

## International Experience of the Development of Corporate Social Responsibility: Comparative Analysis of the Influence of the State

**Maria RYBALKO**

*Faculty of Economics*  
*Lomonosov Moscow State University*  
*Moscow, Russia*  
*rybalko@econ.msu.ru*

**Abstract.** *The paper aims to provide analysis of the international experience of the development of corporate social responsibility (CSR) and to provide stimulation methods used by the state to develop CSR in Russia. The study is based on the identification of characteristics of CSR development in Russia; it subsequently concludes the most appropriate methods for the Russian state and business interaction in this sphere. Determination of the level and stage of the development of CSR in Russia is carried out by multivariate statistical (cluster) analysis. The results of the study of international experience in the development of corporate responsibility and the results of the cluster analysis were used for the further improvement of the state policy in this field in Russia. This paper proposes a number of measures aimed both at improving conditions for socially responsible companies and at increasing the disclosure of information in the field of CSR and improvement of its quality.*

**Keywords:** *corporate social responsibility, state regulation, tax benefits, public reporting, business ethics.*

### Introduction

Over the past few years a growing interest in the phenomenon of corporate social responsibility (CSR), is observed both in the scientific literature (Dahlsrud, 2008; Lee, 2008; Bayoud, Kavanagh & Slaughter, 2012), and in the business community. In the study of the consulting company Accenture jointly with organizations of the UN Global compact in 2010, a survey was conducted among 766 CEOs, 93% of which noted the CSR as "important" and "very important" factor in the future success of their companies (Accenture Report, 2010, p.8).

Currently, companies around the world develop and implement a range of CSR strategies, and at the same time their activity in the field of CSR is assessed by independent agencies, for example, Kinder, Lydenberg and Domini (KLD) and ASSET4 (Thompson Reuters). Social responsibility of the company defines its image, which affects, in its turn, the attitude of

investors, consumers, employees and other stakeholders, and as a result is one of the factors determining the financial stability of the company.

The state is an important stakeholder of the company. The role of the state in modern conditions largely determines the growth and development of CSR. The creation of an enabling environment for CSR may prove to be the beginning of an effective cooperation of government and business in solving social problems. Various methods of state policy in promoting CSR is widespread in both developed and developing countries. Russia is making only first steps in this direction; therefore, the development of methods to promote CSR for Russia now is becoming increasingly important.

The discussion of the phenomenon of corporate social responsibility in the scientific literature began in the 70-ies of the last century with the publication of Friedman (Friedman, 1970), the basic idea of which was "the only responsible organization is making a profit". Many economists (Marcoux, 2003; Jensen, 2002; Henderson, 2009) adhered to this theory (the theory of shareholders). Differences remained between proponents of shareholder and stakeholder theories that support the concept of CSR (Guthrie & Parker, 1989) for a long time, however, in recent years, the compromise was found in favor of the theory of strategic responsibility (Seglin, 2002), which equals the company's investment in CSR to the usual notion of investment and insists that social investments in the long term with a balanced strategic approach brings benefits to both society and the company itself.

As to the interaction between the government and business in the field of CSR, the issue is not well defined yet in the scientific literature. The main research is focused on the relationship between company's CSR and its financial performance (Székely & Knirsch, 2005; Sotorrío & Sánchez, 2008; Bayoud et al., 2012). However, there are a number of studies considering the impact of macroeconomic factors on the volume of CSR companies: a positive influence on the business climate (Ioannou & Serafeim, 2011), tax incentives (Cai & Huang, 2011) and mandatory requirements for information disclosure (Ioannou & Serafeim, 2012). Also a number of works are devoted to the review of international practices on the basis of which a number of General recommendations on improving state policy in a particular country is given, however without any data about the development of CSR in a given country and the need for participation of the state (Mazurkiewicz & Crown, 2005; Albareda, Tencati, Midttun & Perrini, 2008). Thus, research in the area of state influence on the development of CSR are based on microdata (i.e. at firm level), however, is not about evaluating the level or stage of CSR development at the country level.

## The development of concepts of CSR

Over the past decades, CSR is the subject of many discussions in the economic environment (Lee, 2008). Still there is no complete and commonly accepted definition of CSR (Dahlsrud, 2008); however, among the diversity of opinions we can distinguish three main theories of socially responsible business behavior. The classical approach to the definition of CSR is the so-called theory of corporate egoism (Friedman, 1970) that preaches the existence of one single area of responsibility of the firm: to maximize its profit. The main argument of the opponents of this approach is its focus on short-term results, while the implementation of social programs is capable of ensuring the company's sustainable growth in the long term.

In parallel with the concept of corporate selfishness the so-called theory of corporate (Seglin, 2002) altruism is formed. It is the complete opposition of Friedman's theory and insists that corporations are required to make the significant contribution to the improvement of the quality of life of the population (Guthrie & Parker, 1989). As the company is an open system and is involved in lobbying laws and other state decisions, it should care not only about the growth of earnings but also to make the maximum contribution to the solution of social problems, improvement of the quality of life of citizens and in the preservation of the environment.

Finally, the third position concerning the corporate social responsibility presents a theory of "rational egoism", which is based on the idea that CSR is a profitable investment for the company (Seglin, 2002). Although in the current period, the costs of implementing social programs reduce the company's profit, in the future they ensure sustainable business development. Charity and sponsorship programs enable the company to reduce taxable base of the company legally while ensuring its positive image in the eyes of society. If we compare this concept with the earlier (Table 1), it may be noted that this theory is a more visionary version of the theory of corporate egoism, but it does not include CSR responsibilities of the company, unlike the concept of corporate altruism.

**Table 1. Comparative analysis of the concepts of corporate social responsibility**

	<b>Theory of corporate egoism</b>
<b>Obligations of the company</b>	Profit maximization
<b>Attitude to CSR</b>	Sharply negative
<b>CSR Benefits</b>	Negative
	<b>Theory of corporate altruism</b>
<b>Obligations of the company</b>	Profit maximization, improvement conditions life of society

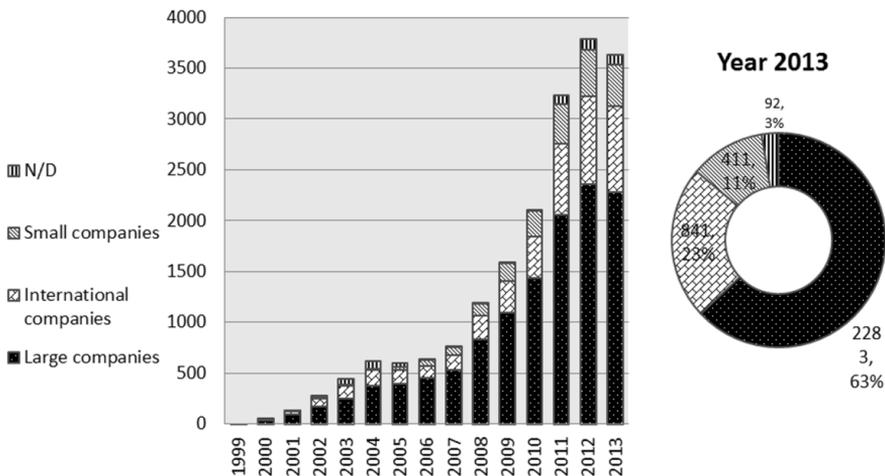
<b>Attitude to CSR</b>	The obligation of the company
<b>CSR Benefits</b>	Not the main purpose
	<b>Theory of "rational egoism"</b>
<b>Obligations of the company</b>	Profit maximization
<b>Attitude to CSR</b>	Positive
<b>CSR Benefits</b>	Positive in the long term

The theory of strategic CSR (the theory of "rational" egoism) is recently gaining popularity and it is a sort of compromise between stakeholder theory and shareholder theory. Proponents of this approach hold the view that strategic CSR may provide a competitive advantage for companies implementing it. So, with the changing of preferences of stakeholders, the economic value of CSR has increased: today's consumers need more than product from their favorite brand, employees are likely to choose a company with strong values, shareholders prefer to invest in companies with an outstanding reputation. As a result of increasing popularity of CSR, companies have begun to approach its implementation and the preparation of social reporting more strategic. This fact is also confirmed by the fact that in recent times the concept of CSR became increasingly identified with the concept of sustainable development (Székely & Knirsch, 2005).

As we develop the concept of strategic CSR, companies are increasingly focusing on reporting on the results of their social activities. Previously, the reporting was carried out by a relatively small number of companies, and the reports contained information mostly about the reducing of the negative impact on the environment and promoting the development of local communities. Currently, the practice of the publication of social reporting is widespread, and the contents of the reports, like the social activities of companies involve the interests of a larger number of stakeholders. The data about the performance of companies related to environmental protection which the social reports contain, social engagement and corporate governance (Environmental, Social, and Governance, ESG), are to become the object of analysis for the investors and to be the determinant of their decision to buy/sell the stock. Being based on the data of social reporting special stocks are calculated, measured in accordance with the standards of CSR.

Over the past 10 years, the number of companies producing social reports increased 8 times. Reporting in sustainable development publish 95% of the 250 largest in terms of revenue companies (GRI, 2013, p.29), but the trend is supported not only by large corporations. Yearly reports are published by thousands of companies, including small companies (GRI Database). In all 3627 companies' prepared social reports in 2013, among them – 11% small

companies (see Figure 1). And in 2013, as we can see from the graph, the number of published reports has decreased. Most likely, this is due to the fact that a number of companies do not publish reports annually, but, for example, every 2 years, so this effect reflects not so much the decline in the popularity of reporting on sustainable development, but the incompleteness of the data for 2013 due to its recent graduation at the time of writing this study. So 2013 will not be considered as the last reporting period but 2012.



**Figure 1. The increase in the number of companies publishing social reports, 1999- 2013 (Sustainability Disclosure Database)**

### The role of the state in CSR promotion

The decision of companies about the level of involvement in social issues depends on many factors. It is possible to allocate three groups of factors: financial performance of the company, the specific industry which it the company operates, and institutional factors of the country in which the company conducts business.

The influence of micro- and meso- and macro-factors on the level of social responsibility of companies is confirmed by numerous studies in this area. So, according to the 2010 survey (Ioannou & Serafeim, 2011), based on 2248 companies in 42 countries over a seven-year period, the combination of these factors was able to explain 41, 46 and 63% of the variance of the results of social and environmental activities of companies and activities in the field of corporate management, respectively.

Another study conducted in 2012 by the group of scientists (Bayoud et al., 2012), identifies the relationship between the level of disclosure of CSR (expressed in the fullness of publication indicators and international standards) and financial performance of the company. The authors find a positive relationship between the dependent variable, age, and size of the company's assets. The authors also found an industry effect: companies related to manufacturing and the extractive sector, in general, provide a complete information in the field of sustainable development. It is reasonable in this study to concentrate attention on the macro factors, i.e. the factors that characterize the influence of the state on the development of CSR.

Forms of state influence on the development of corporate social responsibility can be divided into implicit and explicit. To implicit forms of influence include such institutional factors as the level of corruption, business freedom, quality of enforcement and protection of property rights. In the study by Ioannou and Serafima (2011) factors describing country characteristics (the level of corruption, the severity of left-wing ideology) account for 17.4%, and 14.3%, and 54.8% of the variance in social, environmental and governance activities for the entire sample of companies, while for the sample limited to the largest companies in each country, a similar model explains of 31.3% and 35.6%, and 57.3% of the variance respectively. To identify institutional effects, the authors use indicators of such groups of institutions, like legal institutions, political institutions, labor market institutions and financial institutions.

Analyzing the influence of the first group of institutions the authors concluded that countries with a regulatory framework conducive to the development of competition in the business environment, companies are paying less attention to social and environmental activities. On the other hand, the authors found that the lower the level of corruption in a country, the companies in this country shows the higher level of social and environmental engagement, compared with countries with higher levels of corruption. As for the labor institutions, companies in countries with a higher density of trade Union organizations show a higher level of CSR development in social and environmental areas, while the level of development of corporate governance in such countries is on average lower. Finally, in countries where the capital of companies is formed mostly in the form of shares, rather than in the form of debt obligations, the level of social and environmental engagement is lower. This fact is probably due to the fact that such a capital structure says about the companies focusing for shorter-term a policy that is at odds with the concept of CSR.

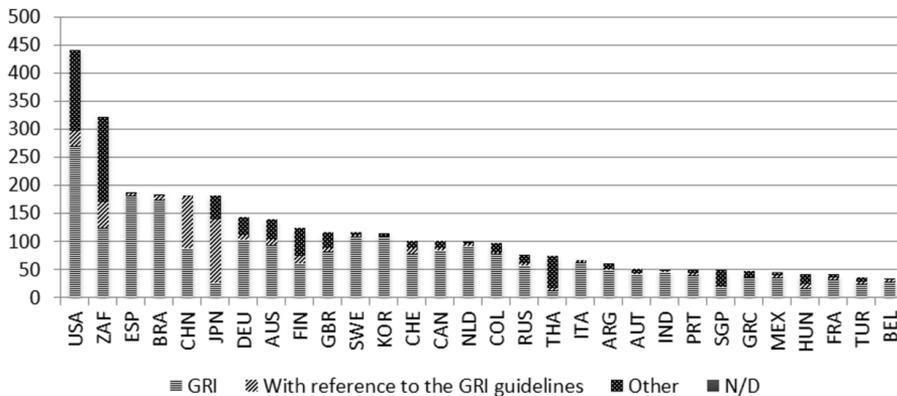
One of the limitations of the study (Ioannou & Serafima, 2011) is the fact that a large number of companies in the sample are international, whereas the explanatory variables characterize the development of the institutions of the country in which the company was formed.

Explicit forms of the state influence on the development of CSR are divided into practices awareness raising, partnership, voluntary norms, legal norms. The state also can combine several types of interventions aimed at effectively addressing social problems. In practice, different types of state intervention can comfortably coexist and be complementary.

As a result of studying relevant literature and review of practices which promote CSR, we can conclude that the most popular practices of state intervention are the tax incentive and promotion of accountability in CSR. These areas will then be reviewed more detailed according to the example of the countries with the highest activity of companies in CSR.

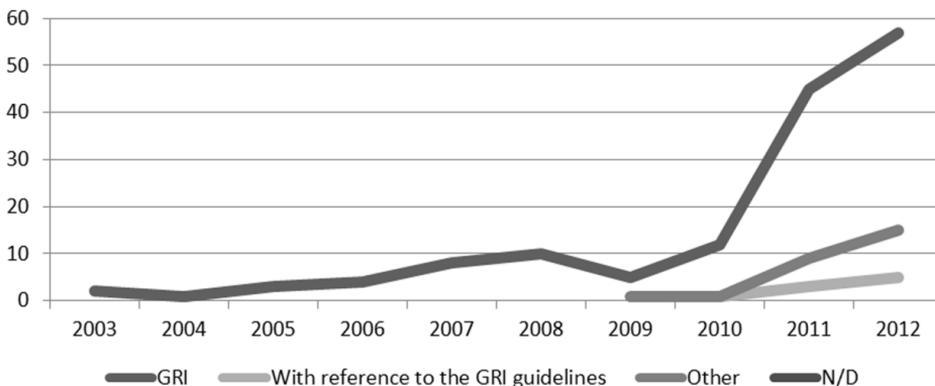
### **International comparison of trends in the development of CSR**

Due to the fact that data on costs of companies in the field of sustainable development are not published in the public domain, in this study the level of development of corporate social responsibility in the country will be evaluated from the data on activity of companies on the issue of reporting on sustainable development (Sustainability Disclosure Database). Figure 2 presents the 30 most active countries in the publishing of data reports, among them Russia is ranked 18th in 2012, 77 companies reported to the CSR, 62 reports of which are made in accordance with the GRI guidelines. The share of Russia was 2% in the total number of reports in 2012, while the share of the leader in reporting – the USA – is 11.7%. The proportion of companies reporting which is in conformity with the GRI guidelines, is about the same in different countries and, as noted is above, 80%, except Japan and China, where 61,5% and 51% of reports respectively published only with reference to the main provisions of the Guidelines and not in accordance with it, and with the exception of the USA and South Africa, where a relatively high proportion of reports published in accordance with the standards that is different from the GRI Guidelines (32,4 and 46.9 per cent respectively).



**Figure 2. Top-30 countries in terms of disclosure in sustainable development area (Sustainability Disclosure Database)**

It is noteworthy that the activity of Russian companies to publish reports on sustainable development has increased dramatically in 2011 (Figure 3). The graph also shows how the level of disclosure decreased in 2009, which is a consequence of the economic crisis of 2008, which resulted in the activity of companies in CSR has faded into the background.



**Figure 3. The increase in the number of Russian companies that publish social reports, 2003- 2012 (Sustainability Disclosure Database)**

In general, the quality of reporting in Russia is in line with global trends: a fairly large proportion (18%) have the highest report application level of

GRI Guidelines. It is A+, and the world the share of such reports is 21%. The most popular level of implementation in Russia is the level of B+. Its share in Russia among all the reports is 25%. Global reports B+ make up only 12% of all reports, and the most popular are the levels B and A+. In the U.S., in connection with the distribution of the standards of reporting which differ from GRI, the picture is significantly different. The reporting level A+ accounts for only 6%, while most often, companies publish reports of levels B (24%) and C (24%).

Assessment of the level of CSR development, based only on the number of published reports would be incomplete. It is necessary to consider the proportion of companies that publish social reports in the total number of companies in the country. So, if according to the number of companies disclosing non-financial information, Russia ranks 18th, then according to the share of such companies in the total number of registered organizations in the country, Russia ranks only 43rd place in the world. The number of companies registered in each country in 2012 is an estimated value calculated by the author based on data from World Bank indicator (Total businesses registered (number)), published until 2007.

The estimate for 2012 is calculated from the number of companies registered in the last available year and the average pace of growth in the number of companies. The last is calculated according to the following formula (Formula 1):

$$k_{cp} = \sqrt[m]{n_{t+m-1}/n_t}$$

where  $k_{cp}$  – average rate of growth for the year

$m$  – the number of available reporting years,

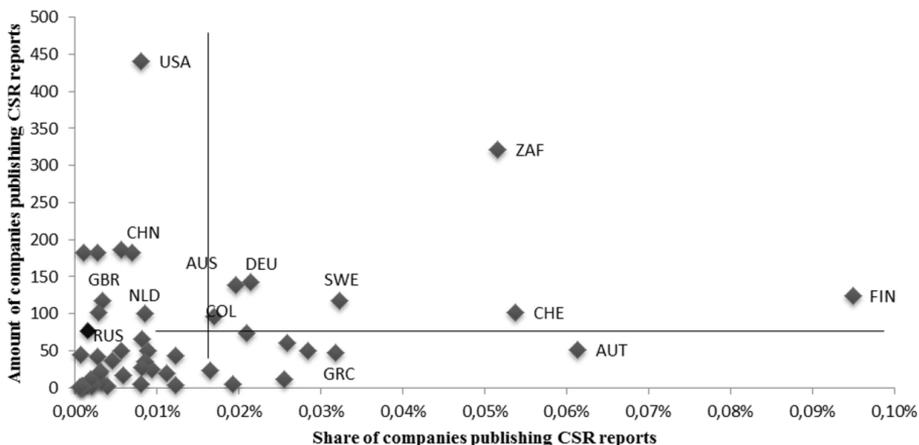
$n_t$  and  $n_{t+m-1}$  – number of registered companies on the first and last available year, respectively.

Thus, the number of companies registered in 2012 ( $n_{2012}$ ) as well (Formula 2):

$$n_{2012} = n_m * k_{cp}^{2012-t-m}$$

In the Figure below, the horizontal axis shows the share of companies that publish a social report in the country, on the vertical axis – the number of published reports. The dotted line in the Figure indicates median values of the relevant indicators. Thus, the graph area was divided into 4 quadrants.

Denote the quadrants in Roman numbers clockwise, starting lower left quadrant.



**Figure 4. The distribution of countries according to the number and concentration of companies publishing CSR reports, 2012 (GRI, 2013, p.18)**

As can be seen from the graph, Russia was in the second quadrant of countries with a relatively large number of companies producing social reports, but still a low proportion. It is noteworthy that in this quadrant there were also such countries as the USA, UK, and Canada, which are considered the countries with the most developed level of CSR of companies. In the quadrant of countries with the highest level of CSR includes such countries as the USA, South Africa, Finland, Australia, Germany, etc. It is noteworthy that these countries are at the same time high indicators of quality of life (According to the World Bank, GDP per capita (2012)).

Thus, from the point of view of studying of the international experience of regulation of CSR, the most interesting is to consider the practices of countries with the highest level of its development. However, it is also taken in account the countries, which at the moment only on the path of state incentives for CSR, but actively take steps in this direction. International experience of interaction between the government and business in the field of CSR, studied by the author on the example of countries such as UK, USA, Canada, Australia, several countries in Western Europe, Brazil, China, etc., is summarized in Table 2.

**Table 2. International practices to stimulate the development of CSR**

Incentive for CSR	Description	Countries
General mandatory requirement of the state to non-financial reporting	Compulsory publication of non-financial reporting in accordance with international standards	Argentina, Brazil, China, Colombia, India, Thailand, Indonesia, Australia, Belgium, Germany, Ecuador
	Integrated reporting	Denmark, South Africa, USA, Sweden, France
	Mandatory disclosure of environmental information	Australia, Ecuador, Brazil, Canada, UK
Recommendation the provisions on public non-financial reporting	Guidelines on disclosure of CSR, the development of the recommended disclosure indicators	Australia, China, Brazil, Argentina, Netherlands, India, etc.
Tax stimulation	Benefits payroll taxes (social tax)	Russia
	Tax deduction	USA, Brazil, Canada, China, Thailand, India, France, Spain, Colombia, Russia, Hungary, Netherlands, UK
	Reduced or zero-rated VAT	China, Malaysia, USA

### The methodology of classification

To make an informed decision on methods of stimulation of CSR in Russia it is necessary to understand the level and stage of CSR development, taking into account the urgency of social problems, because it recognizes the need to stimulate CSR. Further classification of countries on the level and growth of activity of companies in CSR, based on the publications of non-financial reporting, and based on the indicator of the living standards is GDP per capita. The classification is a multivariate statistical method – cluster – analysis. Observations which got into one group are characterized by the same level of CSR development in the country on a level with the standard of living. The use of cluster analysis for the solution of this problem is the most effectively. In the general case, the cluster analysis is designed to combine some objects into classes (clusters) so that in one class got the most similar objects, and the objects of different classes will be the most different from each other. The quantitative index of similarity is calculated by the specified method on the basis of data that characterize the objects.

Clustering is performed on the basis of three indicators in 2012, two of which characterize the level of CSR development:

- 1) The percentage of the number of companies publishing social reports, in the total number of companies registered in 2012, %;
- 2) The rate of growth of the first indicator over the past year, %;
- 3) GDP in purchasing power parity terms, per capita, \$ /people.

As a result of data collection, a sample was drawn from 35 data (the sample excluded countries with a value of first index <10 to avoid biased results, and Argentina, because the data on GDP per capita of this country missed). Finland and Singapore were also excluded from the sample since the analysis of these countries has a heterogeneous structure of clusters: Finland and Singapore are highlighted in a separate point clusters, while the remaining 16 from 35 countries are combined into one cluster.

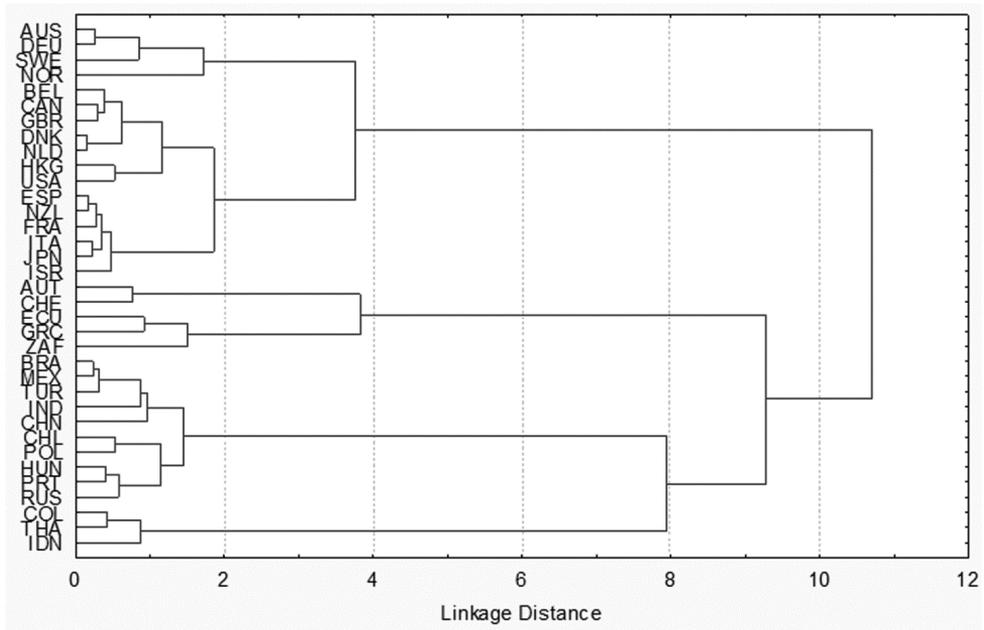
All data were previously standardized. At the first stage of the analysis, we will determine whether the country forms "natural" clusters that can be conceived. This hierarchical classification has been conducted, the results of which are shown in Figure 5. The results of hierarchical classification most clearly can be represented in the form of the dendrogram. The choice of metrics made in favor of the Euclidean distance because there is no need to consider any sign with more weight – we wish to take into account the differences for each symptom equally. The measure of closeness defined by the Euclidean distance is the geometric distance in n-dimensional space can be computed as follows (Formula 3):

$$d(x, y) = \sqrt{\sum_{i=1}^n (x_i - y_i)^2}$$

where n is the number of observations

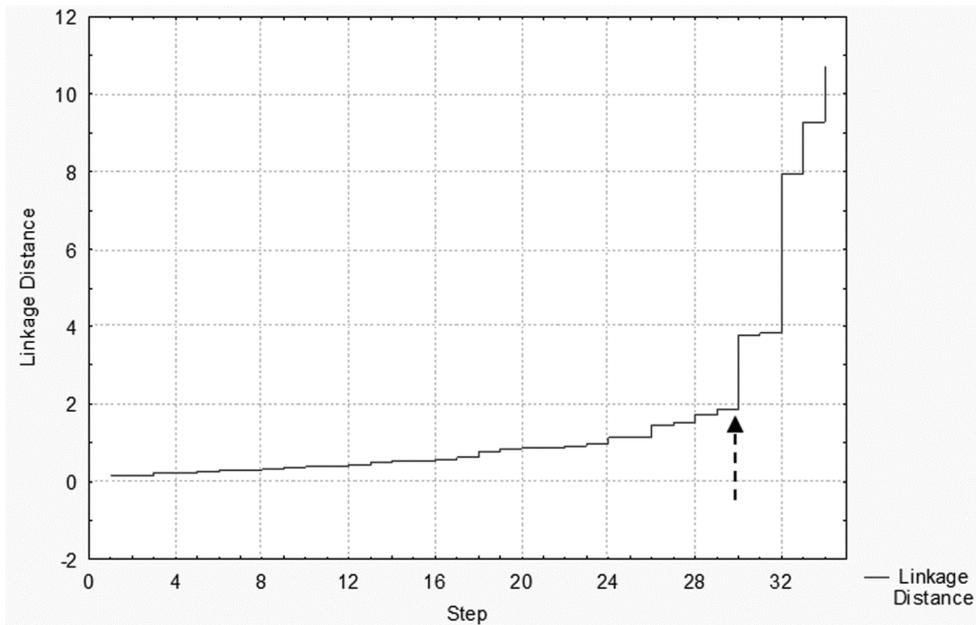
x,y – the variables analyzed

As the clustering algorithm, Ward's method is selected as the most versatile for the analysis of quantitative indicators.



**Figure 5. The result of hierarchical classification of countries**

To determine the number of clusters that all the countries can be divided, it is necessary to choose a threshold distance, i.e. the distance above which too "distant" objects will be combined. We can use the instrument of association for this purpose. The result can be seen in Figure 6. There is the point of "fracture" on the chart and the step number  $m$ , where there was a "fracture". The number of classes is equal to  $n-m$ , where  $n$  is the number of objects in the sample. In our case, the step number 30 can be considered as the point of fracture and get  $35 - 30 = 5$  classes.



**Figure 6. Determination of the number of clusters using a graph of association**

Thus, the level of CSR development and the standard of living of the analyzed countries can be divided into 5 classes. We will check this assumption by breaking the original data by the method of K-means with 5 clusters and test the significance of differences obtained between groups. K-means method is as follows: the computation starts with K randomly chosen observations (in our case  $K=5$ ), which become the centers of groups, then the composition of the objects changes in clusters to minimize variability within clusters and to maximize variability between clusters. Each next observation ( $K+1$ ) belongs to the group, similarity measure of which with the center of gravity is minimal. After changing the composition of the cluster, the new center of gravity is calculated, often as a vector of averages for each parameter. The algorithm continues until the composition of the clusters stops changing. When the classification results obtained, it is possible to calculate the average for each cluster, to see how they differ. In Table 3, the analysis of variance of the variables in the result of cluster analysis is presented.

Names of rows correspond to the analyzed indicators, where:

tshare – share of total reports, the number of companies publishing non-financial reports in a total number of the companies registered in the year 2012;

tsgrowth – share of total reports growth, the growth of rate of the first indicator over the past year;

gdppc – gross domestic product per capita, an indicator of the level of living in the country.

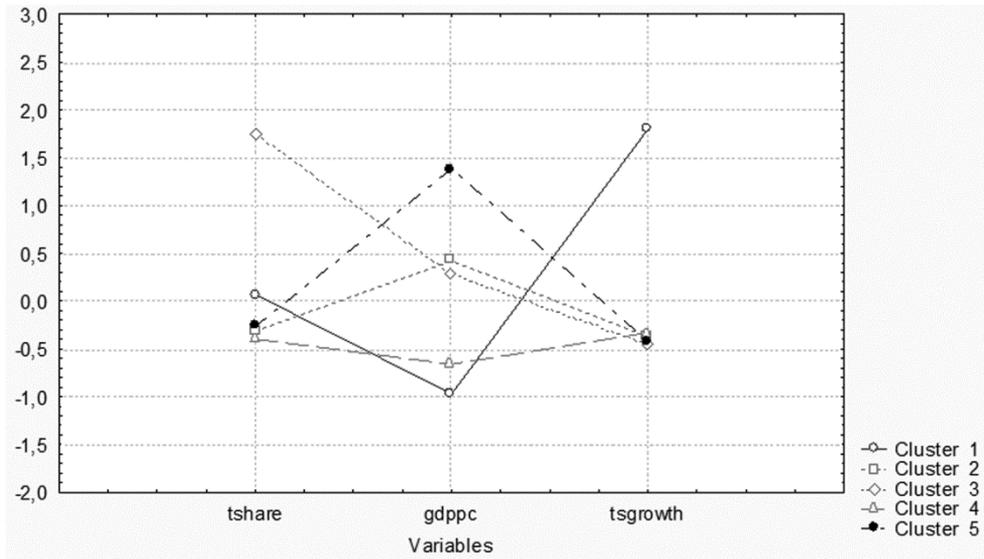
**Table 3. The results of variance analysis data**

	Between – SS	df	Within – SS	df	F	signif. – p
<b>tshare</b>	18,42	4	5,51	30	25,09	0,000000
<b>gdppc</b>	16,09	4	5,32	30	22,70	0,000000
<b>tsgrowth</b>	13,05	4	2,00	30	48,92	0,000000

A value of  $P < 0.05$  is for all variables, which indicates a significant difference between clusters. Also, the table shows that more clusters were formed around the growth in the number of companies publishing CSR reporting since the distance inside the minimum of this indicator compared to other indicators.

**The analysis of obtained results and development of recommendations**

As a result of the cluster analysis of the data about the level of CSR, 35 countries were divided into 5 clusters, which are characterized by a different set of values for each of the four variables. There is a graph of the average values for each cluster and each variable below (Figure 7).



**Figure 7. Graph of the average of the standardized values of traits in the classes, obtained by the Ward's method**

Using the graph we can interpret the results. Countries which fell in the first cluster, characterized by the average proportion of companies producing sustainability reports, a high rate of growth in the number of companies publishing non-financial reports, however, low standard of living. It can be argued that companies in countries of this cluster actively participate in society and trying to answer social problems. The second cluster represents countries with a low level of activity of the companies in CSR, a low growth of rate, together with the relatively high standard of living. We can say that these countries do not need the help of business to solve social problems because the cost of living is quite high there. The third cluster consists of countries with a high proportion of companies engaged in CSR, comparatively high quality of life and low pace of development of CSR. The idea of CSR is very widespread in the countries of this cluster and is already a well-established phenomenon. Countries that comprise the fourth cluster are distinguished primarily by low life, low level of CSR, as well as a fairly weak pace of development of CSR. These are countries with poor CSR culture, but beginners gradually to realize it. The fifth cluster on the level and pace of development of CSR is similar with the second cluster, however, is characterized by a lower standard of living.

The analyzed composition of the clusters can be studied in more details in Table 4.

**Table 4. The composition of the clusters selected by the Ward's method**

The cluster number	The number of objects in the cluster	The cluster
1	3	Colombia, Indonesia, Thailand
2	13	Australia, Belgium, Canada, Germany, Denmark, Spain, France, Great Britain, Israel, Italy, Japan, Netherlands, New Zealand
3	5	Austria, Switzerland, Sweden, Greece, South Africa
4	11	Brazil, China, Ecuador, Chile, Hungary, India, Mexico, Poland, Portugal, Russia, Turkey
5	3	Hong Kong, Norway, USA

Thus, Russia got into one cluster together with Brazil, China, Poland, Mexico, Turkey and several other countries characterized by a low level of CSR development and low living standards according to GDP per capita. From the point of view of the obtained results, the most interesting are the experiences of Colombia, Indonesia, and Thailand, where at a comparable

level of living standard and the pace of development of CSR the results are much higher than the figures of Russia. For example, a fairly wide range of tax incentives for various kinds of participation in society is provided in Colombia and Thailand: from recruitment of disadvantaged levels of the population to contributions to maintaining of national parks. At the same time, the stimulating measures are backed up by the active implementation of social reporting among companies. In Indonesia, for example, there is the most developed institution of social reporting among these countries: the state sets requirements for mandatory publication but not only to large companies, which the most countries make but also to all limited liability companies (LLC).

According to available data, it is impossible to calculate the volume of spending on CSR in monetary terms, so assessment of the success of the state policy in the field of CSR development is not quite exact. Thus, the countries of the second cluster are traditionally considered the most socially responsible, however, data reporting the percentage of socially responsible companies in these countries is low and is comparable to cluster 4. If we return to the experience of the state policy on CSR development in the countries of cluster 2, we can see that in these countries, special attention is paid to environmental issues, and the state imposes the obligation to publish indicators of environmental productivity/efficiency on companies, that does not require to release the social responsibility report, on the preparation of which companies have to spend a lot of money. Accordingly, the activity of the company in CSR in these countries is likely to be explained not only by the presence of the social report.

According to the results of the cluster analysis and the study of international experience of development of corporate responsibility, to improve public policies in this field in Russia, we can suggest the following measures:

Expanding on the list of tax exemptions in favor of external CSR practices. Currently, the tax benefits under the current Russian legislation aimed at stimulating of the social responsibility of companies in the field of employment. Thus the emphasis is shifting on this issue, and the CSR development takes place in only one narrow direction. According to the survey conducted by the Russian Union of Industrialists and entrepreneurs (RSPP), most of the companies consider tax incentives for responsible entrepreneurs the state support of CSR.

The right to transfer deductible expenditure on CSR for future periods for companies, financing long-term socially-oriented projects, to ensure that the right for the tax privilege is not lost because of the lack of taxable income. This measure will enable companies to refuse to carry out their long-term social programs, will increase the attractiveness of long-term social investments and generally will direct the development of CSR in a more strategic direction, which is an advantage for the companies described earlier. However, there is a risk of deliberate delaying of the project.

The formation of the normative-legal base in the field of CSR and NGOs. The legal concepts and types of corporate social responsibility in accordance with international standards. The legal requirements for a product corresponding to the GRI and other international standards.

The introduction of mandatory reporting for companies using tax benefits, for the monitoring of their funds allocated for CSR and used by companies, and evaluating of their effectiveness. Compilation of a list of mandatory publication of the indicators. The introduction of audit requirements reporting is mandatory for publication of the indicators.

It is expected that the proposed measures will have a positive impact on both the quality of social investments and on the amount and quality of disclosure on CSR. However, these measures require careful consideration on the basis of international experience, taking into account Russian specifics.

## **Conclusion**

In this article, the objective was to propose specific public policy measures aimed at the development of CSR in Russia. That was done by a multivariate statistical analysis to compare the level of CSR of the Russian companies in the background of the companies in other countries and select the most suitable for our country practices of state regulation in the field of CSR. The classification of countries was carried out as for the indicators, characterizing the level of development of CSR and social problems in the country.

Being based on the results of the cluster analysis and study of international experience of the development of corporate responsibility, a number of measures aimed at improving conditions for the socially responsible companies have been proposed, to improve public policy in this area in

Russia, and increase the disclosure of information in CSR and improving its quality.

First, the expansion of the list of tax benefits is proposed. Currently, the tax incentives that encourage CSR in Russia is provided mainly to facilitate the employment of people with disabilities. The expansion of the list of incentives will direct social investment in other problem areas of society. Secondly, it is proposed that the right to transfer deductible expenditure on CSR for future periods for companies financing long-term socially-oriented projects, with the aim of developing a strategic approach to CSR and to focus their attention on long-term projects. Taking into account the above measures require the formation of a normative-legal base in the field of corporate social responsibility and the legal requirements for public non-financial reporting, the relevant international standards (such as GRI, ISO26000, etc.).

Finally, the introduction of mandatory reporting for companies using tax benefits, for the purpose of monitoring of funds allocated for CSR used by companies, and evaluating their effectiveness, and establishing audit requirements reporting is mandatory for publication of the indicators. In the article, as already noted, the assessment of the level and stage of CSR development based on the disclosure of companies of non-financial information was carried out. Thus, conclusions about the success of the policy in the field of CSR development in a country are not quite accurate. However, available sources do not provide information about the costs of CSR, therefore, in terms of available data; the assessment of the level of CSR by the number of published reports is the only possible method of assessment.

Further research can be devoted to a more detailed discussion of recommendations with a detailed list of benefits. In addition, the effect of the proposed measures on the Russian economy remains unexplored. As part of the development of the topic, it is advisable to analyze the influence of the tax incentives on the activity of companies in the field of CSR, which expressed as the increase in social investment companies, and the distribution of non-financial reporting.

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