

TOOL FOR ASSESSING CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Social reporting is seen as a tool to assess the social responsibility of Russian business. Analyzed the current state of non-financial reporting. Grouped key indicators necessary for the social report, provide an overview of the total contribution of socially responsible companies in the development of the country, to assess the value and effectiveness of social ties with external stakeholders, and identify key criteria to assess the overall level of CSR in the country.

KEYWORDS: corporate Social Responsibility, Corporate Social Responsibility Report, Non-Financial Reporting, Social Responsibility, Stakeholders, Sustainable Development

INTRODUCTION

The concept of sustainable development is reflected in the national strategies of many countries, including Russia. Sustainable development - is a form of society in which the needs of the present generation are met without compromising the potential to have the same benefits in the future. Sustainable development requires a systematic approach to the interaction of economic, social and ecological processes in the country, leading to the gradual socialization of the economy. [1] Therefore, the vector of modern business development should be oriented towards social partnership, ie the company's motion to achieve their purposes, and not contradicting the global trend towards sustainability and, if possible, as assisting with public interest objectives. Consequently, the Corporate Social Responsibility (CSR) can be seen as a form of organizational behavior, which reflects the contribution of business to sustainable development.

The process of socialization of the economy is the reason that many Russian companies, particularly large, not only became actively involved in social activities, but have already started to fix it in the form of corporate social reporting. [2] The increase in the number of Russian companies providing social reporting, further stimulated by strengthening their ties with foreign counterparts who have social accountability is an everyday practice. Thus, Russia is expanding the use of a civilized social activity assessment tool companies. The broad understanding of corporate social (non-financial) report - a public document, by which the company shall inform all stakeholders (shareholders, employees, governments, partners and the public) about how the company implements its objectives laid down in the Strategic Plan, for economic sustainability, social and economic well-being in society and environmental sustainability. Thus, the social report allows companies not only to provide full information on their priority social programs, but also to bring it to the attention of a wide range of interested parties in the company, so it is a communication tool for social responsibility.

Today there's no single approach to defining social accountability and its principles do not, but there are a number of authoritative techniques examination of which can make a very balanced view on the issue. Thus, the World Business Council (WBCSD) on Sustainable Development calls social reporting voluntary presentation of information on the social, economic and environmental performance over a certain period of the company, standardized according to one of the systems of indicators and provided publicly available to all interested parties. The concept of "Corporate Social Reporting" - mostly Russian term. In international practice, the other is used - corporate sustainability reporting (literally - "corporate reporting in the field of sustainable development"). The concept and format of reporting, its ideology and prospects are closely linked to the concept implemented corporate social responsibility (CSR).

CSR origins date back to the trade union movement, which originated in the XIX century in the U.S. and Europe and had the strong political connotations. In the XX century the CSR agenda has been the stability of production, which threatened to strike movement, and stability of business needing serene picture of its future relationship with the community. For some time the idea of social responsibility opposed ideology of classical liberalism. However, the development of the information age dramatically increased the value of intangible assets. As a result of Milton Friedman's famous thesis that "the only responsibility of business - it is making a profit," conceptually transformed.

Today, according to the classical definition of the European Commission, corporate social responsibility is a concept that reflects the company's voluntary decision to participate in the improvement of society and the environment. This movement towards the business community, of course, is valuable in that it is expression of good will. However, some countries have made corporate social responsibility and accountability in the public and highly effective instrument of public policy. The relevant legislation already exists in Denmark, Sweden, Norway, Holland, France, Great Britain, the Government of Canada is working in this direction.

In many countries, the government's position to stimulate and support the process of reporting to a large extent determines its cycle and content. State law may encourage reporting, rigidly defining its terms, or leave the whole process of social reporting at the Company's discretion and be limited to recommendations. At the reporting cycle is also influenced by information capabilities of each organization. In Russia, most corporations tries their hand, releasing the first report on the results of several years of activity - from two (the most common option) to five. Further period of decline, and the company starts to yearly to social reporting. This trend is characteristic of international practice. The annual reporting cycle is the most optimal in terms of flexibility policy of engagement with stakeholders. Social reporting allows you to: provide a comprehensive public economic, environmental and social performance of companies, producing in these three areas, to conduct a dialogue with all stakeholders, identify their estimates and expectations, to prevent possible charges, get a competitive advantage, build trust of employees, shareholder, partners, customers, local communities, government agencies, the media, create a basis for the development strategy of the company. [3]

Today's business world has increased requirements for transparency of business, the notion of responsibility and accountability to the public. Many companies have realized that more successfully conduct business, functioning only in the isolated areas, they simply can't. For the development of openness to stakeholders and key partners was established area of social accountability. The first non-financial reports, according to foreign experts, have been made by European companies in the 70's. Over the past 30 years the number of non-financial reports in different industries and countries has increased significantly. According to a recent study audit firm KPMG, in 2005, of the 250 largest corporations in the world, more than half (52%) were presented to society and its social reports. In Russia, the beginning of the active phase of the non-financial reporting refers to 2000-2001. The indicators are much more modest: in 2002, only 2 companies presented its social reporting, in 2003 - 5, 2005 - 22, and at the end of 2008 - 66 companies, among which "Gazprom", Lukoil, Shell, TNK -BP, RAO "UES of Russia", "Sibneft", "Rusal", "Norilsk Nickel", etc. to production companies gradually began to join and financial institutions: a pioneer in the preparation of corporate social reporting format GRI G3 in the Russian market has become FC " URALSIB ". [4]. This indicates a gradual understanding of the business that the social report is an important element of the corporate non-financial risk management and increase efficiency and competitiveness.

First principles for social reports were developed in the West. Investment funds the U.S. and UK in the 80's, when forming their portfolios began to consider the level of social responsibility of issuers of securities. There are stocks to invest in socially oriented organizations. Most often mentioned in Russian practice four international standards: Account Ability AA 1000; GRI (Global Reporting Initiative); ISO 14000 (International Standards Organization); SA 8000, designed by Social Accountability International.

These metrics and associated today with the concept of "international standards of corporate social responsibility." Meanwhile, there is a large number of alternatives: less known in Russia, but is actively developing a comprehensive approach to dealing with performance indicators (such as the balanced scorecard business evaluation of Balanced Scorecard Institute), initiatives based on the sectorial approach (the principles of sustainable business practices for companies agro IFOAM), the national initiative to create a balanced system of non-financial reporting.

The world-famous design institute Account Ability - standard AA 1000 - appeared as a national initiative of Great Britain. Similar popularity similar project of the Canadian Institute (CICA) and released its guidance on the analysis and discussion of management (Management Discussion and Analysis guidance, or MD & A). All of the above system of standards, in principle, move to a mutual agreement with the subsequent unification. Be interpenetration of knowledge and practice in this area. It is this development of the relations of the two developers are already showing leadership now standard - AA 1000 and Guidelines GRI (the next generation of economic indicators GRI developed with the participation of senior analyst Account Ability). This trend is typical of industry initiatives. Folding system is such that the most open standards tend to generalize a highly specialized, integrating them into its performance. For example, GRI produces industry-specific applications, which are the quintessence of the leaders reporting initiatives in each industry. This gives the opportunity to get acquainted with the experience of companies that have used in their reporting standards, limited by industry or geography.

Last year, the Russian Union of Industrialists and Entrepreneurs (RSPP), a National Register of corporate non-financial reports, most of which are prepared in accordance with the guidance of GRI. But it is important not only to make a report, but to bring it to all stakeholders. Often the effect expected by the business with the information available, not met expectations. Is directly associated with the perception of the information provided by various stakeholder groups. Most often such a situation arises either as a result of what information channels used by, for some groups of stakeholders are irrelevant, or because of the low level of confidence in any channel of information. In addition to shareholder and government users of social reporting are:

The investment community, which includes not only the investors and investment funds, and credit rating agencies, stock exchanges, investment banks, and a wide range of investment analysts and experts; Employees, labor organizations;

Consumers

Self-regulatory organization included in the "area" of the company: the association of employers, unions and business associations and employers, professional associations (such as the Union of Insurers), consumer associations, etc.;

Other stakeholders (actors, who themselves have an impact on the company, and those who are subject to significant influence on her part), such as environmental organizations, local governments, suppliers and contractors, etc.;

International organizations, establishing various ethical and other business practices or addressing the convergence of such standards in different countries. The main channels of information about the contribution of business to society are the press releases to the media, corporate web sites, presentations and public speaking executives, corporate publishing company, specialized websites. All of the above information sources can be used as tools to assess the CSR, but the most important are the social reports, available on the corporate web site and published in the form of brochures and booklets.

Thus, the information stored in the corporate social report, and it is accessible to all interested parties

(stakeholders), is not only one of the criteria for a comprehensive assessment of CSR, but also an indicator of its maturity. Please be aware that the content of social reporting companies varies depending on the priorities of each company in the social, economic and environmental spheres. However, the following areas are common to all company programs [5]:

staff development - estimated amount of funds allocated for training and development of staff, the provision of social benefits and bonuses, etc., protection of health and safety at work - is the amount of funds allocated by the labor protection and safety, medical service employees in the company, to support mothers and children and to maintain hygiene and ergonomic working conditions, etc.; socially responsible restructuring - is determined by the amount of funds allocated by the re-training of employees, promoting employment of redundant employees for severance pay, etc., environmental management and resource - indicators are the amount of funds allocated by the organization of environmentally friendly production, the construction of sewage treatment plants, reduction of environmental impacts and the like; development of the local community - the end point of allocated funds directed to programs and actions to support vulnerable people, children and young people, to support the housing and communal services and objects of cultural and historical significance to the sponsorship of local cultural, educational and sporting facilities and events, and to participate in charity events. Sound business practice - indicators are the amount of funds allocated by the training of business partners and other interested parties in the organization, conduct programs to promote small businesses to publish information about the organization to all interested parties in the organization.

In Russia, widespread in use have international standards of compilation, evaluation and verification of reporting, such as Account Ability 1000, Guide to Sustainable Development Reporting (GRI) and the International Standard for Assurance 3000 (ISAE 3000). The analysis of the information provided in Social Report, to evaluate the level of development of CSR in the country on the following criteria: the essential understanding of CSR (the Russian business understands social responsibility) in general and the particular implementation of the Russian concept of corporate social responsibility, transparency and reliability of the information provided; nature of the relationship and the form of interaction with all stakeholders, the total contribution of business to solve social problems of the society, the direction and orientation of social programs and projects of the company, and stimulating the expansion of CSR. Main results from the introduction of the preparation of non-financial corporations in the following statements:

Improved ratings, particularly its corporate governance, which in turn helps to attract debt capital for the company;

To assist in building an international reputation and a successful IPO on Western stock exchanges, as well as involvement as shareholders of institutional investors (such as pension funds, mutual funds, etc.);

The ability to attract cheaper and "long" loans (for example, obtaining loans from banks, following "Equator Principles", is impossible without assessing the level of environmental responsibility);

Increasing investor interest in not only the company, but also directly to the management, which uses non-financial reporting has demonstrated the quality of their corporate governance, corporate sustainability, high non-financial risk management and the ability to communicate effectively with stakeholders;

Increase the degree of confidence in the company's relationships with stakeholders, which helps to prevent potential threats and conflicts with stakeholders. "

One major focus of the organization on the development of social accountability is its evaluation and

verification of an external independent auditor. And audience provides the company with a guarantee of a third party that the information published in the report are true and reflect an objective picture of reality. The auditor also confirms that the results obtained in the course of preparing the report, will be introduced and used in the further practice social responsibility. Undoubtedly, any effort of rating companies on corporate reporting unaudited bring PR-response, but the potential of corporate social reporting much more. The strategic goal of the Russian leaders are not the corporate reporting dividends from PR-actions, and the transition to a balanced weighted indexing stability of companies and their social and economic potential. Audit ratings - only a step on the way to the ratings exchange.

They, having strong enough factual basis and reputational weight, able to implant the idea that the statements in the company should be informative and open. Organizations should be interested in reporting, to see it as a tool of investment policy and pledge of their own sustainable development and prosperity. It should be noted that in the world the key factor in the decision to implement the social reporting process is its impact on profits. Companies have long been convinced that if corporate social responsibility is given due attention, loyalty to the company and the company's products is markedly increased. Back in 1999, the U.S. Think Tank Conference Board led evidence that the companies that implement the concept of social responsibility, the return on investment of 9.8 percent higher than that of ignoring its competitors, with assets of more revenue by 3.55 percent, and profit - by 63.5 percent.

Indexing of intangible assets is already an integral part of transactions, the leading rating agencies impose its own set of services in the rankings of social responsibility. According to the Social Investment Fund, the U.S. decision to invest every eight dollar affects it is the level of social responsibility of the company. Russia has already embarked on the path of social responsibility, according to which it will go on and on. In this case the driving force is exactly statements as values, vision and goals of responsibility as an integral part of Russia in the traditions of philanthropy, is now lost. Thus, in the near future will be the formation and establishment of the most important components of CSR. Russian business has already shared the foreign colleagues of the need for a balanced and coherent social policy and training of social reporting as an effective tool for engaging with stakeholders and increase capitalization.

This means that Russian companies will explore and develop this tool. The bigger business than multilateral and diversified its impact on society, the more important the independent evaluation of the information provided in the statements. Necessary to think about the experience of foreign colleagues and to create centers of its effective application, it will support the overall positive trend in the first place to revive the values of CSR. Social reporting large company should be in accordance with the world standards and requires a mandatory independent audit, because her performance had a significant impact on the capitalization of the brand and are an indicator of the Company's appeal.

At the moment the system of training of social reporting while not common in Russia, not only owing to the small business interest in problems of reporting, but also because of the lack of experience of the unit and specialists. Professionals need to grow in this area, including through the development of targeted educational programs on CSR. Will greatly assist the process of formation and development of social responsibility in Russia endorsement and support by the state. This may require company locomotives, work out a methodology for CSR in the Russian practice.

CONCLUSION

Most likely, in the next five years in Russia will not be legally binding provision enshrined companies corporate social reporting. The most important task for Russian business in the next five to ten years will be a qualitative study of international standards and turn them into an effective instrument of dialogue with the world. More remote possibility could be to introduce a national strategy for the implementation of corporate social responsibility and the development of a centralized national reporting standard in

Russia. But there is another important aspect of the implementation of social responsibility and the presentation of the results - this is the real possibility of working for the benefit of society and to contribute to the formation of values and the development of a civil state.

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