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## The Institutionalization of the Concept of Corporate Social Responsibility: Opportunities and Prospects

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**Abstract:**

*Modern social and economic development in Russia requires active rethinking of ideas and views on formation and development process of the business in terms of implementation of the foundations of corporate social responsibility in its activities. The solution of the problem, in our opinion, is possible with the active introduction of institutional reforms into practice of business activities of socially responsible companies. In this regard, the present study proves the growing role of the institutionalization of the concept of corporate social responsibility, which, on the one hand, will allow achieving positive results in social and economic, organizational and business activities of modern market participants, and on the other, ensuring a significant increase in the efficiency of the economic order in the operation of such companies. The study identifies key institutional prerequisites of formation and development of socially responsible business behavior in the modern conditions of prosperity of the Russian Federation, including social partnership, social accountability, responsible financing, social expertise, etc. It is concluded that the institutional reforms in the field of business social responsibility must meet civilized business "rules of the game". In the direction of orientation to facilitate the formation of the institute of corporate social responsibility (CSR), taking into account Russia's institutional specifics, it is found that review of the views of authorities is very important, because the institute CSR considers the necessary rules and regulations of social partnership, i.e. operation and development of cooperation between private, public and nonprofit sectors. They in their turn provide (produce) social orientation and/or orientation inside of the economic system for both the micro, meso and macro levels.*

*The aim of this study is to substantiate the increasing role of institutional foundations of the formation and development of CSR in Russia and the development of tools to facilitate the institutionalization of the concept of socially responsible behavior of national business. Article is created by means of the system analysis tools.*

**Key Words:** Business, institution, institutionalization, corporate social responsibility

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## 1. Introduction

### 1.1 Introduction to the Problem

In recent years, the attention to the studies of such economic phenomenon as corporate social responsibility has increased. The problems of socially responsible business behavior and its role in the social and economic development, capabilities and efficiency of interaction with the local community are widely discussed. Formulations of principles of the corporate social responsibility internal standards have become an indispensable attribute of Internet portals, websites of large companies. Governments, social and international organizations of the most developed countries of the world joined the promotion of the best practices in CSR. For example, in the UK the post of adviser on CSR (Minister for corporate social responsibility) is established. One can also see how the number of organizations is rapidly growing, which have declared their goal the introduction of ethical principles and principles of social responsibility into business practices. Among them are: the European Organization of Business Ethics, the Council for Sustainable Business Development, Ethical Corporation, the World Business Academy, the Institute of Business Ethics in the UK, etc. This positive trend is also reflected in the Russian business practice. Thus, we believe that the studied problem has multidimensional nature.

Increased interest to the problems of CSR, as we see, is dictated by several factors: firstly, the failure of our government to have their own resources to make full and effective social policy; secondly, the entry of government and business into a fundamentally new phase of development - partnership and cooperation, and finally, thirdly, the growing influence of globalization process. It is obvious to believe that globalization is adapting the Russian companies to understand the need for complying with the international standards of corporate behavior and ethical standards of modern business. The growing ethical requirements and motives are the core ideology of the so-called CSR. Improving business ethics, promotion of the expansion of CSR practices neutralize the negative attitude of a certain range of stakeholders (society, investors, consumers) to the activities of modern business structures. Working according to the rules of civilized business (thus maintaining a positive image) modern companies have to determine strategic goals, which meet modern conditions, to build standards and to implement a strategy of socially responsible behavior. It has become a common rule, a kind of normal business relations. Socially responsible behavior is one of the most important arguments in the competition in the capital market. The aim of this study is to prove the increasing role of institutional foundations of the formation and development of CSR in Russia and the development of tools to facilitate the institutionalization of the concept of socially responsible behavior of national business.

### 1.2 Importance of the Problem

The current condition of the Russian Federation demands active rethinking of views and interests in the process of formation and development of the business in terms of

its social responsibility. The solution to this problem is possible in the context of institutional changes and economic activity of socially responsible companies.

We should note that up to now, CSR has not yet become a subject of comprehensive study by Russian researchers and specialists. Until now, such aspects of the problem as an opportunity and a need to institutionalize the concept of corporate social responsibility (CSR), justification of the specific actions and measures necessary for the formation and development of CSR institution in the modern Russia are not enough developed. The causes and factors contributing and constraining the development of institutional reforms in CSR in Russia are not fully and comprehensively studied.

In this regard, in this article we have attempted to identify institutional capacities and conditions of formation and development of CSR in Russia; the growing role of the institutionalization process is proven, which allows achieving positive results in social and economic activities of the modern business entities and ensuring efficiency of economic order in their work.

The complexity of the phenomenon of socialization of business and corporate citizenship stipulates that attention to this issue today is not weakened, and later will just increase. One type of branching of this direction is to study the characteristics of “national” social responsibility at the level of individual countries and regions, the allocation of distinguishing features of the integration of common standards of socially responsible management.

Thus, the aim of this study is to develop specific directions that contribute to the formation of the process of institutionalization of CSR in Russia.

### 1.3 Relevant Scientists

Questions of socially responsible business behavior are the focus of many studies. Thus, among the foreign studies, especially on the problems of CSR, the fundamental works of Bowen (1953), Carnegi (2014), Berle & Means (1932), Thorstein (2013), Commons (1931), Chandler (1977), Schwartz and Caroll (2003), Donaldson and Preston (1995) and others should be highlighted. The questions related to the conceptual foundations of the institutionalization of socially responsible economic are highlighted in the works of Coase (1937), Johnson (1962), Davis (1960), Freeman (1984), Friedman (1970 ) Stewart (1963).

Among the Russian authors and researchers of the theory and practice of social development and institutional reforms in CSR and sustainable development there are Blagova (2010), Vdovina (2014), Guskova (2013), Goncharova (2008), Krichevskiy (2008), Korotkova (2015). Petrunina (2012), Salimova (2012), Soboleva (2005), Shumilova (2014) and others. Works of these scientists are valuable primarily from the position of theoretical and methodological foundations of the studied problem. In methodological and practical terms, the publications edited by Liborakina (2004),

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Litovchenko, Korsakova (2003), Luzina (2001), Tulchinskiy (2015), Yakimest (2002), and others are of a special interest.

#### 1.4 Hypotheses and Research Design

Corporate social responsibility is developed through the prism of the three main institutional groups: business, government and civil society, which certainly requires mutual coordination of their actions in the institutional development process. Accordingly, an effective mechanism for institutional reforms in CSR should be formed taking into account common, private and special characteristics of the institutional sub-systems of modern Russian society. In addition, for each of them the tools may be offered to perform the process of institutionalization of socially responsible behavior of modern business structures.

## 2. Methods

The methodological basis of the study is the scientific methods of knowledge, above all, the combination of dialectical and historical and logical unity, the method of empirical generalization, methods of structural and functional analysis, traditional techniques of economic analysis and synthesis, and specific methods for assessment of dynamics and intensity of the processes of institutionalization of CSR (expert assessments). A special role in the substantiation of the institutionalization directions of the corporate social responsibility concept is given to a systemic approach.

The implementation of study tasks was achieved through the use of the official data of the Association of Managers of Russia, the Russian Union of Industrialists and Entrepreneurs (RSPP), the Charter of the Russian Business, basic legislation and regulations in the sphere of CSR, the study of scientific works of national and foreign scientists on this issue, the results of monitoring studies on status and prospects of development of corporate social responsibility, current operating information on the activities of economic entities, government authorities and local self-government in Russia, the Internet.

## 3. Results

### 3.1 Prerequisites for Institutionalization of the Concept of CSR

Based on the key provisions of the main public and political document of our country - the Constitution of the Russian Federation, in the part of the constitutional basics, it is just to believe that Russia today is a social government. Thus, article 7 of the Constitution of the Russian Federation says that “the Russian Federation is a social government whose policy is aimed at creating conditions for a dignified life and free human development (the Constitution of the Russian Federation)”. But, nevertheless, based on the reality of occurring social and economic problems in the community, now it is possible only to talk about the transition to this type of government due to the instability of the social sphere and its continuous reforms. The growth of various kinds of social problems that accompany this process of

transformation, has led to the objective necessity of public, scientific, social and economic and political understanding of the boundaries, methods and mechanisms for the implementation of effective social policies. On the pages of periodicals a lot of studies on the problems of the social sphere of the government and business began to appear. In its turn, the government itself, proclaimed the idea of the priority of the effectiveness of social policies and a decent standard of life of Russian citizens. It is fair to say that in the market economy the determining role in addressing the growing social contradictions and neutralization of threats is given to business, and mainly to its socially responsible behavior.

Modern business is a system able to self-development, dependent on external influences and internal impulses. At the same time creation of such conditions under which profit is fraught with social and ethical values, is the prerogative of the first and third sectors of any society, that is, government and public non-profit organizations. Therefore, the issue of corporate social responsibility must be addressed not only and not so much to the business community, but to the government and society as a whole.

The institutional structure of society as a whole, as well as the nature of the institutions themselves, determine success or failure in the development of certain relationship, form the basis of their sustainability, taking into account the historical traditions and customs give originality to moral and ethical forms of the real activities of the main actors.

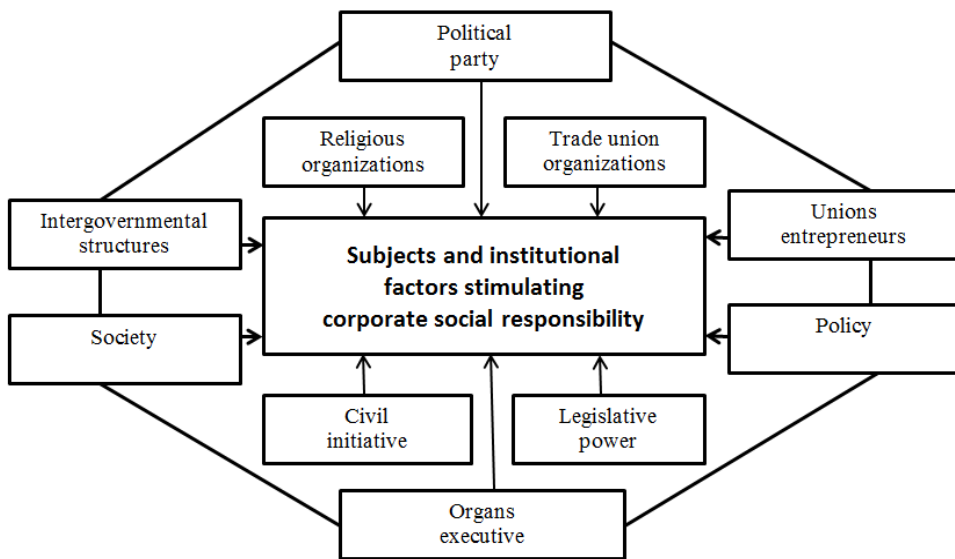
Corporate social responsibility of the business reflects one of the essential edges of the liberal market system, involving the voluntary acceptance of certain social obligations and responsibilities for their implementation by the community. It is naturally, that the institutionalization of corporate social responsibility takes place in the social and economic environment of society and therefore is closely linked and dependent on a variety of subjects and interests of various subjects and legal framework governing their relations (Krylov, 2013).

History of formation and development of the concept of social responsibility institutionalization of national business makes it safe to say that at the beginning of the era of market reforms and “starting position” in the field of CSR Russia came up with a very specific model, the so-called socialist social responsibility. Note that the main stakeholder, the main interested party in this model (with existing availability of relatively independent economic entities) was the government. It united views and interests of other stakeholders (practically all social groups and members of production (economic) relations). In addition, like any other government, it had developed enforcement mechanisms. According to the conventional approach, based on such classification sign as the degree of concentration of ownership, the analyzed model is quite advisable to be attached to the outsider type.

1.2 The Impact of Factors System on the Process of Formation and Development of the CSR Institute in Russia

With the beginning of a process of privatization of government property, covering the period of 1992, the situation in terms of responsible behavior of business entities began to change rapidly and dramatically. In this transition phase, in difficult social and political and economic conditions, increased attention to the search of innovative forms and methods of interaction between government and business, the growing role of civil society caused the following factors:

- tense social and economic situation in the country;
- sharp and rapid decline in production volumes of the real sector of the economy;
- increasing mass unemployment;
- the weak role of trade unions;
- municipalization of social infrastructure, etc. These circumstances were key features for the birth and inoculation of CSR principles.



**Figure 1.** Subjects and institutional factors stimulating corporate social responsibility

A series of professional ethic codes was adopted already in the initial period of the new property relationship (Table 2).

**Table 2.** The documents regulating the activities of CSR in Russia

Document	Year of acceptance
Banker’s code of honor	1992

The rules of fair activities of members of the professional association of stock market participants	1994
Code of honor of the Russian Guild of Realtors	1994
12 Principles for Doing Business in Russia	1998
Corporate Code of Conduct	2002
Social Charter	2004

By the middle of the first decade of the 21st century, the concept of CSR was gradually strengthened in the sphere of the Russian Business and Entrepreneurship (mainly in large and medium companies). The expansion of the areas of activity of the Western European subsidiaries and representative offices in our country, that created business culture, adapted modern principles of socially responsible behavior and introduced criteria for the companies in the category of socially responsible, demonstrated models of socially responsible interaction, etc. greatly contributed to this process. The objective need of business for the synthesis and analysis of CSR practice began to appear, adapting existing international standards of business (in particular social reporting), the development of specific analytical and recommendatory materials. To everything else the excessively increased economic interest of power structures to attract resources of business community to jointly address social and environmental issues (especially on regional and local scale) for the prosperity of business should be added. The system of measures for the development of The Strategies for the Development of the Russian Federation up to 2020, conducted by the Ministry of Regional Development of the RF contributed to specifying the focus and priorities of the cooperation between the authorities and businesses.

Thus, at the turn of the first decade of the 21st century Russia witnessed the formation of the main elements of the process of institutionalization of CSR. One can talk about the formation of the social institution of CSR. The latter, as we see, must contain binding conditions such as: firstly, increasing social demands; secondly, the formation and integration of common goals, values and interests of the interaction between different social groups, especially government and business; finally, the emergence, adoption and practical application of certain rules, patterns and rules of conduct in the practice of social and economic cooperation.

### 1.3 The Practice of Institutional Changes in the Direction of CSR Development

Based on the RSPP data (one of the most representative public structures that define the vector of development of CSR in Russia) and the Russian Managers Association we will conduct an analysis, which allows assessing some visible results in terms of the institutionalization of the concept of CSR in Russia.

Today, speaking about the activities of socially responsible companies it is just to argue about the apparent positive dynamics in the development of mechanisms and expanding the practice of creation of non-financial social reporting of companies, compliant with international standards.

Recently, in the approach to the work of socially responsible companies there has been a qualitative shift: it has become capital creating (just as transparency, the delegation of authorities, etc.). In addition, CSR activities are purely voluntary (both large corporations and small businesses have come to realize that being socially responsible in the world today is objectively necessary, and most importantly it is profitable. This is caused by the fact that the capitalization grows, stability and the attractiveness of the business strengthens.

According to the President of the Russian Union of Industrialists and Entrepreneurs Shokhin B.N. (2012): “nonfinancial reporting is increasingly seen as the norm of corporate behavior of leading companies, for which in the current agenda are increasing transparency, the disclosure of the benefits of responsible business practices, the evidence of its effect on the growth of tangible and intangible assets of companies, the development of the regions and society in general, competitiveness growth”.

The analytical survey published by RSPP, noted that, according to the National Register of Corporate Non-Financial Reports of the RSPP, in Russia there are already 111 companies and organizations in 14 sectors that make non-financial reports. Each year, about 50 companies publish non-financial reports, and these are primarily the largest Russian companies that have a significant impact on the economy, the social sphere and the environment. In general, for the period from 2000 to 2013 337 reports were published.

The main type of report that is used the by Russian companies is a report on the tri-unique total: economic, environmental and social performance. Among the new events in the practice of Russian reporting, RSPP considers the emergence of the annual reports of public companies of the nuclear industry with elements of reporting on sustainable development. In 2010, nine companies submitted integrated public statements made on the basis of GRI, reflecting “a visible relationship between operational results of the main company activities and their many consequences, in order to understand what the cost of losses and expenses is for achieving economic prosperity or adversity of any individual company”.

The system of independent verification (certification) of non-financial reporting develops, which is important in the context of increasing public trust and strengthening of companies' reputations. Verification procedures, according to the RSPP, are made by more than half of the companies. This increases the number of companies opting for public reassurance in the form of public hearings and dialogue with concerned parties.

Among the mechanisms of communication with external stakeholders, according to the Association of Managers, business gives a clear preference to an exchange of views through participation in round tables and seminars (90% of the respondents)



and to the publication of reports in the media (88%) and on corporate websites (84%). The leading motivation in choosing the mechanisms of external communications is the opportunity “to get the long-term competitive advantages” (43%), “to maintain the reputation” (26%), “to reduce risks” (22%) (Blagov, 2008).

Forms of public recognition of successful practices of companies in CSR are expanding, including through competitions, publication of rating of companies' activities and other events. RSPP regularly holds All-Russian contest “Best Russian Enterprises. Dynamics, efficiency, responsibility”, where in the direction “Social Responsibility” “Development of Non-Financial Reporting” and “Best Report on Corporate Social Responsibility and Sustainable Development» are nominated. In 2010-2011 the leaders of the contest were: OJSC SUEK, State Corporation Rosatom, OJSC Financial Corporation URALSIB, OJSC Nizhny Novgorod Engineering Company Atomenergoproekt, OJSC Mineral and Chemical Company EvroKhim, OJSC Tatneft, OJSC GMK Norilskiy Nikel, TNK-BP, Vneshekonombank and others. (Shumilova, 2014).

**Table 1.** Principles of corporate social responsibility

Principle	Characteristics
Institutional principle of legitimacy	Society provides business legitimacy and power. In the long term, for those who do not use this power in a socially acceptable manner, it will tend to its loss.
Organizational principle of public liability	Companies in their business are responsible for the results, which relate to the areas of “primary” and “secondary” interaction with society.
Individual principle of freedom of management choice	Managers are moral agents. At each level of CSR they are required to make a choice from the available options, which will lead to socially responsible results

For example, the rating agency “Reputaciya” published the rating of Russian companies, calculated on the basis of the assessment of 180 indicators reflecting their activities in the areas of CSR, such as: economic performance and organizational management; the interaction with the consumer; labor relations and the rights of personnel; interaction with society; ecology and environment.

Methods of survey rating included the determination of the degree of correlation with the social impact of the organization and government social and environmental policies. The assigned ratings were matched with the following characteristics:

- AAA(s) – the highest level of CSR - Ingosstrakh, the group of companies Novard and OJSC Transaero Airlines;

- AA(s) – high level of CSR - PJSC Baltika Brewery, OJSC MTS, OJSC Rostelekom, OJSC RusGidro;

-A(s) – acceptable level of CSR - OJSC OTP Bank, Investment and construction company TEKTAGROUP (TEKTA LLC).

There is a gradual integration of CSR into corporate strategy through mechanisms of management of social investments. The most profound analytical assessment of the processes of social investment in Russia is carried out by the Managers Association (AMP) which is an independent public professional organization of a national scale, which seeks to fully facilitate the transition of the Russian business community to the international standards and ethical standards of doing business, the integration of Russia into the world economy, the establishment of constructive dialogue between government and business, formation of positive attitude to the national business in the community and abroad.

The Association in the Development Programme of the United Nations to promote the Global Compact with the participation of the Higher School of Management at St. Petersburg State University released two reports on social investments in Russia in 2004 and 2008.

The scale of social activities of the company is estimated by quantitative social investment index calculated by aggregates, the most revealing of which are: the value of social investment per employee (IL), the ratio of social investments to gross sales (IS), the ratio of social investments to the balance sheet profit (IP). According to the report, in 2007 the value of social investment per employee among the companies participating in the study was equal to 970\$ in average, including in the companies of the commodity sector of about 1 500\$, the processing sector - 500\$, services - 846\$.

Table 3 shows the value and the share of funds allocated by the Russian companies for the implementation of social programs in 2012.

**Table 3.** Indicators of quantitative social investment index of Russian companies\*

Economic sectors	Types of quantitative social investment index		
	The value of social investment per employee (IL), USD	The share of social investments in gross sales (IS),%	The share of social investments in the balance sheet profit (IP),%
Financial sector	669, 6	0,02	11,45
Fuel sector	258, 9	1,14	5,43
Non-ferrous metallurgy	362, 5	2,73	53,54
Ferrous metallurgy	1262, 5	5,05	26,40

Power industry	637, 5	4,16	144,79
Forestry and timber processing industry	423, 2	5,45	58,38
Mechanic engineering	383, 9	3,54	85,77
Consumer goods and services	175	0,67	24,26
Chemical industry	1633, 9	11,89	216,30
Professional services	216	1,38	50,77
Service	57, 1	0,36	10,56
Telecommunications	362, 5	1,57	8,34
Transport	1721, 4	1,62	36,87

\* *Note:* Is calculated at the exchange rate of the Central Bank of the Russian Federation for 04.04.2015

Analyzing the data in Table 3 we believe that the roles of the main centers of gravity of social investments and stable positions of industry leaders are taken by transport companies, chemical industry and steel industry. Representatives of the light industry segments of the economy (consumer goods, services, professional services) have on the contrary very modest portions of social investments.

Speaking about the possible practice of institutional reforms the spread of the practice of responsible (project) funding should be noted. In the most general form of responsible finance it means that in the process of investing financial institutions in addition to economic factors, take into account the environmental and social impact. On this basis, we can assume that a form of responsible funding is investment in environmental and social projects (the construction of affordable housing, the introduction of energy saving technologies that increase energy efficiency, etc.). In addition, being a player on the stock market and investing financial resources in securities, financial institutions also take into account the results of eminent on a wide range of issues and indicators that are closely related to sustainable development. Typically, investment decisions are guided by financial institutions for sustainable development indices developed for the assessment of the level of socially responsible behavior of the company. The most common and well-known among the indices of sustainable development are the Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

European companies are the world leaders in 11 out of 18 sectors of economy. It can be explained, firstly, in the high level of environmental friendliness of their production (with constantly decreasing energy consumption), and secondly, the more social protection of personnel. Currently, this index, which has become popular in business circles, is widely used for the production of a variety of derivative financial instruments. For this purpose a special licensing system is introduced for institutions applying the DJSI World and DJSI STOXX in its operations. Today 45 of such financial companies (in 14 countries) already operate. The most famous among them: Raiffeisen (Austria), Invesco (Germany), Nikko Asset Management (Japan),

SPP (Sweden), Sustainable Asset Management (Switzerland), Merrill Lynch International (UK).

At the project financing, the procedure of responsible financing involves assessing the impact of the funded project on the quality of life of local communities and the environment on the territory of its implementation as well as globally. In order to avoid such threats on projects with high level of negative impact on the environment and social environment the company is required to provide a plan for risk management. In some cases, the procedure of responsible funding includes education (discussions, consultations) with the local community, as well as receiving complaints from the society, whose interests in the implementation of the project may be affected and disturbed. The project implementation, financed by the banking sector, must be accompanied by monitoring carried out on an ongoing basis, an evaluation of its social acceptability and the environmental safety.

Today, project funding is mostly used in the implementation of infrastructure projects in such sectors as communication, transport, services, forestry and woodworking and food industries. They demonstrate effective growth, and companies often prefer to use the potential of this growth on the balance sheets of separately established companies. Additionally, in these sectors the price of entry ticket is slightly reduced. Thus, to implement the project, for example, in the telecommunications industry, it is possible to start with a relatively low cost. Sberbank is financing such a large-scale project as Satellite Communications, and projects of OJSC MSS and OJSC Delta Telecom. These companies have entered the market with a new standard for mobile communication, which, according to some estimates, belongs to the third generation. The cost of these projects is now relatively low. Bank finances many projects implemented on the principles of divided risks in other industries (Table 4).

**Table 4.** The most important projects implemented by Sberbank on the principles of project financing

Industry	Project
Woodworking	The construction of chipboard plant OJSC Karelia DSP
Food	Construction of the plant for the production of instant coffee by leofilization for OJSC Moskovskaya kofeynya na payah
Transport	Building a transport terminal “Vnukovo International Airport”
Gold mining	The development of gold deposit Vetrenskoye of OJSC Susumanzoloto
Power industry	Construction of the first phase of Mutnovsky geothermal power station of OJSC Geoterm
Communications	Update of satellite fleet of FSUE Kosmicheskaya svyaz’
Petroleum refining	Organization of production of motor gasoline OJSC TAIF
Nonferrous-metals industry	Construction of the plant for the production of aluminum

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	containers of OJSC ROSTAR
Gas production	Construction of onshore gas condensate field for Siberian Oil and Gas Company

It is notable that at project financing it is necessary to identify all the risks of the project, as well as to identify and implement measures to reduce them to an acceptable level. A business plan allows realizing this possibility. This document should reflect the maximal details of all its sections. In addition, the information provided in the business plan should be referenced in more detail, so the bank would be able to assess the introduction of technologies and the need for resources, to analyze the market position of the project, potential buyers of the products of the project, a financial scheme as well as its optimal form from the structure of equipment purchasing, the implementation of construction and installation works, etc.

We emphasize that in respect of the possible institutional reforms of CSR formation a serious practice of institutionalize policies and practices of CSR, on macro, meso and micro levels accumulates.

At the federal level, it is the legislative consolidation of the provisions on the principles of social partnership and issues of CSR in separate legal acts of the Russian Federation; adoption of a number of professional codes of ethics; the establishment of national public associations (RSPP, ARM, Russian Chamber of Commerce, Business Russia etc.), whose activities directly promotes social responsibility in cooperation between government and business, the introduction of voluntary national and international management standards and reporting on sustainable development, non-financial and environmental reporting, etc.; expansion of the practice of business involvement in the priority national projects (Health, Education, Affordable housing) and targeted federal programs; implementation of the government policy in the sphere of science and higher education, aimed at increasing the scientific studies and inclusion of the discipline Corporate Social Responsibility in the curriculum of Bachelor of Management, etc.

At the regional level some elements of the government economic and social policy in respect of CSR (regional laws on social partnership, competitions, ratings, dialogue, etc.) are being reproduced, which are complemented by the establishment of specific contractual relations and institutionalization of mechanisms of responsibility of city forming enterprises; created committees (commissions) on the interaction between government and business in the subjects of the Federation, the regional offices of Chambers of Commerce and other public organizations; differentiated regional policies of interaction are formed, depending on the financial and economic situation on the basis of socially active clusters, socially congested, socially passive and inefficient enterprises-outsiders; agreements on social and economic cooperation, including participation in regional and municipal development programs, etc. are concluded.

In order to coordinate activities and successful implementation of CSR practices in several regions there are certain provisions and regulations that stimulate the activities of economic entities in this regard. A striking example of this is the positive experience of Altai Territory administration: decree “On increasing social responsibility of employers of Altai Territory” and “On the annual regional competition “The Best Socially Responsible Employer of the Year”, statement for competition “Matter of honor”, etc. For the most efficient promoting participation in the implementation of the concept of social unity (social partnership) of institutions of power additional regulations governing the powers of the authorities at all levels (regions, municipalities, companies) (Savina, 2014) can be developed.

At the level of individual companies the special package of documents is being formed, including, as a rule, the Code of Corporate Conduct or Code of Ethics, approved by the supreme executive body of the company, The Collective agreement is concluded, in the context of which human resource management policies of the company are prescribed, the system of social protection, social and labor relations, and worker safety and other issues, which are later reflected in detail in the non-financial social report of the company. In large corporations in the management structure a special unit is created responsible for implementation of the strategy in the field of CSR, internal planning (for staff development, health and safety, maintenance and development of social infrastructure, ensuring social package and others.) and external planning (primarily on the development of the local community, environmental protection and environmental management) for social investment, self-assessment of their effectiveness, etc. are implemented.

#### 1.4 Key Measures to Stimulate the Institutionalization of the Concept of CSR in Modern Russia

Nevertheless, however, along with a clearly positive tendency towards the institutionalization of the concept of CSR, complete process of formation and development of CSR institute in Russia is impossible without solving a number of tasks and requires implementation of a complex set of interrelated actions.

1. In the context of institutional reforms of CSR, in our opinion, the legislative consolidation of the mechanism of government protectionism in relation to social responsibility and socially oriented employer is fundamentally important. We emphasize that the patronage system aimed at government support for socially responsible and socially oriented companies, in fact, indicates their priority in the reception of financial assistance from the government. This system of protection is also active in tenders, providing public services and the allocation of quotas, including for attracting labor from abroad. It is just to assume that certain conditions can be regarded as a certificate of trust.

2. Coordination of executive authorities (at different levels), trade unions and other representative bodies of workers and employers. The process of institutionalization

of CSR should proceed, in our view, in close cooperation and joint interest of institutions and local authorities, employers' associations and trade unions. At the same time the obligations of each of the parties should be defined and regulated clear and just (what is more important). We are talking about building a new system of relations with the municipalities, based on the rating of socially responsible municipalities. The main indicators of interaction between participants of social partnership can be a reward, letters, certificates of recognition received for participation and victory in the competition for his services in the practice of the implementation of socially responsible employers.

3. Social expertise of projects and programs of social and economic development, agreements on social and economic cooperation for the creation of new and preservation of old jobs, following the criteria of socially responsible behavior of business entities. To assess the qualifications of socially responsible behavior of the employer it is advisable to use a special tool. It's recommended to use social assessment. We should note that the key feature of the specific expertise lies in the fact that the latter examines the challenges that are difficult to quantify and hardly formalized. Such study is usually based on the expert opinion, who rests upon the existing knowledge, experience in dealing with similar problems, intuition, common sense and, therefore, systemizes information. In the social sphere, there are many tasks that are difficult to formalize, so expert assessments are very widely used here. Most often, they are presented as the conclusion of a specific normative document (project), and sometimes it's just a protocol of experts meeting. Taken together, the various options of assessment decisions (or draft decisions) in the social sector are treated as social examination. Thus, we believe that there are social expertise conducted by experts study, which allows, firstly, assessing (diagnosing) the condition of the social object; secondly, getting reliable information about the object and its environment; thirdly, predicting its future changes and assessing the impact on other social facilities; fourthly, developing measures and proposing certain recommendations for policy-oriented management decisions and social planning in the conditions when the studied problem is difficult to be formalized. From this we can see that social expertise has such functions as diagnostic; information and control; prediction and design. We believe that for social expertise it is unacceptable to impose not characteristic features, especially those that are characterized by regulatory content.

The main goal of social assessment is to determine that the activities and powers of the institutions of authorities and social institutions comply with social interests and needs of modern society and the requirements of social policy and that they are aimed at developing the specific proposals and actions on achieving this compliance. We highlight that identified goals and objectives of social assessment cannot be unlimited, since its implementation would lose practical sense. It is therefore essential to clarify the purpose of this procedure, to formulate specific tasks, which are aimed at solving the problem.

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4. Information support of socially responsible companies at all levels. We consider it essential that the policies used in the direction of supporting the establishment of the CSR, should be very clear, simple and, most importantly, available to all the participants of this process. Therefore, it is obvious to assume that information support can be defined as the most important instrument of formation and development of the CSR.

We agree with the fact that the frequent references to the social events of the company in the media increase awareness of the company and its brand. So far, the effect of the social business projects on the background of the general situation in the country is noticeable only to those directly involved in these matters. Information closure of many large national companies is a serious obstacle to represent examples of social investment. In the absence of a more or less sustainable business community, business associations, whose goal is to promote the ideas of social and economic responsibility, and helping its members in the development and implementation of effective social policies, the promotion of any social ideas of the leaders of the company is a complex and difficult task.

5. Social reporting and social reporting standards. The most important mechanism for information about CSR is the social reporting. Today, when the concept of sustainable development is actively promoted, the standard financial statements of companies are no longer sufficient. Corporate social responsibility report is a public tool for informing shareholders, employees, partners, customers, and society about how and with what pace the company implements its strategic plans for the development of economic sustainability, social welfare and environmental sustainability (Savina, 2014).

Thus, the need for development of corporate sustainability reports of companies is, in our opinion, the main condition for formation of the institutional environment of socially responsible behavior of the Russian business. Speaking of such necessity, we should highlight the main trends to be covered by the social responsibility of business. They include: restructuring and organizational changes with the participation of top management, personnel and society; environmental policy and the use of natural resources; human resources management; health and safety in the workplace; interaction with local authorities, government agencies and community organizations to solve common social problems; social aspects of interaction with suppliers and customers.

Moreover, special priority should be given to activities in the field of environmental protection and sustainable development. In the world practice the above mentioned measures in the context of the institutionalization of CSR are reflected in the annual Reports on Corporate Social Responsibility, Sustainability Reports, Reports on social development as well as in corporate environmental reports. The first two documents are complex and include figures on economic, environmental and social development of companies.



Indeed, the implementation of CSR measures significantly increases its visual appeal. Any portfolio investor deciding to buy stakes in the company assesses the full range of possible risks. The company may be interesting from the point of view of current profitability, but be highly volatile environmentally and socially. Reports on CSR, beginning approximately from 1990s close this information gap for the investor. They show how the company pays attention to the environmental and social aspects, what risks of social conflicts and environmental penalties are.

All the areas of CSR are combined by corporate PR services. At the same time in the PR without any real reinforcement is no longer useful. Therefore, to the development of reports on corporate social responsibility special attention has been paid. Business entities learn from each other through a worldwide network of Internet portals, participation of the top managers of the companies in seminars, conferences, forums, topics that are connected with CSR issues.

Such platforms for sharing best practices in the field of CSR are open to all the concerned persons from different countries and do not require any special measures of organizational and preparatory measures at the national level. We need only one thing - participation with a presentation of specific problems and achievements. Typically, management of companies is interested in both positive and negative examples, which gives them the opportunity not to repeat the mistakes of others and not to reinvent the wheel. Developed network for exchange of the experience allows starting to work in this direction with a minimal cost. Many companies in the world (regardless of profile and sector) in recent 10 years have had positions of Vice President of CSR. Their functions include personnel management; environmental policy; internal and external PR (Petrunin, 2012). Externally the CSR activities resemble work on public relations, as they are held in the form of press conferences, presentations, etc. However, the environmental component of these activities will inevitably elaborate and transform it into an element of corporate management aimed at ensuring the sustainable development of companies.

Today, for a certain part of the Russian business (mostly large companies), the implementation of the principles of CSR by international standards can be a major (potentially very profitable) step forward. We think it's time to start moving in this direction, otherwise the gap in the level of corporate management (compared with socially and economically developed countries) will increase. Of course, this applies only to those firms for which the issues of strategic development, international markets and, of course, its own image in Russia and abroad are important. Institutions of government should support such actions of companies. It is clear that the country cannot develop steadily, if there is no sustainable business. However, for this it is necessary the starting euphoria about economic growth to give way to a more balanced approach to public assessment of its environmental and social price.

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Thus, in modern Russian conditions it is essential to understand and realize that the business is developing in order to promote the interests and needs of all the parties. It's the only way we can hope and expect to make a profit in the long term and sustainable development of society and the government as a whole.

Institute of CSR is typical for most developed countries, based on market values, with a long tradition and demographic characteristics, development of society. Therefore, for our country its creation can be seen as an innovative social project. In recent years, the debate on this issue affects only the issues of business operation. This is probably due to the fact that the business is still not adequately perceived by the society and by the government, which in its turn doesn't fully fund the social needs of the citizens. Moreover, a large part of its responsibility for the people, the government (represented by individual institutions) does not always fulfill. This is true due to the fact that the Soviet (paternalistic) model of social policy of companies faced with serious difficulties of the transition process through the wild capitalism, primitive accumulation of capital to more civilized forms of relations and business.

#### **4. Discussion**

The above steps and actions towards the institutionalization of corporate social responsibility in today's Russia prove that these processes acquire their institutional forms, covering all the levels of interaction between government and business. But in general, as experts say, there are no favorable conditions for the development of CSR institutions in Russia. Methods for real participation of the federal government in the development of CSR are not the subject to the same logic. This is caused by the fact that the government today is still focused on the issues of formation of the general legislative framework of business-related taxation, the protection of property and so on. So far only a common position in relation to CSR is being produced. The situation at the federal level reminds processes typical for government institutions of the EU of 12-15 years ago. As in the EU, the federal government has the potential to increase their participation in the promotion of CSR, and the relevant prerequisites are starting to pile up (Yarovoy, 2010).

An effective CSR management mechanism should be formed taking into account the general and particular characteristics of the existing institutional subsystems of the entire Russian society, developing new market conditions of life.

Conducted analysis leads to the conclusion that social institution formed as a prototype of the future independent CSR institute quite clearly shows high activity of business structures in the face, above all, of non-governmental organizations such as the Russian Union of Industrialists and Entrepreneurs and Managers Association, ideologically supported by the government and civil society. As a result, the practical development of CSR management is dominated by informal or, according to D. North (1997), unwritten institutional settings (Charter, ethical codes,

recommendations, etc.), forming the rules of the game. The formal constraints which are the rules and regulations (Constitution, national laws and other legal acts of the Russian Federation), define a common framework for corporations' actions voluntarily taking on commitments to socially responsible behavior. We can therefore agree with the opinion that in modern Russian conditions the institutionalizing of CSR takes place on the basis of insider model, based on the initiative of the companies and the stimulation by the government of their socially responsible behavior by combined tools of institutional, economic and organizational content (Nikitina, 2015). This model is the most adequate to the Russian reality and reflects the philosophy of CSR from philanthropy to the image, and to targeted social investments.

The nearest goal of the process of institutionalization of corporate social responsibility can be the creation of a society in accordance with the rules and regulations worked out for a clear and balanced position of formal and informal regulatory frameworks of the status and role structure, approved by the majority of participants of this complex social process.

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