerciales socialement responsables dans la Russie moderne;
- identifier les principales difficultés à créer une entreprise socialement responsable en Russie dans les conditions actuelles;
- analyser les possibilités de gestion des processus de création d'une entreprise socialement responsable en Russie;
- analyser l'expérience du secteur principal de l'industrie en termes de responsabilité sociale du monde des affaires;
- évaluer les méthodes et les formes de mise en œuvre de la responsabilité sociétale de l'entreprise en se basant sur l'exemple du secteur principal de l'industrie en matière de mise en œuvre de pratiques de RSE dans l'environnement commercial russe.

1.5 RÉSULTATS ET CONTRIBUTIONS

La nouveauté de la thèse de recherche consiste en une analyse complète des problèmes de formation et des caractéristiques de la mise en œuvre d'une entreprise socialement responsable, à l'aide de l'exemple des grandes entreprises russes le plus ouvertes à la RSE. La nouveauté de la thèse réside également dans les éléments suivants:

- la base théorique de la RSE est établie. Selon les résultats de l'analyse des recherches scientifiques et des approches théoriques existantes permettant de comprendre l'essence de la RSE, la base théorique de cette recherche a déterminé l'orientation de l'évolution conceptuelle de la RSE basée sur la théorie des parties prenantes;
- les caractéristiques principales et les particularités des trois types de RSE sont constituées: *altruistic, philanthropic, corporate citizenship*;
- la responsabilité sociétale est considérée comme l'actif incorporel le plus important d'une entreprise qui améliore la capacité d'adaptation de l'entreprise sur le marché, la qualité de son système de gestion, contribue à légitimer l'activité aux yeux des parties prenantes, ce qui renforce éventuellement la réputation de l'entreprise et l'efficacité économique à long terme, attire plus d'investisseurs;
- il révèle la possibilité de mettre en œuvre la responsabilité sociétale dans la gestion des organisations de grandes entreprises et souligne l'importance d'inciter les entreprises à résoudre des problèmes sociaux de la société russe moderne;
- la responsabilité sociétale des entreprises est considérée comme un élément du système de dialogue entre les entreprises, la société et l'État. La création d'un champ de recherche et d'un objectif défini a conduit à la recherche d'un mode d'organisation non traditionnel d'une entreprise socialement responsable pouvant être bénéfique à la fois pour le business et la société;
- le comportement socialement responsable d'une entreprise est évalué en termes d'efficacité de divers mécanismes pour sa mise en œuvre, y compris par le biais de programmes sociaux, qui, en tant que domaine spécifique de la gestion, du développement, de la mise en œuvre et de l'évaluation de la sphère sociale, vise à augmenter la valeur de l'entreprise dans le monde des affaires, les organismes d'état et la société civile. Le rôle de l'interaction des parties prenantes de l'entreprise ainsi que leur influence sur la mise en œuvre de la RSE est pris en compte;
- se basant sur un examen détaillé des rapports non financiers des principales entreprises pétrolières et gazières russes, les plus ouvertes à la RSE sur le marché russe, on a comparé les différentes façons de mettre en œuvre les principes de la RSE dans la pratique commerciale russe. À la suite de l'analyse, les profils sociaux des entreprises examinées ont été élaborés, ce qui représente une forme spécifique pour la classification des entreprises en fonction de leurs activités dans le domaine du développement durable. Cette méthode permet de révéler l'approche de l'auteur à la définition de la RSE, qui prend en compte la symbiose des aspects sociaux, économiques et environnementaux de l'entreprise.
- il est révélé que l'investissement social des grandes entreprises russes est nécessaire non pas pour répondre aux exigences de l'État, mais pour répondre aux attentes de la population, ainsi que pour assurer son intégration dans l'économie mondiale, qui se caractérise par une augmentation du niveau de responsabilité des entreprises envers la société;
- les perspectives de développement du modèle russe de la RCS ont été déterminées.

2. LISTE DE COMMUNICATION

2.1 ARTICLE DANS UNE REVUE

1. JOURNAL OF SECURITY AND SUSTAINABILITY ISSUES
**EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY APPLIED TO THE CONCEPT OF
SUSTAINABLE DEVELOPMENT PART 1**

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2. JOURNAL OF SECURITY AND SUSTAINABILITY ISSUES
**EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY APPLIED TO THE CONCEPT OF
SUSTAINABLE DEVELOPMENT PART 2**

ISSN 2029-7017 print/ISSN 2029-7025 online 2019 March Volume 8 Number 3 [https://doi.org/10.9770/jssi.2019.8.3\(14\)](https://doi.org/10.9770/jssi.2019.8.3(14))

2.2 L'ATELIER DOCTORALE

1. ATELIERE DOCTORALE des IAE, PARIS 13.03.2015

ANNEX 1.

Leroy Merlin is an international retailer specializing in the sale of products for construction, decoration and home furnishing, cottages and gardens.

Leroy Merlin - part of GROUPE ADEO. Nine D.I.Y. (Do-It-Yourself) four professional categories:

Hypermarkets: LEROY MERLIN

Medium-sized stores: AKI, BRICOCENTER, WELDOM, DOMPRO Stores-warehouses: BRICOMAN, BRICOMART

Innovative concepts: ZODIO, KBANE, DELAMAISON.FR

The interview was held with **Ekaterina Ivanova** - Head of Social Environmental Responsibility Leroy Merlin Russia, with a goal to understand if there any influence of international companies for CSR development in Russia.

We have a strategy for sustainable development "Responsible development" is a global strategy, respectively, I am engaged in its implementation in the Russian market. This event exists only 1.5 years, before this strategy was not exist.

Our Russian office has a highly developed employee engagement policy and a strong corporate culture. Four years ago, the company initiated a large project for employees, "My life is my company." We decided to collect feedback from all employees in areas of what they would like to improve in the company? What needs to be developed? At that time, we already had 10,000 employees, now there are 20,000 in Russia and the company's role is very significant, and the special point of project was that the employees mentioned the high importance for development of Social Environmental Responsibility.

Part I. Please evaluate the sufficiency and fullness of the following aspects of CSR that exist in your company management policy on a scale from 0 to 3 (0 is absent; 1 is fragmented; 2 is systematically represented; 3 is presented continuously) in the following eight sections:

1. Relations with the government; 2. Relations with suppliers, partners; 3. Customer Relations; 4. Relations with employees; 5. Relations with shareholders; 6. Contribution to the economy; 7. Contribution to public welfare; 8. Contribution to improving the ecology of the environment.

1.	Relations with the government	0	1	2	3
1.1	assistance to local social institutions				x
1.2	Measures to combat corruption				x
1.3	Measures to combat bribery				x
1.4	Implementation of government initiatives by corporate alliances and associations				x
2.	Relations with suppliers, partners				
2.1	Compliance with generally accepted legal and ethical business standards				x

2.2	Human Rights				X
2.3	Responsible Purchases				X
2.4	Improvements in supply chain management practices				X
2.5	Responsible business practice				X
3.	<i>Customer Relations</i>				
3.1	Adopting the principles of honest, civilized business, responsibility to consumers, fair pricing				X
3.2	Compliance with the code of ethics of consumer behavior				X
3.3	Ensuring the high quality and competitiveness of goods and services				X
3.4	Equal conditions for the use of products for people with disabilities				X
3.5	Accounting for feedback to reduce the number of consumer complaints				X
3.6	Production of a sufficient number of products and services in accordance with all legal requirements for doing business				X
3.7	Development of a portfolio of new products (improved quality, innovative products)				X
4.	<i>Relations with employees</i>				
4.1	Decrease in staff turnover				X
4.2	Pension liabilities				X
4.3	Timely reports on changes in the organization, including on the conclusion of collective agreements				X
4.4	Increasing staff loyalty, motivating the evaluation system, assessing employee satisfaction with working conditions				X
5.	<i>Relations with shareholders</i>				
5.1	Fair payment of dividends to shareholders				X
5.2	Transparent corporate governance and information disclosure				X
5.3	Risk management for sustainable development				X
6.	<i>Contribution to the economy</i>				
6.1	Ensuring the quality of goods and services				X
6.2	Completeness of payment of tax				X
7.	<i>Contribution to public welfare</i>				
7.1	Availability of health and health promotion programs, increased safety of life				X

7.2	Availability of continuing education programs, employment promotion				X
7.3	Compliance with benchmark rates at fair value for men and women				X
8.	<i>Contribution to improving the ecology of the environment.</i>				
8.1	Saving energy, water and other non-renewable natural resources				X
8.2	Prevention of CO2 emissions				X
8.3	Environmental Certification				X
8.4	Environment protection				X

Part II

1. Are there any cultural differences regarding the approach to CSR in France and Russia based on the experience of the branches of the enterprise? What are they manifested in?

We have the following policy, we are part of a large corporation of the ADEO group of companies which includes Leroy Merlin of Russia, but on the other hand, our company provides a free management style and therefore the company is fairly decentralized. We always rely on the national context and try to adapt our policy, business strategy, work with employees and partners based on local and national context. We believe that it is very important to develop a company in the cultural space where it operates. But we also have a common vision and strategy that unites the company as a whole, which of course gives an impact on the management of the company and separately on the approach to maintaining CSR.

In Europe, the approach to CSR is viewed a little differently than in Russia. European market, represent a more mature view of CSR. It is not a narrow approach, as some kind of additional business activity, marketing appeal, but a broader understanding of CSR as part of sustainable development, when environmental and social aspects are considered in line with business and economic aspects company development. Our common strategy of the ADEO group is based on this approach of CSR model: the company's sustainable development strategy, where both the social and economic aspects are of equal importance to the company's business strategy. We believe that this approach of the company is very important and has special advantages for the Russian market in helping to develop these aspects of CSR, and from the point of view of the development of interaction of local stakeholders, the development of local communities, brings a positive impact on the production and consumption culture.

If we talk about the strategy from ADEO, than a global strategy has been adopted, which also includes the vision of the strategy of our office in Russia, which has received the name of "Responsible Development". This strategy is part of our overall strategic course, which is used in different countries. In Russia we try to implement it very correctly so that employees are involved in it, they also share the company's strategy, and they are not a separate part of the overall model.

2. Business involvement in the development of CSR in Russia. What is the role of your company in building a model of responsible business in Russia?

The role of Business involvement is the most direct and important. Any international company that comes to another market, tries to adhere to common standards and common approaches so that there is no discrepancy. It is important for a company not only to fit into the context but also to maintain its reputation at the international level. Accordingly, any international company is interested in local participation and partnership which help to maintain or develop the same level and aspects (if we talk about the perception of CSR), of course any international company will try to pull stakeholders to its level, using various methods for development, so that partners are involved in the process. Since if you do not hold such events, it will be extremely difficult to establish mutual understanding in business processes at all levels.

More specifically, then, any retailing process is built on interaction with suppliers, partners and customers, and if these partners do not develop and do not help them improve their business processes, respectively, this directly affects the retailer's company. It is not possible to simply buy goods on the local market without applying quality standards. Naturally, any international company tries to apply these standards and a single approach to any sales market, regardless of whether it is developed or not, respectively, the role of such global corporations, including such as ours, is to develop uniform approaches and standards in an increasingly globalizing market, not only to benefit in the development of the national context, but also to bring to the market new knowledge, experience and practices that can help local players and the business as a whole to develop their responsible policies.

In Russia, the strategy is aimed at developing local purchases as much as possible. Until 2021, we have the task of increasing the share of local partners to 80%, but in a place with that, this is a very ambitious task, since it requires a lot of expenses so that local partners still grow with the company and can offer us an adequate level of quality and including a fairly mature approach to the responsibility of their business.

3. What kind of training activities for employees and business partners does your company carry out within the framework of CSR?

First of all, we work with our employees, because if they do not have an understanding of the goals and principles of the company, this will not work for external partners. For employees, training, constant communication, their involvement in the context of CSR is very important, since they need to understand why these issues are on the international agenda and why discuss categories such as greenhouse gas emissions, the level of production quality from an environmental and social point of view are strategically important. First of all, we pay constant attention to the development of

employee engagement and communication, through all CSR processes. Through events, meetings, training, videos, etc.

For the group of partners and suppliers, we have defined a number of the most important goals in the strategy, for example, Socially Environmentally Responsible Production, the topic of raw materials and, in particular, the topic of "wood" and sustainable forest management, as well as one of the topics, is the content of hazardous chemicals in products, and all that concerns of waste reduction.

For the development of suppliers, the topic is important in terms of the pedagogical approach, since we have very limited leverage, as we are a company focused on the business model of low prices in Russia, so it is important for us to keep a balance between our commercial advantage and the requirements and expectations that we broadcast to our suppliers. Therefore, only an approach aimed at clarification and cooperation can be successful, since it is important to convey to the partners why this is a priority for us and it is not some additional requirement, or the difficulty that we place on their shoulders, and this is our interest in their development.

4. The system of employee training within the framework of CSR

We have a big event called the Supplier Convention, to which we invite all partners annually, where we talk about new aspects of the company's development in Russia, how our strategy and various plans will change, and how the process of partner involvement will take place and within this framework events we hold sessions including those related to responsible development. More specifically, for example, in the topic of responsible forest management, we work separately with each supplier, our collections of goods and new contractual sessions are updated, and within the framework of these events we are working on specific issues. In Russia, we started developing these initiatives not so long ago.

5. The Control of the French Branch and its instructions for the actions on the Russian market.

We are still a decentralized company and in each country there are differences in spite of the fact that we maintain a single strategic line, corporate culture, but still we are different. We are given a large share of freedom and responsibility. But, the less we actively interact with the main office. For them it is important that we develop all directions, and they have an understanding that these are different markets and that which is easily applicable in France is not always easy to adapt in Russia, so at some points, the main office also listens to us and gives us the possibility of choosing techniques.

We have trends and goals to which we aspire. An annual meeting is held to develop a strategy for responsible development of the company, where we discuss what stage each company is at.

But this is more a benchmark format, like the exchange of experience between offices.

6. The role of the state in the development of CSR in Russian Business Space.

In Russia, it is difficult to give an objective assessment and say that there is state assistance in the development of CSR. Some point of interaction happens but it is not enough yet. The state has no understanding that business creates additional value and helps for development of the state. In most cases, we exist separately. The state has its own vision and its own approach. And if any company wants something in terms of the development of its partners and suppliers, suppliers, than it is the task of this company to take care of this that some legislative or regulatory acts were widely applied.

Now we are faced with examples that when there comes a request from us to suppliers of certain documents to finding out the level of quality of raw materials and production, we understand that more recently they even do not know specific Russian standards that they have to apply. And here we manifesting as an additional value for the state by the fact that we are entering this market with our requirements, we can help the same manufacturers and suppliers to understand the requirements that the government places on them and help them better apply them so that they perceive it, as a certain quality standard to which they should strive and apply in their work.

7. What CSR standard are used in your company?

We have a general report, but so far it does not relate to international standards and unfortunately so far we are not actively communicating it to external parties. Since we are very decentralized, the group has a number of other offices that make reporting according to the GRI G4 standard.

We created reporting on social projects at the local level. We are implementing and applying all the standards of the Global Compact. In particular, we have a “socially ecological” code for suppliers that we use as a tool for production auditing and this code that is based on the principles of the Global Compact.

8. What is the model of CSR in Russia?

In Russia, it is a hybrid of 4-x models. There are different aspects. If we talk about the Canadian model, then in the short term, it is possible that in Russia we will have a more active state and business, respectively. On the other hand, if we take the Japanese model, then corporate volunteering is quite well developed in Russia, but in our country the diversity of cultures and it seems to me that different approaches will be applicable, maybe even some of our own.

9. Business Education and CSR

From my point of view, this is the key to success, I believe that only through education it is possible to achieve certain success in developing the requirements of goals and a successful responsible business culture. The aspect of business education is very important, it is business education that prepares future managers, this is their serious role in properly adapting a sustainable approach thinking to the future managers. Even in our experience, we see that our trainees even don't know

about sustainable and responsible business conduct and its role for a general company strategy. Currently some Business Faculties offering knowledge in the sphere of CSR and Sustainable Business Conducts , but it is quite inadequate.

Part III

From your point of view, does CSR affect internal performance criteria?

Evaluation of external management efficiency	Yes	No
The effect of maximizing market value	x	
Impact on achieving competitive advantage	x	
Impact relations with customers	x	
Influencing relations with contractor	x	
Influencing relations with government	x	
Impact on relations with business partners	x	
Impact on relations with shareholders	x	

Assess the relationship between CSR and internal efficiency criteria on a scale from 1 to 5, where 0 is the absence of communication, 5 is the maximum communication

Evaluation of internal management efficiency	1	2	3	4	5
Administrative efficiency					x
The effectiveness of the organizational structure of management					x
Management efficiency					x
The effectiveness of organizational culture					x
Operating efficiency					x
Human Resource Management Efficiency					x
Financial Management Efficiency					x

ANNEX 2.

Vasily Syhomlinov : a distance learning manager in Danone Russia

Part I. Please evaluate the sufficiency and fullness of the following aspects of CSR that exist in your company management policy on a scale from 0 to 3 (0 is absent; 1 is fragmented; 2 is systematically represented; 3 is presented continuously) in the following eight sections:

1. Relations with the government; 2. Relations with suppliers, partners; 3. Customer Relations; 4. Relations with employees; 5. Relations with shareholders; 6. Contribution to the economy; 7. Contribution to public welfare; 8. Contribution to improving the ecology of the environment.

1.	Relations with the government	0	1	2	3
1.1	assistance to local social institutions				X
1.2	Measures to combat corruption				X
1.3	Measures to combat bribery				X
1.4	Implementation of government initiatives by corporate alliances and associations				X
2.	Relations with suppliers, partners				
2.1	Compliance with generally accepted legal and ethical business standards				X
2.2	Human Rights				X
2.3	Responsible Purchases				X
2.4	Improvements in supply chain management practices				X
2.5	Responsible business practice				X
3.	Customer Relations				
3.1	Adopting the principles of honest, civilized business, responsibility to consumers, fair pricing				X
3.2	Compliance with the code of ethics of consumer behavior				X
3.3	Ensuring the high quality and competitiveness of goods and services				X
3.4	Equal conditions for the use of products for people with disabilities				X
3.5	Accounting for feedback to reduce the number of consumer complaints				X
3.6	Production of a sufficient number of products and services in accordance with all legal requirements for doing business				X

3.7	Development of a portfolio of new products (improved quality, innovative products)				X
4.	<i>Relations with employees</i>				
4.1	Decrease in staff turnover				X
4.2	Pension liabilities				X
4.3	Timely reports on changes in the organization, including on the conclusion of collective agreements				X
4.4	Increasing staff loyalty, motivating the evaluation system, assessing employee satisfaction with working conditions				X
5.	<i>Relations with shareholders</i>				
5.1	Fair payment of dividends to shareholders				X
5.2	Transparent corporate governance and information disclosure				X
5.3	Risk management for sustainable development				X
6.	<i>Contribution to the economy</i>				
6.1	Ensuring the quality of goods and services				X
6.2	Completeness of payment of tax				X
7.	<i>Contribution to public welfare</i>				
7.1	Availability of health and health promotion programs, increased safety of life				X
7.2	Availability of continuing education programs, employment promotion				X
7.3	Compliance with benchmark rates at fair value for men and women				X
8.	<i>Contribution to improving the ecology of the environment.</i>				
8.1	Saving energy, water and other non-renewable natural resources				X
8.2	Prevention of CO2 emissions				X
8.3	Environmental Certification				X
8.4	Environment protection				X

Part II

1. What is CSR for Danone Russia? Does your company have a system that ensures the professional development of your employees regarding responsible management in Russia?

In general, we have a concept that called “Danone Way”, it is a collection of various standards and a vision of how a company should work and position itself in the market as a socially responsible. There are many indicators, including the environmental protection, talent management, and we

annually prepare certain reports and pass the audit on how we develop as a socially responsible organization from the point of intersection of training, this includes the total number of training hours, this is the average number of training hours per day. We are committed to the indicator of 24 hours of training per employee per year and above, the current target is 55%.

We showed the actual implementation of all standards on the *Danone Way*, these are the principles of business conduct. This program helps us in the formation of training programs, working with employees from the point of view in helping to form a Sustainable Development Plan. For us at the moment this is one of the priorities, as the company pays a lot of attention to the aspect of social responsibility and we also reported to the foreign market on these indicators.

2. How does the state influence CSR policy in Russia?

From our point of view, we are obliged to comply with the laws on training, for example, compulsory programs for the development of certain qualifications. Also mandatory norms on labor protection, food standards, etc. I would even say that we go further than the law requires of us. If for example we talk about labor protection, then besides the fact that we fulfil all the requirements of the legislation, we have a big program, WAIS for safety within the enterprise, we introduced the development of Dupont, this is probably one of the leaders in the world in the implementation of occupational safety programs, because their program is more connected with the responsibility of each employee, from a line manager, these are more cultural things, and not just the implementation of some kind of standards.

Standards are a duty that we must perform with precision and clarity, but if the employee's understanding does not match, whatever the standards, an accident may still occur. We believe in the company that 96% of accidents are related to the fact that the employee behaved irresponsibly. No matter what innovations we introduce in the security system, if an employee doesn't have the awareness that he should be responsible not only for himself, but also for others, then it is useless. Therefore, we not only comply with the standards, moreover, we make them even tougher within the framework of Danone, but we also work with the individual responsibility of each employee.

3. Does your company hold events and programs for the development of CSR?

For example, this is our Russian project MBA (Milk Business Academy), we have created such a social project a school for farmers in order to educate them correctly and effectively to manage the farm. Such an Academy works in the Moscow region, and even the bottom opens in the Republic of Tatarstan. The results are excellent, the efficiency of the work of the farms after the introduction of this knowledge is noticeable. We have a huge shortage of resources, and of course we are shaping the market of the right supplier, because not every kind of milk is suitable for our company, we have very strict standards, including these actions form the image of a Socially Responsible Company.

Another example is a launch of a program for sorting garbage waste, and this is a global project, including the one being implemented in Russia. We focus on the fact that we are not only in the territory of our office, but also by its limits, we help our state to deal with garbage. There are stocks. We are involved in social tree planting projects, etc.

We also have a Danone group running club, boilers are actively involved in social marathons, the slogan of which is “give life through running”

4. Are there any cultural differences regarding the approach to CSR in France and Russia based on the experience of the branches of the company? What are they manifested in?

Yes. This is a mentality. Our market is still developing and it is only 25 years old under market conditions. In some cultural standards, our citizens are puzzled with the questions "why do we need this?" Let's make a product, and this is all later ... why think about responsibility? Therefore, we have to work to create an understanding among people of how important and necessary this is. There are certain programs where we talk about it. But for our market it is very new. Europe is a multi-year market where it has been formed for decades. The same Dupont company has been developing this program for more than 100 years. Some things were in the Soviet Union, standards and norms, but there are certain cultural moments that play a role.

5. Is your company a partner with business schools or higher education institutions for the professional development of your employees in the field of CSR?

Probably not. We carry out only various programs for managers of university interns when they are selected. There are sometimes some kind of joint programs, but not on an ongoing basis. We are not yet such a big company to give a certain demand to the university for such type of managers. There is more emphasis on the training of technical personnel, so now there is a big drawback.

6. What is the main difference between the results after the education and training of employees on CSR within the company and in business schools (universities)?

Cannot be compared. Since the university should provide a basis and understanding of what CSR is in all directions. It is like a foundation and walls. Companies are much more difficult to build a foundation. That's the problem.

It is necessary to form an understanding that we not only exist for the sake of money, in particular it is important in emerging markets where there is a wild concept of capitalism. Companies are doing this, but there is a tremendous amount of time. The new generation is already ready for this, we observe that the students who come to us after graduating from the university have a completely different type of thinking, they think differently, and they already have a natural understanding of social responsibility. They are eager to participate in social projects, they appear initiative. Therefore, the formation of a long time to be an impulse and a certain base.

Part III

From your point of view, does CSR affect internal performance criteria?

Evaluation of external management efficiency	Yes	No
The effect of maximizing market value	x	
Impact on achieving competitive advantage	x	
Impact relations with customers	x	
Influencing relations with contractor	x	
Influencing relations with government	x	
Impact on relations with business partners	x	
Impact on relations with shareholders	x	

Assess the relationship between CSR and internal efficiency criteria on a scale from 1 to 5, where 0 is the absence of communication, 5 is the maximum communication

Evaluation of internal management efficiency	1	2	3	4	5
Administrative efficiency					x
The effectiveness of the organizational structure of management					x
Management efficiency					x
The effectiveness of organizational culture					x
Operating efficiency					x
Human Resource Management Efficiency					x
Financial Management Efficiency					x

The effectiveness of administrative management. Definitely. Somewhere it may make more difficult, but on the other hand, the implementation of these standards allows it to reduce certain risks. Even if we talk about occupational safety and health, it is not only about the loss of employee's working hours, we are talking about other much more serious losses, such as replacement, re-installation of equipment.

The effectiveness of organizational culture. Definitely. Moreover, CSR is also forms it.

The effectiveness of financial management. Danone has its own French specifics, and CSR is present everywhere. Any business processes and organizations are tied to Danone standards;

ANNEX 3.

KOSTIN Aleksei : Executive Director of CSR-Russian Center, Candidate of Economic Sciences, an expert in the field of corporate social responsibility and sustainable development.

The mission of the CSR-Russian Center is to promote the effective implementation of intersectoral cooperation, Russian and international standards of sustainable development and social responsibility in the Russian Federation. The work of the Center is aimed at consolidating social responsibility and developing social partnership between Russian business, government and civil society at a new qualitative level.

Part I. Please evaluate the sufficiency and fullness of the following aspects of CSR that exist in your company management policy on a scale from 0 to 3 (0 is absent; 1 is fragmented; 2 is systematically represented; 3 is presented continuously) in the following eight sections:

1. Relations with the government; 2. Relations with suppliers, partners; 3. Customer Relations; 4. Relations with employees; 5. Relations with shareholders; 6. Contribution to the economy; 7. Contribution to public welfare; 8. Contribution to improving the ecology of the environment.

1.	Relations with the government	0	1	2	3
1.1	assistance to local social institutions				X
1.2	Measures to combat corruption				X
1.3	Measures to combat bribery				X
1.4	Implementation of government initiatives by corporate alliances and associations				X
2.	Relations with suppliers, partners				
2.1	Compliance with generally accepted legal and ethical business standards				X
2.2	Human Rights				X
2.3	Responsible Purchases				X
2.4	Improvements in supply chain management practices				X
2.5	Responsible business practice				X
3.	Customer Relations				
3.1	Adopting the principles of honest, civilized business, responsibility to consumers, fair pricing				X
3.2	Compliance with the code of ethics of consumer behavior				X
3.3	Ensuring the high quality and competitiveness of goods and services				X

3.4	Equal conditions for the use of products for people with disabilities			X
3.5	Accounting for feedback to reduce the number of consumer complaints			X
3.6	Production of a sufficient number of products and services in accordance with all legal requirements for doing business			X
3.7	Development of a portfolio of new products (improved quality, innovative products)			X
4.	<i>Relations with employees</i>			
4.1	Decrease in staff turnover			X
4.2	Pension liabilities			X
4.3	Timely reports on changes in the organization, including on the conclusion of collective agreements			X
4.4	Increasing staff loyalty, motivating the evaluation system, assessing employee satisfaction with working conditions			X
5.	<i>Relations with shareholders</i>			
5.1	Fair payment of dividends to shareholders			X
5.2	Transparent corporate governance and information disclosure			X
5.3	Risk management for sustainable development			X
6.	<i>Contribution to the economy</i>			
6.1	Ensuring the quality of goods and services			X
6.2	Completeness of payment of tax			X
7.	<i>Contribution to public welfare</i>			
7.1	Availability of health and health promotion programs, increased safety of life			X
7.2	Availability of continuing education programs, employment promotion			X
7.3	Compliance with benchmark rates at fair value for men and women			X
8.	<i>Contribution to improving the ecology of the environment.</i>			
8.1	Saving energy, water and other non-renewable natural resources			X
8.2	Prevention of CO2 emissions			X
8.3	Environmental Certification			X
8.4	Environment protection			X

Part II

1. What form of CSR development present in Russia?

In my book, I wrote that there are 4 options for the development of CSR, including the most likely option - mobilization.

It can be said that the Russian business community does not just remain a permanent mechanism for the initiative - voluntary development of CSR due to not simple political / economic barriers of the Russian state. In general, the step to determine further ways to develop CSR strategies and policies and sustainable development will largely depend on the choice of a common model of economic development in the context of a political and economic crisis. With a strengthened government incentive role, CSR of Russian business will develop in all aspects. At the same time, it will be strengthened as a mandatory, legally established part of CSR, so will its voluntary part, the one that is "above the norm". As in all developed and in many advanced developing countries, Russian business is quick to realize the benefits of an equal partnership with the authorities and civil society in the social and environmental areas. This will lead to corporate sustainability and the growth of capitalization of Russian companies both inside and outside the world markets. The competitive growth of industries will begin with each other and even with foreign companies for the image of "Social Responsibility". Russian society as a whole will benefit from improving the quality and availability of goods, environmental safety, growing social investments and projects by corporations.

Why is the mobilization - charitable, because still a very large part of the CSR funds goes to charity and very often in Russia CSR is confused with charity since many consider that charity is CSR, although this is only one of the directions. In one of my research articles, I described the charity system, ratings, and compared American charity with Russian. And it turns out that if we take the burden of CSR, including charity, in the USA and Europe and Russia, then you can say that they are at least the same and I can say that there are even more of them in Russia - this is corporate charity. As for private philanthropy, there is an abyss. Since there is absolutely no motivation from.

At the international forum in Lile on CSR, we discussed that corporate charity is good and it needs to be done. But in Russia, this is a deduction from net profit, which is "expensive" charity.

There are very few environmentally advanced companies in Russia. But large companies are doing well, especially Gazprom. This concerns the internal factors that push companies to develop CSR in a mobilization and charity scenario.

During ten years the large companies focused on the entering international market and the leaders in their sectors. This is especially the oil and gas sector, metallurgy and chemistry. Russian companies quickly realized that in order to comply with the international market, it is necessary to deal with CSR and Sustainable Development. Since 2004, 50 large companies have begun to actively develop CSR and Sustainable developed, non-financial reporting according to international standards. This affects the attractiveness of the company and the reduction of non-financial risks, and this is a very important factor for the investor who makes the decision. Everyone reads non-financial reports and looks very carefully at the social and environmental parts.

It is worst to mention that companies who have been actively engaged in the development of CSR for 10 years, financed their programs by attracting cheap loans from Europe.

The main factor is that the companies were engaged in serious development of CSR and the implementation of international standards have been an important issue for attracting a cheap international credit, as the compliance with standards of responsibility is an important requirement.

But 2014 has become with economic and political sanctions and motivation has cooled in the topic of CSR and sustainable development, as they will not receive any finances from Europe. That is, since 2014, there is no growth on CSR. The level that the companies were able to reach remained the same stage and is simply maintained. International competition makes us not abandon CSR, but this is a formal fact.

2. Does large enterprise have taken the image of Corporate citizens in their CSR?

There was a replacement of the state by large companies. Since local and regional authorities do not have sufficient funds to develop and ensure the quality of sports, health care systems and so on, it is for Russian large companies that the motivation for developing these areas is much higher than for European ones. Because in Europe there is no this substitution.

For example, I know very well the activities of Sakhalin Energy, their plant in the south of Sakhalin Island. There is a poor local city abandoned there. And in my eyes, since I was companies special adviser for 10 years , the company has built an ultra modern clinic where excellent specialists have been invited to work. This is like one example.

3. What is the role of stakeholders in Russia?

Companies respect their stakeholders and certainly take into account the interaction with them.

Dialogue with stakeholders is part of government services that represent different institutions and this is a positive influence and partnership.

The second part is environmental stakeholders. Since there are environmental problems in the country, they are conscious and at the moment there are a large number of environmental organizations that deal with these issues. But they are very weak, since there is no one to support them, there are no such funds. There are government grants, but they are directed to very specific projects in the field of ecology.

The third part of the stakeholders is organizations that receive charitable assistance from companies. There are NGOs that support orphans and disabled people. Companies give decent money to help and this is a positive collaboration. The main thing to note is that this is not sponsorship. This is a charity. There is some impact from stakeholders, but it is a process driven by companies.

4. In Russia, corporations do not have a special departments for CSR, why in Russia there is no education in this aspect?

Since in Russia there are no policies in training on CSR and sustainable development. Since 2005, after the Edinburgh Summit, Russia has made a promise on a sustainable development strategy, but there are no steps in this direction. While in Russia at the state level there is no institute of Sustainable Development it hard to predict any significant changes.

From time to time we hear only phrases, but the concept of SD is only on paper. In my book, I give recommendations on the development of this area.

The problem of implementing CSR at all levels lies in the fact that there is no government interest in the fundamental development of this area. Stakeholders are weak due to the fact that there is no projection at the legislative level and there is no synergy for business from the state in encouraging CSR activities, which would give a vector in development

Part III

From your point of view, does CSR affect internal performance criteria?

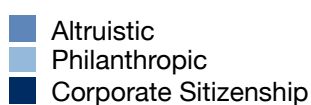
Evaluation of external management efficiency	Yes	No
The effect of maximizing market value	x	
Impact on achieving competitive advantage	x	
Impact relations with customers	x	
Influencing relations with contractor	x	
Influencing relations with government	x	
Impact on relations with business partners	x	
Impact on relations with shareholders	x	

Assess the relationship between CSR and internal efficiency criteria on a scale from 1 to 5, where 0 is the absence of communication, 5 is the maximum communication

Evaluation of internal management efficiency	1	2	3	4	5
Administrative efficiency					x
The effectiveness of the organizational structure of management					x
Management efficiency					x
The effectiveness of organizational culture					x
Operating efficiency					x
Human Resource Management Efficiency					x
Financial Management Efficiency					x

ANNEX 4.

Results obtained by Discourse analysis of Non-financial reports to identify the current form of CSR presented by **Gazprom**



Company	Altruistic	Philanthropic	Corporate Citizenship
Gazprom	4	87	127

Section 1. Message of the Chairman of the Board of Director

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
Gazprom	0	3	14	Corporate Citizenship

Discourse example

While successfully meeting its production objectives, Gazprom Neft respects the principles of sustainable growth. The Company pays close attention to the introduction of personnel development programs, the implementation of social projects in the regions where it operates, the sustainable use of natural resources and improving the level of environmental and industrial safety. Gazprom Neft strictly adheres to the principles of corporate social responsibility and sustainable development by investing in the development of human resource potential and environmental protection and implementing programs to support the regions where it operates.

Section 2. About the Company

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse stream
Gazprom	1	4	12	Corporate Citizenship

Discourse example

To become a large, Russian-based international player that owns a regionally diversified portfolio of assets across the entire value chain and actively participates in regional development with a high degree of social and environmental responsibility.

Section 3. Sustainable Development and Stakeholders Engagement

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
Gazprom	3	34	56	Corporate Citizenship
Discourse example				
<p><i>The strategy employed by Gazprom Neft reflects the Company's commitment to sustainable growth and the establishment of economic and social benefits for a wide range of stakeholders. In developing and implementing the strategy, Gazprom Neft seeks to balance the interests of business and society through the harmonious management of the economic, environmental and social aspects of its activities.</i></p> <p><i>The Company consistently integrates the principles of sustainable development and Social Responsibility into its business strategy. The Company believes adhering to these principles is one of the key factors of its long-term sustainability.</i></p> <p><i>The Company regularly analyses the effect its operations have on the environment and society and carefully evaluates the potential social and environmental impact of new projects. Gazprom Neft supports an active dialogue with all stakeholders and seeks to take their expectations into consideration when adopting management decisions. The Company's range of principles reflects a number of UN Sustainable Development Goals (SDP) that aim to solve important economic, social and environmental problems for the global community.</i></p>				

Section 4. Human Capital

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
Gazprom	0	35	10	Philanthropic
Discourse example				
<p><i>Gazprom Neft's employees are the Company's key asset and strategic partners in achieving its sustainable development goals. The Gazprom Neft's team includes professionals with a high level of involvement who share the Company's values. Taking care of their well-being and attracting and retaining the best employees is a top priority for Gazprom Neft.</i></p> <p><i>The internal corporate communications system supports the corporate culture and dialogue with employees in order for the communications system to reach 100% of the employees, the company employee a broad range of formants and tools that allow for promptly providing this process and trust from employees.</i></p> <p><i>Gazprom Neft's comprehensive remuneration system is linked to its strategic goals and aims to ensure that enumerations is competitive compared with other companies, retain talent at Gazprom Neft, provide opportunities for career growth and rotation within the company and create incentive for employees to meet the objectives that have been set for them.</i></p> <p><i>Basic benefits offered by Gazprom Neft:</i></p> <ul style="list-style-type: none"> - <i>voluntary health insurance (including consultations and treatment at leading Russian clinics, if necessary);</i> - <i>accident insurance;</i> - <i>supplemental payments exceeding the maximum disability benefits prescribed by the legislation of the Russian Federation, including for leave for maternity and birth;</i> - <i>compensatory payments to employees on childcare leave;</i> <p><i>the provision of social leave related to family circumstances and other benefits.</i></p> <p><i>Gazprom Next continues to increase investment in personnel training and development while relying on the best domestic and international experience in this field. The Company's training and development system encompasses all categories of personnel as well as targeted groups of potential employees, including schoolchildren and university students.</i></p> <p><i>The Company continues to develop the corporate Knowledge and Innovation Management System (KIMS). Its key resource is the Knowledge Portal, which integrates different tools and formats to store and exchange knowledge. The resource is used to inform employees about training and development opportunities, help them to plan training and promote an exchange of experience.</i></p>				

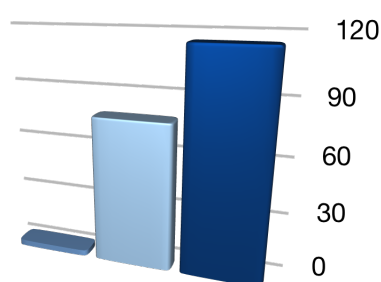
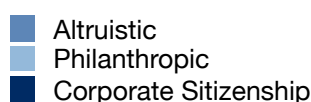
Section 5. Influence of the company on the region of presence

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
Gazprom	0	11	45	Corporate Citizenship
Discourse example				
<p><i>The Company focuses on creating favorable socioeconomic and legal conditions for its activities in the regions where it operates, minimizing the manmade impact on the environment, creating a comfortable social environment for residents in the regions, including the Company's employees and their families, developing cooperation with stakeholders as well as ensuring information openness and transparency. Engagement with the federal, regional and local government authorities as well as local self-government authorities involves such tools as agreements on socioeconomic cooperation, joint regional development projects and the participation of government authorities in roundtables, forums and public hearings. For their part, Company employees take active part in major international and Russian forums as well as industry-based forums at which negotiations are held and decisions are made concerning the comprehensive development of the regions.</i></p> <p><i>Gazprom Neft representatives and the regional and municipal authorities are involved in the activities of conciliation commissions that resolve matters concerning the construction of new technological facilities in regions where indigenous peoples of northern Russia reside. As part of existing socioeconomic agreements, the Company provides the government with regular reporting on the social projects it has implemented.</i></p> <p><i>Engagement with employees aims to improve their living conditions and enhance their loyalty to the Company as an employer and social investor. Engagement takes place via the corporate media system and the implementation of social projects in the regions where the Company operates.</i></p> <p><i>Subsidiaries annually prepare lists of projects taking into account the urgent objectives for regional development and the opinions of stakeholders – the local and regional authorities, local communities and non-pro t organizations. This approach helps the Company achieve a high level of efficiency from its social investments and flexibly take into account the specific features of the regions and the urgent objectives for the development of the regions.</i></p>				

ANNEX 5.

Results obtained by Discourse analysis of Non-financial reports to identify the current form of CSR presented by **LUKOIL**

Company	Altruistic	Philanthropic	Corporate Citizenship
LUKOIL	3	78	115



Section 1. Message of the Chairman of the Board of Directors

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
LUKOIL	1	5	10	Corporate Citizenship
Discourse example				
<p><i>In fact, along with the creation of shareholder value, we strive to ensure that our activities contribute to maintaining the ecological balance, as well as improving the prosperity of the regions of our presence through taxation and social support programs. One of the latest initiatives our Company has supported is the United Nations Development Program, “Transforming Our World: The 2030 Agenda for Sustainable Development”. As a result of the implementation of the Environmental Safety Program in Russian enterprises, the volume of water withdrawn from natural sources has been reduced, while the scope of land reclamation and volume of waste utilization have increased. In recent years, we have been actively implementing the Efficient APG Management Program and are approaching the target of 95% of APG utilization in all subsidiaries in Russia.</i></p>				

Section 2. About the Company

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
LUKOIL	2	2	10	Corporate Citizenship
Discourse example				

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
<p><i>LUKOIL is focused on generating ideas, searching for and using new technologies (including those specifically aimed at reducing the consumption of natural resources), materials and energy with the highest output possible. The achievement of this task is facilitated by the LUKOIL Group’s research and project complex, whose aim is to search for and introduce new technologies, increase the efficiency of project solutions.</i></p>				

Section 3. Sustainable Development and Stakeholders Engagement

Company	Altruistic	Philanthropic	Corporate Citizenship	DiscourseStream
LUKOIL	0	9	34	Corporate Citizenship

Discourse example
<p><i>The Company shares understanding that sustainable development requires a balanced combination of economic growth with mandatory solutions of social and environmental problems, accompanied by continuous improvement of corporate governance. The key principle followed by LUKOIL is to maintain an environmental and economic balance of production and environmental safety. LUKOIL acknowledges the importance of combating global climate change, and supports Russia’s contribution to the global effort to reduce greenhouse gas emissions. In its business, LUKOIL focuses on the sustainable development goals as laid out in the UN Declaration “Transforming Our World: the 2030 Agenda for Sustainable Development”, and seeks to integrate them into its business objectives, corporate culture and decision-making system.</i></p>

Section 4.Human Capital

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
LUKOIL	0	22	20	Philanthropic
Discourse example				
<ul style="list-style-type: none"> - observance of fundamental labor principles and rights - compliance with the labor law of the Russian Federation or the countries where the company is present - creation of favorable conditions for the social protection of employees and workforce stability <p><i>LUKOIL Group entities employ representatives of various countries, ethnic backgrounds and cultures. The high quality of human capital is an important growth factor for the development of the Company and the regions in which it operates. A balanced HR policy, high HSE standards, adequate social support and investment in the development of the knowledge and skills of employees are the prerequisites for both current and future LUKOIL achievements.</i></p> <p><i>Ensuring a safe, life and health friendly working environment, cultivating a responsible attitude to occupational safety at all management levels, and ensuring the proper training of employees in this area are of paramount importance to the Company.</i></p> <p><i>LUKOIL recognizes basic human rights and, in its activities, is guided by the provisions of the UN Universal Declaration of Human Rights.</i></p> <p><i>Implementation basic documents : The Global Agreement between the IndustriALL Global Union, the Russian Oil, Gas, and Construction Workers' Union and OAO LUKOIL's IATUO; Social Code; Personnel Management Policy; Functional Strategy of Personnel Management.; Fundamentals of Housing Policy; Youth Policy; Agreement with the International Association of Trade Unions.</i></p> <p><i>The average salary at LUKOIL Group's Russian entities is growing, and, in some regions of presence in Russia, it is above the average salary for the respective region.</i></p> <p><i>Benefits and compensations : Contributions to voluntary medical insurance (VMI) for employees ; Coverage of services provided by healthcare facilities; Payments to compensate damage to the health of employees , Compensations to employees and their families for treatment, leisure, recreation, excursions and travels, Training of employees and their families (children) not related to the Company's operations , etc.</i></p> <p><i>The corporate knowledge management system ensures the exchange of professional experience and knowledge among employees and entities of the LUKOIL Group (the system covers more than 10,000 employees, with 240 expert communities in place). Young professionals and other employees grow and develop as they work alongside renowned corporate experts.</i></p>				

Section 5. Influence of the company on the region of presence

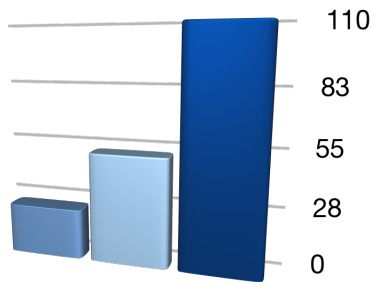
Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
LUKOIL	0	34	41	Corporate Citizenship
Discourse example				
<p><i>LUKOIL abides by the principles of social partnership and views administrations of Russian districts and municipalities as its key partners in resolving social and economic problems existing in the areas where the Company has a presence.</i></p> <p><i>A wide range of questions is addressed under these agreements: those related to economics, infrastructure, social questions, etc. and region-specific ones (such as support of the indigenous minorities</i></p> <p><i>of the North). PJSC LUKOIL holds regular meetings with the authorities of the regions to evaluate mutual performance of contractual obligations. LUKOIL complies with its obligations consistently, as confirmed by the surveys of its partners.</i></p> <p><i>One of the most effective forms of social investments practiced by PJSC LUKOIL is its Social and Cultural Projects Contest, which has been held annually since 2002 by the LUKOIL Charity Foundation (hereinafter - the "LUKOIL CF") and Company subsidiaries.</i></p> <p><i>Over the years, the Company has been supporting secondary level education and higher education in Russia. Thanks to the Company's support, the facilities and the educational foundations of industry-specific educational institutions have been significantly reinforced: new manuals have been published, and promising students and talented teachers have received support.</i></p> <p><i>Expansion of oil and gas production in the regions of Siberia and the Arctic zone by the Company's subsidiaries affects the traditional way of life and the traditional economy of the indigenous minorities of the North (IMN).</i></p> <p><i>PJSC LUKOIL builds its relations with indigenous people on the basis of clauses contained in its license agreements, agreements on socio-economic development of regions and places with a dense population of indigenous minorities. The Company's duties include such activities as: compensation for environmental damage; ,compensation for damages to the traditional natural resources utilized by the indigenous minorities of the North; consultation with the indigenous population on the construction of facilities and exploration activities; implementation of environmental protection measures;</i></p>				

ANNEX 6.

*Results obtained by Discourse analysis of Non-financial reports to identify the current form of CSR presented by **ROSNEFT***

Company	Altruistic	Philanthropic	Corporate Citizenship
ROSNEFT	24	52	110

■ Altruistic
■ Philanthropic
■ Corporate Citizenship



Section 1. Message of the Chairman of the Board of Directors

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
ROSNEFT	2	8	11	Corporate Citizenship

Discourse example

The Company extracts and processes oil and gas, and supplies consumers with quality energy products ensuring that the nation's unique wealth of natural resources is used effectively. Rosneft is the biggest taxpayer in Russia, playing a critical role in providing the budget with a sustainable revenue stream. Our current achievements make a convincing case for the Company's development strategy, which is focused on harnessing the country's energy potential, maintaining energy security and promoting the sustainable use of natural resources. As a leading player in Russia's economy, Rosneft is aware of its responsibility and continues to undertake socially oriented projects and initiatives in the regions where it has a presence. These efforts help to improve the economic, regulatory and organizational environment of the Company's business operations and drive sustainable development of the Russian regions.

Section 2. About the Company

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
ROSNEFT	4	14	9	Philanthropic
Discourse example				
<p><i>The Company continued to engage actively with the Russian Government, the Ministry of Industry and Trade, the Ministry of Energy and other federal executive bodies. It is represented in various intergovernmental task forces and research groups established by federal executive bodies to consider top issues, such as reducing the domestic energy sector's dependence on imported equipment, components and spare parts, as well as on foreign services and soft-war. Rosneft is also involved actively in public discussions of draft laws and regulations aimed at facilitating import substitution.</i></p>				

Section 3. Sustainable Development and Stakeholders Engagement

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
ROSNEFT	9	7	52	Corporate Citizenship
Discourse example				
<p><i>Minimizing any potential negative impact on the environment is a number one priority for Rosneft, with environmental sustainability lying at the heart of its doing business approach.</i></p> <p><i>In 2015, Rosneft's Board of Directors adopted the organization- wide Environmental Protection Policies that set forth the Company's mission</i></p> <ul style="list-style-type: none"> - environmentally sustainable production operations in the interests of present and future generations - its goal of becoming a top environmentally friendly producer in the oil and gas industry. The policies also confirm Rosneft's key priorities in environmental management. <p><i>Pursuant to a bilateral cooperation agreement with the Russian National Committee for the United Nations Environment Program (UNEP), Rosneft closely cooperates with the Russian Academy of Sciences under its board-level fundamental studies program for Russia's Arctic region (the task force on the Arctic, Environment Section) and with the Coordinating Research Council at the Russian Federal Agency of Research Organizations.</i></p>				

Section 4. Human Capital

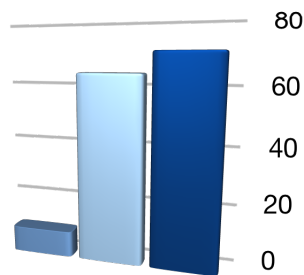
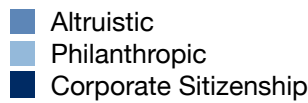
Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
ROSNEFT	4	15	19	Corporate Citizenship
Discourse example				
<p><i>Rosneft is involved in a state project to develop a system of national qualifications and contributes to the work of task forces of the National Council for Professional Qualifications under the President of the Russian Federation. In 2015 the National Council created a Council for Professional Qualifications in the Oil and Gas Sector, and the new council included representatives of Rosneft.</i></p> <p><i>For many years Rosneft has had a comprehensive housing program, including corporate mortgages, housing construction and housing provided by the Company.</i></p> <p><i>Rosneft is involved in a state project to develop a system of national qualifications and contributes, to the work of task forces of the National Council for Professional Qualifications under the President of the Russian Federation. For more than 10 years</i></p> <p><i>Rosneft has been organizing professional competition «The Best in the Profession», aiming at increasing prestige of workers and engineers, encouraging use of best practices and strengthening corporate culture of the Company. The Competition evaluates both theoretical and practical knowledge of participants.</i></p> <p><i>Rosneft puts great emphasis on work with recent university graduates, promoting their work and career growth via accelerated adaptation; involvement in innovation, research and project activities; and the development of professional, corporate and management competencies.</i></p> <p><i>Rosneft Interregional Trade Union Organization (RITUO), an equal partner of the Company, and its constituent primary trade union organizations at Group entities play an important role in the area of HR and social policy. The Company currently has constructive relations with trade union organizations.</i></p> <p><i>The corporate pension program – a key element of the Company’s HR and social policy – is designed to enhance the corporate pension benefits of Rosneft employees.</i></p> <p><i>The Company has made consistent efforts to develop the Veterans Social Support Project 2,100 veterans of new assets who were included in the project in 2015 receive corporate pension payments via Neftegarant.</i></p>				

Section 5. Influence of the company on the region of presence

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
ROSNEFT	5	8	19	Corporate Citizenship
Discourse example				
<p><i>Rosneft takes an active part in socioeconomic programs in its areas of operation under various agreements and provides funding for individual charity projects. In its charitable activities, the Company pursues the following objectives: promotion of socioeconomic development in regions where Rosneft has a presence ; support for state policy in the field of education ; support for public health programs, physical education and sports, science and technology, environmental protection; support for veterans and the disabled, including retirees as well as employees and members of their families ; support for general, occupational and higher educational institutions as well as Rosneft's own training centers used for its corporate continuing education program, School–University–Company ; support for health care and disease prevention, promotion of a healthy lifestyle and improvement of the psychological climate; environmental protection and wildlife preservation .</i></p> <p><i>Rosneft has a large number of socially oriented projects in its key regions of operation. These efforts help to create favorable economic, legal and organizational conditions for broad regional development and to promote the Company's business in constituent entities of the Russian Federation. The programs are largely financed under partnership agreements with government bodies in regions of key importance for the Company.</i></p>				

ANNEX 7.

Results obtained by Discourse analysis of Non-financial reports to identify the current form of CSR presented by **SAKHALIN ENERGY**



Company	Altruistic	Philanthropic	Corporate Citizenship
SAKHALIN ENERGY	9	64	71

Section 1. Message of the Chairman of the Board of Directors

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
SAKHALIN ENERGY	1	3	5	Corporate Citizenship

Discourse example

This Report is devoted to environmental protection which Sakhalin Energy has always paid special attention to. Being the operator of a global-scale oil and gas project, the company realizes how important it is to monitor any impact on the environment. Sakhalin Energy attaches great importance to the protection of the environment and biodiversity when implementing its social programs. By investing in social projects, we encourage the development of social initiatives and responsibility, contributing to the solution of the region's social and environmental issues.

Section 2. About the Company

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
SAKHALIN ENERGY	6	7	3	Philanthropic
Discourse example				
<p><i>Sakhalin Energy is committed to being a premier energy supplier, recognized for its operational excellence, reliability and safety. We conduct our business in an ethically, socially and environmentally responsible manner. Sakhalin Energy's activities in the area of corporate social responsibility (CSR) are aimed at the implementation of the corporate strategy to improve the company's image and role in society and to carry out its business activities in compliance with the standards of sustainable development and good business ethics. It is an integral part of the Sakhalin Energy production and business activities and strategic development plan.</i></p>				

Section 3. Sustainable Development and Stakeholders Engagement

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
SAKHALIN ENERGY	2	20	46	Corporate Citizenship
Discourse example				
<p><i>Sakhalin Energy's activities in the area of corporate social responsibility (CSR) are aimed at the implementation of the corporate strategy to improve the company's image and role in society and to carry out its business activities in compliance with the standards of sustainable development and good business ethics. It is an integral part of the Sakhalin Energy production and business activities and strategic development plan.</i></p> <p><i>Due to high transparency and active stakeholder engagement, corporate governance at Sakhalin Energy has gradually progressed to managing the company as an open system. Sakhalin Energy has developed a system to take into account and control external production, financial, technological, social and environmental impacts, which allows the company to mitigate all types of risks to enhance its corporate sustainability</i></p> <p><i>In 2016, Sakhalin Energy updated its Sustainable Development Policy. One of the fundamentally new provisions included in the updated Policy is the adoption by Sakhalin Energy of its commitments to the SDGs: Sakhalin Energy strives to be a leader in the field of sustainable development, taking into account the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development. In addition, the company took the decision to include information in the Sustainable Development Report, showing its contribution to the achievement of the SDGs. It was also suggested that the participants of the dialogues with stakeholders, held as part of the preparation of this Report, share ideas on the company ways towards reaching the SDGs.</i></p>				

Section 4. Human Capital

Company	Altruistic	Philanthropic	Corporate Citizenship	Discourse Stream
SAKHALIN ENERGY	0	19	6	Philanthropic
Discourse example				
<p><i>The HR Directorate meets the company's manpower needs, which includes preparing organizational changes for upcoming large-scale projects, training and retaining staff and attracting skilled employees from shareholder companies and the external labor market.</i></p> <p><i>The HR policy is an integral and strategic set of methods, tools and documents that governs the company's relations with its employees and helps it to promptly respond to changing conditions in the global oil and gas market and the market of qualified professionals. All required notifications regarding changes in employment conditions are communicated to the employees as required by labor legislation of the Russian Federation.</i></p> <p><i>The company continues to run the new employee on-boarding program aimed at maximizing the awareness of employees and increasing performance efficiency</i></p> <p><i>The remuneration system used by the company is based on grades and establishes remuneration depending on the employees' skills and position. This encourages efficient work and provides motivation for excellent performance. Sakhalin Energy's main principles of remuneration are to pay its employees competitive salaries that are not lower than the average salary in the Russian oil and gas industry and to use a transparent bonus system for all staff categories. In addition to the guarantees and benefits provided for by Russian labor law, Sakhalin Energy provides its employees with a social benefits package that includes: voluntary medical insurance for employees and their families; health benefits; accident and sickness insurance; travel insurance; annual payment of round-trip travel expenses to the employees' chosen place of vacation within the RF territory; this applies to employees and non-working members of their families (spouses and children up to the age of 18 years) living in the Far North and equivalent areas; material assistance in case of upon the birth (or adoption) of a child; and difficult personal circumstances; sport and recreation facilities (see also Section 9.3. Occupational Health); leisure and development programs for the children of the company's employees.</i></p> <p><i>The learning and development system aims to meet the company's need for highly skilled production, managerial and administrative employees in order to implement current and strategic goals of the company. Staff development at all levels is a key element in creating and maintaining high professionalism and motivating as well as retaining personnel in Sakhalin Energy. To ensure the best performance, the company strives to maximize the potential of its employees, taking into account their diversity and individual characteristics</i></p> <p><i>The company prepares annual plans for personnel training and professional development based on new production targets, career development plans and employee competence assessment results. Successors pool planning and development is a high priority activity for further development of personnel capacity of the company.</i></p> <p><i>Sakhalin Energy pays great attention to the development of scientific potential of its employees. The company cooperates with universities and research institutes in the development of joint technical projects. Company's specialists are involved in the work of student scientific societies, the preparation and delivering of lectures etc.</i></p>				

Section 5 Influence of the company on the region of presence

SAKHALIN ENERGY	0	15	11	Philanthropic
Discourse example				
<p><i>Since its establishment in 1994, the company has paid close attention to implementation of social programmes on Sakhalin Island. Significant and consistent investments in social sphere, as well as a long-term policy focused on addressing the social issues, are the core of Sakhalin Energy's commitment to sustainable development principles. Sakhalin Energy pursues a policy of mutual investments of resources for the benefit of all stakeholders. One way companies can demonstrate corporate social responsibility is by encouraging corporate volunteering. If a company provides its employees with an opportunity to help solve social problems, they feel a sense of pride in themselves and their company.</i></p> <p><i>In 2016, Sakhalin Energy was first in the Russian ranking of the Corporate Philanthropy Leaders project. It is a joint project of the Donors Forum, PricewaterhouseCoopers and Vedomosti newspaper aimed at supporting, developing and promoting corporate philanthropy.</i></p> <p><i>In the area of social investments, Sakhalin Energy focuses on implementing strategic long-term partnership projects with external stakeholders and on using various tools and techniques to implement social programs, including competitive funding. Governing bodies and expert councils have been established to make decisions under the key programs. These are collegial coordinating and advisory bodies that involve the company's representatives, partners and members of non-governmental organizations in the territory where the company operates.</i></p> <p><i>Proceeding from the fact that respect and support for human rights, including those of vulnerable groups of population, are an integral part of responsible business, Sakhalin Energy has committed itself to promoting both the sustainable development and capacity building of the Sakhalin Indigenous Minorities and the preservation of their languages. For many years, the company has supported linguistic studies, as well as the publishing of books devoted to SIM languages. These and other projects aimed at the preservation and promotion of languages of the indigenous minorities of the Sakhalin Oblast were included in the UN Global Compact International Yearbook 2016.</i></p> <p><i>Social, cultural and economic development: the targeted areas for support are cultural revival, economic viability of traditional economic enterprises and improved social conditions. Focus is made on long-term strategic planning with the concept of sustainable development as an objective.</i></p>				

ANNEX 8.

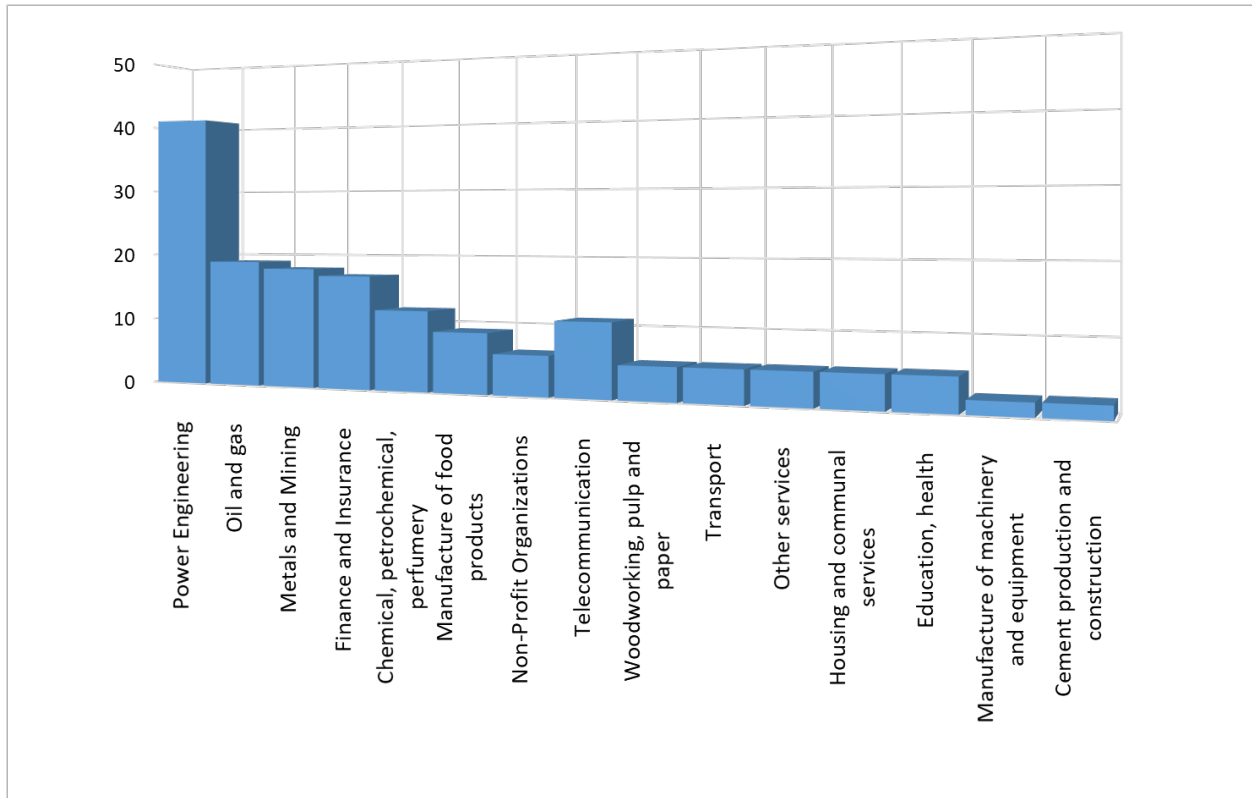


Fig. 1. The number of reports by industry sector companies.

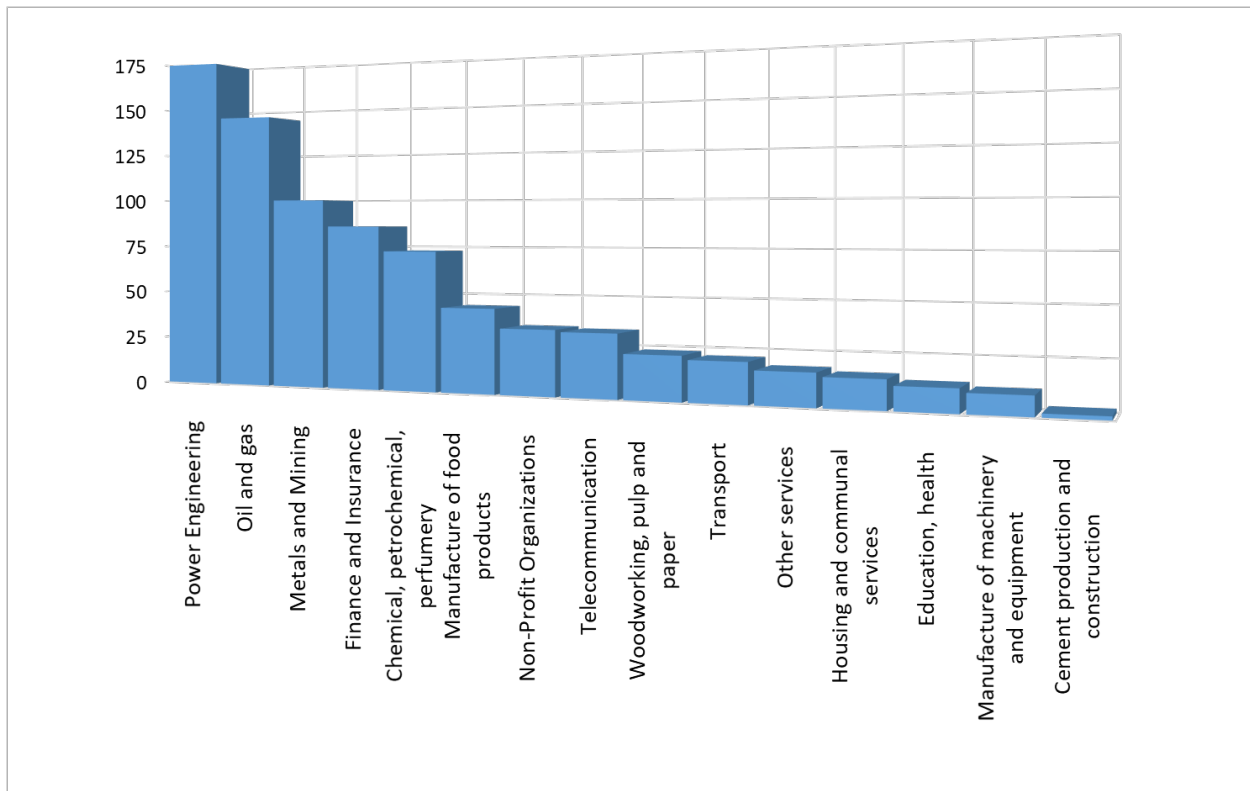


Fig. 2. Number of companies by industry, who have reported to the National Register of Corporate Non-Financial Reports.

ANNEX 9.

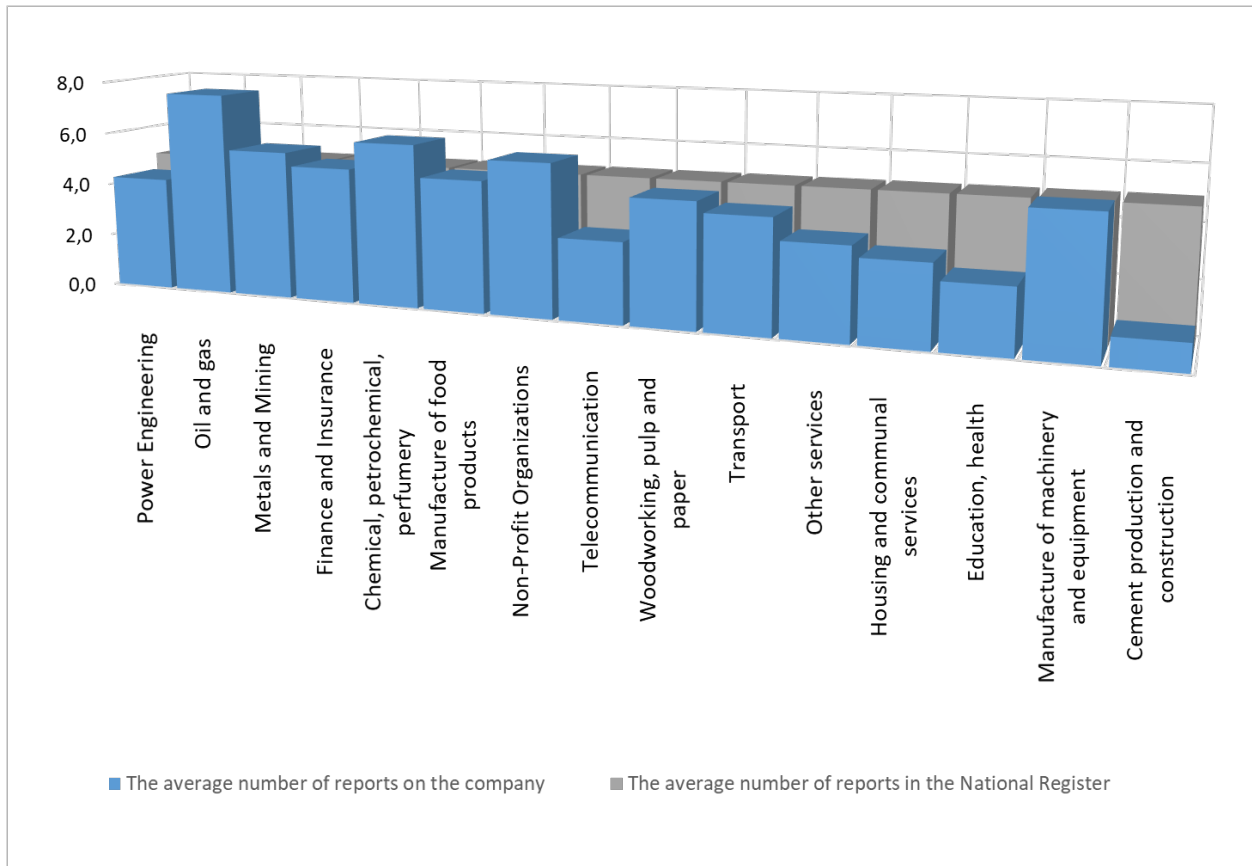


Fig. 3. The average number of reports per company by industry

ANNEX 10.

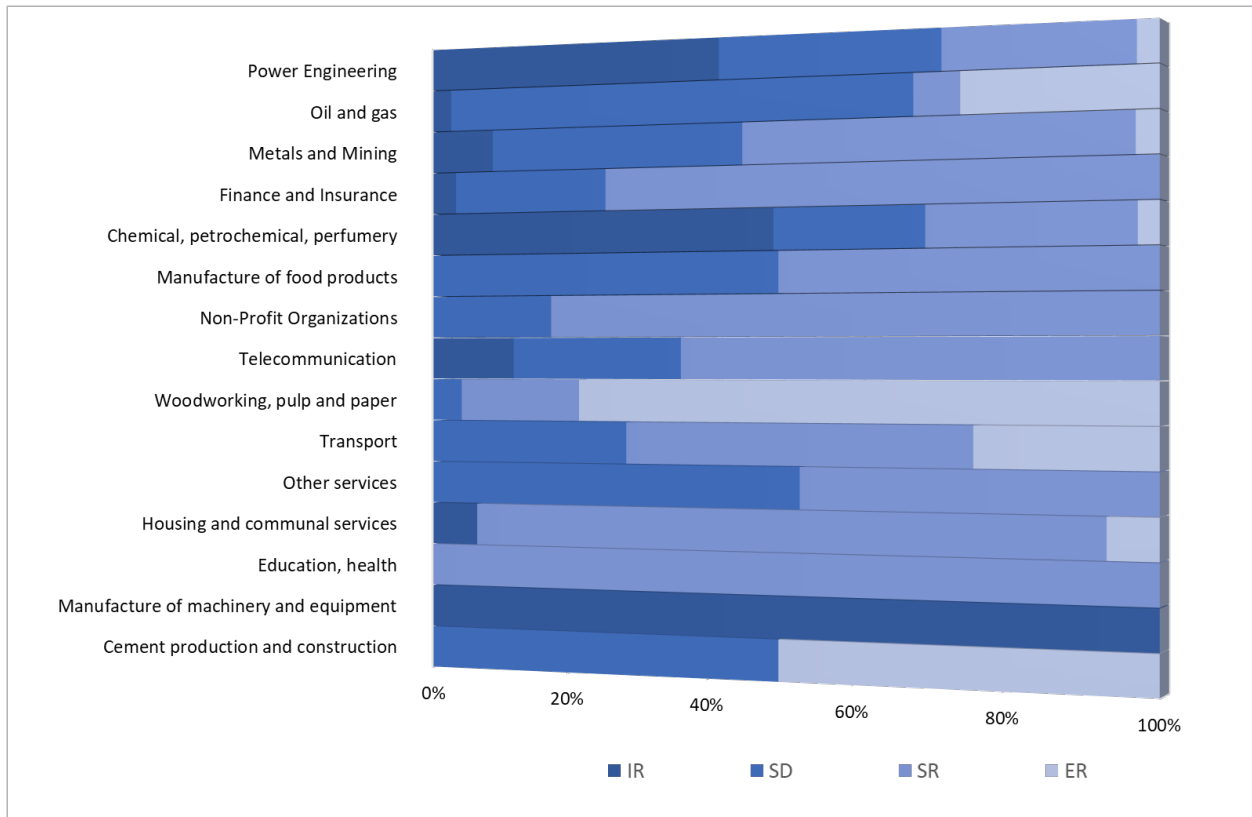


Fig. 4. Shares of the submitted forms of reports on the industry affiliation of companies.

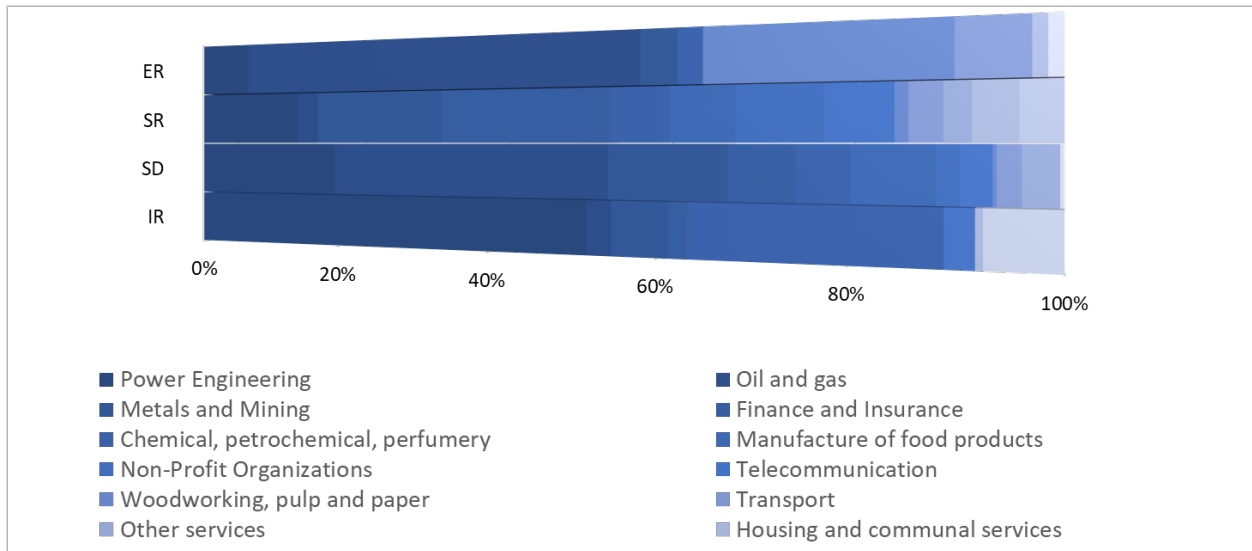


Fig. 5. Shares of industry belonging to companies in the form of reports.

ANNEX 11.

Gazprom social spendings (Unit of measurement: thousand rubles.)

	2012	2013	2014	2015	2016
Proved hydrocarbon reserves (PRMS-SPE), million tons n. e.1	59,71	62,26	66,25	79,7	86,2
Extraction of commodity	59,71	62,26	66,25	79,7	86,2
Refining, mln tons	43,34	42,63	43,48	43,07	41,89
Annual average price of oil	110,370	107,710	96,940	51,420	42,100
Oil sales, million tons	17,95	14,24	13,72	16,61	22,71
Sales of petroleum products, million tons	44,03	45,74	48,3	44,84	43,59
Sales through premium channels, million tons	22,56	23,98	25,79	25,7	25,16
Sales	1519450	1504037	1690557	1655775	1695764
Adjusted EBITDA	323106	336752	342614	404811	456198
Sales revenue	1232649	1267603	1408238	1467943	1545608
Net profit	184152	186720	126656	116198	209725
Capital investment	169213	208611	271330	349036	384817
The average of personnel	54829	55975	57515	61862	62998
Wages	39364	45040	58510	74400	79316
Social payments	2896	3186	2097	2432	3260
Personnel costs	42260	48226	60607	76832	82576
Free and subsidized meals	493052	522774	526988	711380	764480
Voluntary medical insurance	529623	650709	719561	698542	847477
Payment vouchers	109761	115705	166522	121041	183817
Housing program	124132	121329	181038	215405	142069
Sports and cultural events for employees	290222	317599	125537	129136	197154
Costs for environmental protection	4431	6162,2	6159,7	6377,6	6875,6
Air protection	966,1	1017,1	1464,3	668,5	496,3
Wastewater collection and treatment	2041,2	2163,5	1834,3	2430,3	2720,6
Waste management	708,1	775,4	753,4	1538,9	1363,8
Protection and rehabilitation of land, surface and groundwater	687,9	2169,1	1312,4	1434,5	1461,7
Radiation safety	1,6	3,1	23,8	6,2	1,9
Conservation of biological diversity	1,9	1,6	16,3	89,7	51,6
Research activities	10	16,2	42,2	9,8	7,9

ANNEX 12

7.4 TESTING STAKEHOLDERS SIGNIFICANCE FOR CSR DEVELOPMENT

Despite the fact that composed stakeholders significant model demonstrate that all of presented stakeholders have the same level of their significance for managing CSR. According to this conclusion, we would like to presume the most significant group of stakeholders using data from social spendings of analysed enterprises. For this exercise we used correlation model as a measuring tool of the strength of a relationship between two variables and tested their significance.

According to Lungu, Caraiani, Dascălu (2011), it is widely used in the sciences as a measure of the strength of linear dependence between two variables. In order to evaluate the correlation between two variables it is important to be known its strength but also its significance. The coefficient of correlation can vary from positive one (indicating a perfect positive relationship), through zero (indicating the absence of a relationship), to negative one (indicating a perfect negative relationship). As a rule of thumb, correlation coefficients between 0 and 0.30 are considered weak, those between 0.30 and 0.70 are moderate and coefficients between 0.70 and 1 are considered high. Cohen (1988) has observed, however, that all such criteria are in some ways arbitrary and should not be observed too strictly. The interpretation of a correlation coefficient depends on the context and purpose (Lungu, Caraiani, Dascălu, 2011).

To build this exercise, among four analysed enterprises, only Gazprom have published completed data on social spendings. For the following calculations, we used indicators of social spendings presented by Gazprom enterprise for the period 2012-2016. We tested 28 indicators related to CSR spendings and divided them among identified in a previous paragraph stakeholders groups (list of tested indicators present in ANNEX 11).

For further calculations, a model with random individual effects was chosen, since the verification statistical tests on the specification showed that this method provides more effective estimates of the parameters of the multiplication regression equation.

The equation of multiple regression presented in the form: $Y = f(\beta, X) + \varepsilon$ where Y - the effect (explained) variable; $X = X(X_1, X_2, \dots, X_m)$ - the vector of the explanatory (explaining) variables; β - the vector of the parameters (which are subject to definition); ε - the unbiased error (deviation). Theoretical linear equation of multiple regression has the appearance: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_m X_m + \beta_0$ - the absolute term defining value Y in case all explaining X_j variables are equal to 0.

Among tested parameters with the maximum correlation with the dependent indicator, the selection was made on the basis of the "best subsets". For the most reliable model, the effect (explained) variable and the vector of the explanatory (explaining) variables were formed. Based on the data, the indicator *Average personal number - Y*, was used as reflection of the internal stakeholder group *Employees*. This indicator we reflect as enterprises most significant stakeholder for CSR. For the vector of the explanatory variables, indicators *X1- Extraction of commodity* and *X2 Annual average price of oil* were used to demonstrate how this criteria can impact enterprises decision on CSR. To proceed forward in this calculation the following hypothesis were tested:

Under Russian political and economic conditions oil and gas enterprises primary would address their CSR on internal group of stakeholders: employees

Year	Y	X1	X2
	Average personal number	Extraction of commodity hydrocarbons by the Gazprom Neft Group, mln ton of oil equivalent.	Annual average price of oil
2012	54,829	59,71	110,370
2013	55,975	62,26	107,710
2014	57,515	66,25	96,940
2015	61,862	79,7	51,420
2016	62,998	86,2	42,100

Regression statistics

Multiple R	0,995127578
R-square	0,990278897
Rated R-square	0,980557794
Standard error	0,504020223
Observations	5

Dispersion analysis

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Importance of F</i>
Regression	2	51,75685803	25,878429	101,868986	0,009721103
Rest	2	0,50807277	0,25403638		
Total	4	52,2649308			

	<i>Coefficients</i>	<i>Standard error</i>	<i>t-statistics</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95,0%</i>	<i>Upper 95,0%</i>
Y-crossing	48,18283338	18,66303527	2,58172546	0,12296263	- 32,1177263	128,4834	32,1177	128,4834
X1	0,195449493	0,187111159	1,04456353	0,40587556	- 0,60962485	1,000524	0,60962	1,000524
X2	- 0,041483677	0,066530338	- 0,6235302	0,59656968	- 0,32774062	0,244773	0,32774	0,244773

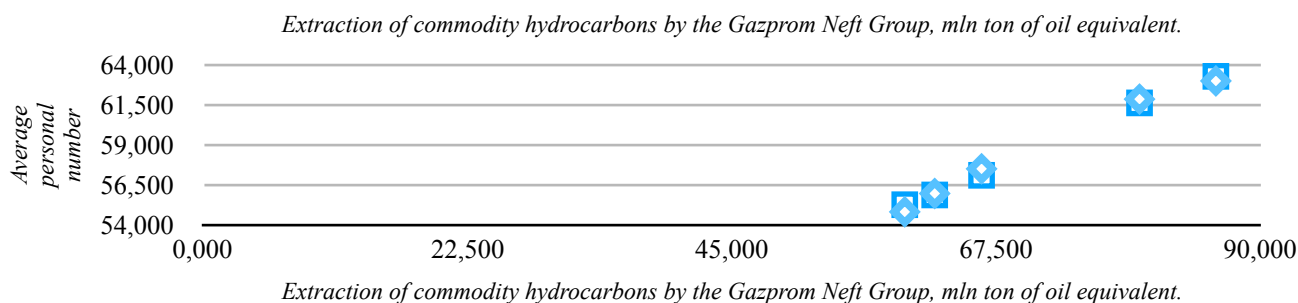
Conclusion

<i>Observation</i>	<i>Predicted the average number of personnel</i>	<i>Remains</i>	<i>Standard remains</i>
1	55,27456918	- 0,445569182	- 1,2502077
2	55,88331197	0,091688029	0,25726439
3	57,10993465	0,40506535	1,13655938
4	61,62706731	0,234932689	0,65918981
5	63,28411689	- 0,286116886	- 0,8028058

As a result of calculations the equation of multiple regression was received:

$$Y = 48.1828 + 0.1954X1 - 0.04169X2.$$

The economic interpretation of parameters of model is possible: increase in X1 by 1 measurement unit leads to increase in Y on average by 0.195 measurement units.



On the maximum coefficient $\beta_1=0.624$ we draw the conclusion that the greatest impact on result of Y is exerted by X1 factor. The statistical importance of the equation is checked by means of coefficient of determination and Fischer's criterion. It is established what in the studied situation of 99.02% of the general variability of Y is explained by change of factors of Xj. It is established also that parameters of model are statistically significant.

Firstly we would like to explain the interconnection and affection of the selected indicator X1 (*Extraction of commodity*) on stakeholders group: *employees*.

- For Stakeholder group *Employees*, the growth of indicator X1 interconnected by the labor resources. We can trace a steady growth in the proportion of employed. The companies in the oil and gas industry are aware of the nature and extent of the impact of their activities, products and services, and understand their responsibility for ensuring production safety, safe working conditions and safeguarding the health of workers. To this end, various programs and measures have been developed and are being implemented, the result of which is the improvement of key indicators in the field of industrial safety and labor protection. It can be conclude:
- in view of the increasing requirements of production, the need for personnel increases;

- the upward trend in the share of employed is also evidence of the growing interest of the employed population in this industry;
- this trend as well promote development and formation of young specialist in this industry; reflect perspective employment, which as well a positive factor for the state.

According to this, chosen indicator *X1 Extraction of commodity* indeed demonstrate it rationality to act as a factor that influencing companies CSR in front of selected group of significant stakeholders - employees.

Secondly we would like to mention the influence of selected indicator *X2 (Annual average price of oil)*. Despite its negative current unstable situation of the decries market prices on oil, Russian companies continue to contribute to their internal and external CSR activity. This argument we would like to reflect with the following financial data.

In order to reflect the negative trend of X2 for the companies CSR, we traced the dynamic of Gazprom ratio of self-financing. The explanation of our choice for this ratio is following. This economic category, reflect the independent activity of the enterprise in conditions of increased limited resources and risks (for Russian oil and gas industry it is the limited resource for international investments because of the sanctions and risks related to the decrease of oil price), to companies ability of self-financing.

The following Table 45 present interconnected indicators: extraction of commodity, price for oil, the growth of personal, environmental expenditures and ratio of self-financing during 2012-2016

Indicators	2012	2013	2014	2015	2016
Extraction of commodity (mln ton of oil equivalent)	59,7	62,2	66,2	79,7	86,3
Price of oil (for brl. In US dollars)	110	107	96	51	42
Average personal number	54,829	55,975	57,515	61,862	62,998
Ratio of self-financing (%)	109	125	152	124	115

Table 44. Interconnected indicators of self-financing

According to presented data in table, we can conclude, that despite a significant decries in price of oil for the period 2012-2016, analysed enterprise continued to demonstrate it ability for internal CSR. For the internal CSR we address group of stakeholders (employees) and attribute the average of personal which demonstrating a positive dynamics during observed years.

The results obtained by the calculation of regression confirm our hypothesis that under Russian political and economic conditions oil and gas enterprises primarily address their CSR on internal group of stakeholders: employees.

As extraction of oil increases, the necessity of personnel numbers starts to increase as well. Tested parameters have also confirmed the results of conducted studies on reflecting the real initiatives of CSR presented in non-financial reports of analysed enterprises. This result can also be used as a validation of the number of companies' projects in ecological sphere. As more companies extract oil products, as more they have to implement and demonstrate their environmental and ecological responsibility. The same can be said about companies' CSR which is addressed for different variety of social projects. Oil and gas companies direct their expenses for education and development of their personnel, provide high salaries, social protection for their employees and their families, social security etc.

The obtained result of the multiplication regression, have also demonstrated that Russian oil and gas enterprises are very sensible to the current unstable market price situation and also political sanctions which reflect a tendency of price reduction. The indicator X2 has an important role for a company's wellbeing, stability and a growth for social activities of Russian oil and gas enterprises. It is worth noting that role of stakeholder management gains importance in the corporate governance system of Russian large enterprises as well.

ANNEX 13

	Proved hydrocarbon reserves (PRMS-SPE), million tons n. e.1	Production of commodity hydrocarbons by the	Refining, mln tons	Oil sales, million tons	Sales of petroleum products, million tons	Sales through premium channels, million tons	Sales	Sales revenue	Adjusted EBITDA	Net profit	Capital investment	Sale of Oil	The average of personnel	Wages	Social payments	Personnel costs	Free and subsidized meals	Voluntary medical insurance	Payment vouchers	Housing program	Sports and cultural events for employees	Costs for environmental protection	Air protection	Wastewater collection and treatment	Waste management	Protection and rehabilitation of land, surface and groundwater	Radiation safety	Conservation of biological diversity and protection of natural areas	Research activities	other activities
Proved hydrocarbon reserves (PRMS-SPE), million tons n. e.1	1,00																													
Production of commodity hydrocarbons by the Gazprom Neft Group, mln. e.	0,86	1,00																												
Oil sales, million tons	-0,41	-0,65	1,00																											
Sales of petroleum products, million tons	0,22	0,68	-0,71	1,00																										
Sales of petroleum products, million tons	0,11	-0,39	0,57	-0,81	1,00																									
Sales through premium channels, million tons	0,94	0,65	-0,12	-0,07	0,43	1,00																								
Sales	0,85	0,75	-0,18	0,30	0,20	0,86	1,00																							
Sales revenue	0,93	0,95	-0,50	0,52	-0,10	0,82	0,92	1,00																						
Adjusted EBITDA	0,79	0,99	-0,75	0,76	-0,48	0,55	0,69	0,91	1,00																					
Net profit	-0,34	0,02	-0,70	0,61	-0,60	-0,57	-0,36	-0,15	0,17	1,00																				
Capital investment	0,94	0,98	-0,55	0,53	-0,19	0,79	0,85	0,99	0,94	-0,14	1,00																			
Sale of Oil	0,22	0,68	-0,71	1,00	-0,81	-0,07	0,30	0,52	0,76	0,61	0,53	1,00																		
The average of personnel	0,90	0,99	-0,59	0,60	-0,32	0,71	0,78	0,96	0,97	-0,08	0,99	0,60	1,00																	
Wages	0,94	0,97	-0,51	0,52	-0,19	0,80	0,86	0,99	0,93	-0,18	1,00	0,52	0,99	1,00																
Social payments	-0,23	0,11	-0,78	0,57	-0,72	-0,52	-0,44	-0,12	0,26	0,93	-0,05	0,57	0,03	-0,09	1,00															
Personnel costs	0,93	0,98	-0,53	0,54	-0,21	0,78	0,85	0,98	0,94	-0,15	1,00	0,54	0,99	1,00	-0,06	1,00														
Free and subsidized meals	0,81	0,99	-0,67	0,69	-0,48	0,58	0,66	0,90	0,98	0,05	0,95	0,69	0,98	0,95	0,19	0,95	1,00													
Voluntary medical insurance	0,88	0,84	-0,68	0,45	0,00	0,77	0,81	0,91	0,85	0,08	0,89	0,45	0,84	0,87	0,08	0,87	0,78	1,00												
Payment vouchers	0,63	0,60	-0,45	0,43	0,16	0,61	0,82	0,76	0,61	0,14	0,67	0,43	0,58	0,65	-0,06	0,65	0,50	0,86	1,00											
Housing program	0,68	0,45	0,33	-0,20	0,32	0,78	0,66	0,57	0,31	-0,88	0,57	-0,20	0,54	0,61	-0,77	0,59	0,42	0,30	0,14	1,00										
Sports and cultural events for employees	-0,77	-0,57	-0,19	0,01	-0,37	-0,88	-0,90	-0,75	-0,45	0,72	-0,70	0,01	-0,63	-0,73	0,75	-0,71	-0,49	-0,54	-0,53	-0,90	1,00									
Costs for environmental protection	0,92	0,75	-0,61	0,18	0,13	0,83	0,66	0,81	0,73	-0,08	0,83	0,18	0,78	0,80	0,03	0,81	0,71	0,92	0,64	0,39	-0,50	1,00								
Air protection	-0,35	-0,73	0,73	-0,81	0,89	-0,01	-0,13	-0,48	-0,79	-0,40	-0,58	-0,81	-0,69	-0,58	-0,60	-0,60	-0,81	-0,37	-0,06	0,00	-0,05	-0,32	1,00							
Wastewater collection and treatment	0,56	0,87	-0,85	0,81	-0,74	0,24	0,33	0,67	0,91	0,39	0,75	0,81	0,83	0,74	0,56	0,76	0,91	0,63	0,31	0,06	-0,09	0,57	-0,95	1,00						
Waste management	0,78	0,92	-0,48	0,53	-0,46	0,57	0,58	0,81	0,88	-0,17	0,88	0,53	0,94	0,90	0,04	0,90	0,95	0,61	0,26	0,59	-0,54	0,62	-0,79	0,84	1,00					
Protection and rehabilitation of land, surface and groundwater	0,37	0,12	-0,46	-0,29	0,22	0,33	-0,09	0,10	0,14	0,09	0,18	-0,29	0,15	0,14	0,29	0,15	0,14	0,38	0,04	-0,06	0,16	0,66	-0,05	0,21	0,12	1,00				
Radiation safety	0,27	-0,16	0,56	-0,58	0,92	0,58	0,50	0,16	-0,26	-0,66	0,04	-0,58	-0,09	0,05	-0,85	0,03	-0,27	0,16	0,39	0,49	-0,64	0,17	0,78	-0,62	-0,27	-0,05	1,00			
Conservation of biological diversity and protection of natural areas	0,79	0,84	-0,25	0,36	-0,28	0,66	0,64	0,78	0,77	-0,42	0,85	0,36	0,88	0,87	-0,21	0,86	0,86	0,53	0,20	0,78	-0,69	0,56	-0,63	0,67	0,97	0,03	-0,08	1,00		
Research activities	0,08	-0,35	0,54	-0,66	0,96	0,41	0,30	-0,04	-0,43	-0,50	-0,16	-0,66	-0,30	-0,16	-0,71	-0,18	-0,47	0,06	0,33	0,25	-0,41	0,08	0,89	-0,73	-0,50	0,04	0,96	-0,34	1,00	
other activities	0,66	0,59	-0,31	0,35	0,26	0,69	0,89	0,78	0,57	-0,02	0,68	0,35	0,58	0,66	-0,23	0,66	0,48	0,83	0,98	0,28	-0,65	0,61	0,01	0,23	0,27	-0,04	0,51	0,26	0,42	1,00

RÉSUMÉ DE THÈSE

«*Développement de la Responsabilité Sociétale des Entreprises (RSE) dans l'Environnement Commercial Russe*»

- Analyse du développement de la responsabilité sociétale des entreprises en Russie à travers le reporting non financier des grandes entreprises russes.

Context de la recherche: L'analyse rétrospective de la formation de la responsabilité sociétale des entreprises (RSE) nous a permis de définir les caractéristiques principales et les particularités des trois types de RSE: *altruistic, philanthropic, corporate citizenship*. En utilisant l'approche Triple Bottom Line et les normes internationale GRI pour les rapports non financiers, nous construisons notre modèle afin de mener une analyse de recherche qualitative et d'évaluer et de définir la forme actuelle de développement de la RSE parmi les grandes entreprises russes. Nous avons identifié la tendance positive de la présence de la RSE dans l'industrie pétrolière et gazière. Dans les conditions russes, les entreprises pétrolières et gazières dominant parmi les autres industries dans le domaine de la RSE pour plusieurs raisons. Premièrement, il s'agit de la branche la plus riche de l'économie russe. Deuxièmement, les autorités locales et les mouvements sociaux surveillent de près ces entreprises en raison de leur impact important sur les questions environnementales. Cette industrie représente un engagement fort des normes et pratiques internationales en matière de RSE par ce que elles mettre en œuvre une conduite commerciale durable dans leurs pratiques de gestion. Cela est dû à un impact international élevé et à une expansion active des entreprises à l'étranger en donc elles font des investissements socialement importants pour créer une image positive de leurs entreprises auprès des parties prenantes.

Limites de la recherche : Il existe un manque d'informations sur les activités de RSE parmi les grandes entreprises russes, ce qui indique une faible implication des entreprises dans les rapports non financiers. Ce fait reflète en plus de la faible participation de la RSE dans un grande partie des industries de l'économie russe et aussi un écart important de développement de la RSE entre les industries.

Mots-clés: Russie, pays occidentaux, responsabilité sociétale des entreprises, développement durable, corporate citizenship, éthique, parties prenantes, GRI, rapports non financiers.