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A. Yerniyazova[1], Zh. Smailova[2]

[1]al-Farabi Kazakh National University, Almaty, Republic of Kazakhsta,
[2]Ablai Khan Kazakh University of International Relations and World Languages
Aisulu_vernialim@mail.ru; smailova-73@mail.ru

CORPORATE SOCIAL RESPONSIBILITY OF BUSINESS IN THE REPUBLIC OF KAZAKHSTAN

Abstract. Recently, in Kazakhstan, attention to such phenomenon as "corporate social responsibility" has increased. The problems of socially responsible business behavior, its role in the socio-economic development of the country, possibilities and effectiveness of interaction with the local community are widely discussed.

This article reveals the importance of researching the basis of social responsibility in business, the practice of applying this concept both in Kazakhstan and abroad. The reasons for the insufficient development of social responsibility of domestic companies, most typical management problems in this area, as well as the issues of financing charitable and social activities of companies are considered. The possibilities and directions for improving the social responsibility of business in Kazakhstan are substantiated.

Keywords: social responsibility, business, corporate, charity.

Introduction

Corporate Social Responsibility (CSR) is a concept that is increasingly spreading around the world. The concept of social responsibility is used in many areas of activity, but only in a business context, pointing to specific areas of development, does it acquire a clear wording. For a long time corporate social responsibility is one of the most debated topics that lie in the field of business.At present, in the most general sense, corporate social responsibility is understood as the philosophy of behavior and the concept of building up by the business community, companies and individual business representatives. Their activities aimed at meeting the expectations of stakeholders for sustainable development. However, until now, it is difficult to give one single definition of this term. Even in economically developed countries, companies are not always able to come to a common opinion regarding the understanding of social actions of business.

Main part

This term is unique in that it has a certain meaning, but its understanding in different regions is not always unambiguous. For example, in Canada, Corporate Social Responsibility is often reduced to corporate philanthropy and social marketing; in Cambodia, Corporate Social Responsibility is understood as a business partnership with the International Labor Organization to improve working conditions, in Australia, these are projects of corporations under pressure from the authorities; pressure, which, in essence, is determined by environmental and human rights organizations, in India CSR is a charity and minimizing the consequences of poor public infrastructure, and in China, business has priority over the health and safety of employees.

In the United States, Corporate Social Responsibility was defined in terms of the sponsorship model: companies transparently make a profit, pay taxes, and then deduct a certain portion of income to charity. In the UK, the government sees CSR as a contribution to the development of sustainable development goals; the extent to which companies take into account their impact on the economy, society and environment - maximizing the positive and minimizing the negative consequences, recognizing the long-term needs and needs of society.

Today, one of the most frequently used approaches to social responsibility is the approach proposed by the American researcher Archie Carroll - the Carroll pyramid.

Figure 1-Carroll pyramid

Economics.

The first thing any company should think about is their profits. The task is quite simple - a minimum of expenses, maximum income. When company is firmly on its feet, it can think about investing. In this case, expenses will increase and income will not be received immediately. The same thing happens with innovation. You have an economic responsibility to your employees, investors and shareholders. It also means creating good products and services that do not adversely affect the health of your customers. Every person in your organization should be personally responsible for their actions. For this you need to carry out work to educate your subordinates.

Legitimacy.

The minimum requirement for any business: it must be legal. In many countries, this means: Being honest about the products and services you sell. Provide your employees and customers with security. Do not destroy the environment. Pay taxes. In the western world, the company's reputation is paramount. If it is caught and fined for illegal activities, most clients will turn away from it. Provide your employees and customers with reliable and timely information.

Ethics.

This element extends your responsibilities. You must determine what is good and what is bad, even if the law does not require it. For example, by law you have a right to use as much sugar in your products as you wish. However, if you realize that there is too much sugar in them, you can reduce its quantity, even if it affects sales, or, for example, you may notstructure your company in such way that leads to payingless taxes.

Charity (philanthropy).

This is the highest commitment the company makes. If you do not do this in order to get tax or monetary benefit on this, then you act extremely humanely. You want to improve the world around you, so you donate money to education or health care. You can also allow your subordinates to volunteer. Your company's expenses are growing, but you can afford it without any negative effect.

Charity can be expressed not only in monetary terms, but also in the form of such assistance as:

- Keeping personal territory clean, cleaning parks, planting trees;
- Providing employment for people with disabilities;
- Care for elderly, orphans, etc.
- In general, the social responsibility of a business has three directions:
- Environmental (solution of issues related to depletion, pollution of natural (water, land) resources, climate change on the planet, etc.);

- Social;
- Economic.

The economic responsibility that lies at the base of the pyramid is directly determined by the company's basic function in the market as a producer of goods and services that can satisfy the needs of consumers and, consequently, make a profit. Legal responsibility implies the need for law-abiding business in a market economy, its compliance with the expectations of society, as reflected in legal norms. Ethical responsibility, in turn, requires that business practices conform to the expectations of society, not specified in legal norms, but based on existing standards of morality. Philanthropic responsibility encourages the company on actions aimed at maintaining and developing the welfare of society through voluntary participation in the implementation of social programs.

Thus, CSR is a business commitment to make a voluntary contribution to the development of society, including social, economic and environmental spheres, taken by the company beyond what is required by law and the economic situation. The model of the pyramid of CSR A. Carroll, based on the subordination of the economic, legal, ethical and philanthropic "levels" of social responsibility, has recently been subjected to a strict critical assessment and rethinking. Critics proceed from the fact that ethics is the most important element of all CSR levels considered by A. Caroll, while the question whether CSR is a duty or implies some kind of “non-binding efforts” remains open.

The Canadian CSR model is similar to the American model in terms of its main features, and it should only be noted that in Canada many organizations cooperate with the National Institute of Quality of Canada implementing the special Canadian CSR standard - a model of quality excellence and a healthy workplace.The Government of Canada prioritizes the need to adhere to the principles of social and environmental responsibility of companies operating abroad, and to adhere to local and international laws, while respecting national values and international obligations. CSR initiatives are often viewed as company events that go beyond the legal minimum.

There are five main levels of corporate social responsibility, which are located on the principle of hierarchy from the lowest form to the highest. The first, or basic, level includes the obligations of the organization to carry out its activities within the framework of the current legislation in the field of employment, protection and remuneration of labor, protection of the environment and payment of taxes.

At the second level of responsibility of the organization, two aspects stand out - external and internal. External responsibility of the organization involves the charitable and sponsorship activities of the organization. Within the framework of internal responsibility, the organization voluntarily implements internal social programs. The recipients of corporate social responsibility in this case are the employees of the organization. Examples of such programs are job creation programs, staff development, social benefits, as well as programs aimed at creating and maintaining corporate culture, etc.The third level, or the level of qualitative interaction with interested parties, is characterized by the achievement of corporate goals by the organization, taking into account the interests of internal and external stakeholders. The mechanism of the organization’s dialogue with its primary and secondary stakeholders is based on the principles of responsible behavior enshrined in the corporate governance code and the provision of social reporting. Social report confirms the transparency and openness of the organization’s activities and contains a strategic vision of its development prospects.

At the fourth level - socially responsible investment - the organization acts as a subject and as an object of attracting socially responsible investments. “Socially responsible investments” means the process of making investment decisions, which takes into account the social and environmental consequences of investments as part of traditional financial analysis.

At the fifth level - harmonization - the organization seeks to maximize exclusively social and environmental activities against the background of constant indicators of profit and capitalization.

Building an organization's CSR system is determined by the nature of the relationship with other interested parties. As levels, the degree of awareness of the need for CSR and, accordingly, orientation to the document base can be taken.

The first level is adherence to laws and other regulatory acts.The second level is recognition of need to carry out socially responsible activities in a wider context than normative acts require, but at the same time it is assumed that this to a certain extent narrows the development possibilities of the organization itself.

The third level is a socially responsible activity aimed at simultaneously obtaining positive effects in the external environment and on the organization itself.

Regardless of the type of enterprise or organization, there are groups of people who influence the organization or are affected by the organization itself. This group of persons is called the "interested party" or "stakeholders". Stakeholder theory, or interested party theory, appeared in the early 1970s. XX century in England in response to the emergence of large corporations. This theory considers the dependence of a firm's actions on the interests of a wide variety of stakeholders.Using the concept of stakeholders in modern times is considered important because it improves corporate governance and social responsibility of the company. A person is interested in something if his income depends on the result or he is concerned about the result itself. Stakeholders are not only those persons in whom the organization is interested, but also those who are interested in the result of the organization's activities. As a rule, some of the stakeholders have greater influence than others, and the business should have an understanding of the level of influence which each group of stakeholders can make.

CSR is, first of all, the realization that many stakeholders are involved in the implementation orbit of the company's management decisions, primarily those who have socially significant interests in relation to the company's activities, for example, employees, suppliers, partners, local communities, government bodies, society as a whole. The rationale for CSR activities is based on individual perspectives of corporate governance: i.e. Corporations must conduct their business in such a way that they benefit all those concerned, to whom they must also be accountable. CSR actions required by stakeholders can include many things: from using more environment- friendly materials in products, to meeting the interests of specific non-profit organizations.

Business is embodied in its stakeholders. Businesses are buyers, suppliers, employees, investors and community organizations. However, it should be understood that not all interested parties are equally involved in the social activities of an enterprise. Accordingly, the question arises about the balance of interests of stakeholders. Of course, business must be profitable, but it must also create value. Do not forget about the true purpose of the business. From a position of creating value, companies around the world are very similar, although there are intercultural differences that determine the peculiarities of relationships with stakeholders in different countries. The company manufactures products that consumers expect, seeks loyalty of suppliers and employees, tries to be a good corporate citizen in the local community, otherwise its activity will be limited immediately. Stakeholder theory encompasses an absolutely universal, fundamental approach to doing business. Business is not just market operations that can be studied using conventional theoretical models, business is the creation of value for stakeholders.

Doing business in accordance with international standards implies knowledge of the concept of corporate social responsibility. Although various researchers interpret this term differently, the main components of this concept remain constant, such as paying taxes in full and in a proper way, preserving existing ones and creating new jobs, maintaining workers' rights and protecting them, providing social guarantees for employees, bona fide compensation package for employees and hiring young professionals.

The diversity of existing concepts, approaches and models of CSR in international practice indicates the scale that CSR received as a phenomenon.

Among the countries of Central Asia, the Republic of Kazakhstan (RK) is perhaps the leader in the field of CSR. Indeed, the first prerequisites for the development of social responsibility in independent Kazakhstan appeared in the mid-1990s with the entry of foreign companies to the market, which had already demonstrated their social responsibility. However, despite this, just five years ago, the concept of CSR was considered relatively new in Kazakhstan. Today, the awareness of the population and domestic companies about the basic principles of social responsibility is growing rapidly. Nevertheless, a common understanding of the concept of CSR in Kazakhstan has not yet been formed.

The main factors preventing companies from taking social responsibility activities are: lack of financial resources; lack of government incentives; lack of relevant knowledge and skills; imperfection of the regulatory framework; lack of information in the community; insufficient public acceptance of the contribution of companies to society and the difficulty of measuring the effect of CSR. Despite the fact that the Tax Code of the Republic of Kazakhstan provides tax deductions for charity in the amount of 3%, for many companies this is not an incentive, as the rate itself is small, and the procedure for filing documents to confirm this deduction is characterized by a high degree of red tape.

Table 1- Comparative characteristics of CSR models in national cultures.

CSR models	American- Canadian	European	Japanese-chinese
CSR form	Open	Hidden	Hidden
Economicresponsibility	Focus on compliance with advanced principles of corporate governance, decent remuneration and consumer protection.	Legislative frameworks of behavior, for example, the 35-hour work week, the minimum wage, regulation of overtime work, rules for the production and testing of medical products.	Active participation of the state in corporate strategic planning
Legalliability	Low level of statutory corporate behavior	Deeply developed legislation on business rules	Effective legal basis for CSR and corporate behavior (Charter of corporate behavior).
Ethicalresponsibility	Tendencies of prevalence of local community support.	High taxes and high level of state social protection.	Formation of the correct perception of being, society and the surrounding world. Strivingfortheprogressofcivilization as a whole.
Charity (philanthropy)	Sponsoring art, culture and university education.	A high tax burden transfers to the state responsibility for financing culture, education, etc.	Environmental Protection. Education and culture. Development of technical capacity. Community support.
Key stakeholders in order of importance	Staff. NGO andcommunity.	Staff. Consumers. Community. Shareholders.	Staff. Shareholders. Together The division of stakeholders into internal (personnel, shareholders) and external (community, consumers). Priorityisgiventointernal. Tostakeholders
CSR stimulating / drivingforces	The corporations themselves. NGO and community.	The corporations themselves. NGO and community. State.	State. Community. The corporations themselves.
The role of non-governmental / non-profit organizations	It is a global resource for companies that seek to preserve commercial success by showing respect for ethical values, people, society, and the environment (US Business for Social Responsibility (BSR), Canadian Business for Social Responsibility (CBSR).	They have a great influence on public opinion and pressure on business.	NGOs do not exert pressure on business.
Trends in social reporting (JI)	Initiated by the business itself. Standards are well adapted and widely applied. Focusedonmoststakeholders	Initiated by the business itself. Standards are well adapted and 8 are applied. Focusedonmoststakeholders.	It is initiated both by the business itself and by the state. It has three main areas: environmental protection (sustainable development), corporate philanthropy, responsibility towards the client and protection of human rights.

As for the oil and gas industry, CSR is divided into two categories: mandatory social payments and voluntary CSR programs. Regarding the first category, all social projects are developed in conjunction with local authorities and funded by compulsory deductions from mining companies as a percentage of their capital expenditures. Such projects are usually aimed at supporting various major events, as well as the construction and reconstruction of social infrastructure facilities (schools, hospitals, including the purchase of medical and school equipment). Voluntary CSR programs that implement most oil and gas companies are often aimed at supporting small and medium-sized businesses, as well as women entrepreneurs. According to L. Gulbrandsen and A. My, the only negative point in the implementation of CSR in the oil and gas industry is the lack of cooperation between local and international companies

operating in the Republic of Kazakhstan. In this regard, it sometimes happens that different companies hold charity events for the same segments of the population, while others are simply overlooked.

If we talk about CSR as a whole, the study conducted by R.M. Potluri, et al., Showed that the majority of civil society representatives are satisfied with the social behavior of Kazakhstani companies. Nevertheless, shareholders, employees of companies and government agencies believe that Kazakhstan's enterprises should pay more attention to the execution of economic and legal responsibility. At the same time, members of civil society believe that organizations need to pay more attention to ethical and philanthropic responsibility.

The obtained results (conclusions)

As the part of Kazakhstan's strategy to become one of the 50 most competitive and dynamically developing countries in the world, Elbasy Nursultan Nazarbayev stressed the need to introduce international standards for social responsibility of business as one of the priorities for the further modernization of society. "It is necessary to develop and improve collective bargaining mechanisms. This applies to wages, occupational safety and health, including the environmental safety of people, professional training and advanced training of specialists. Business should take part in the construction of social facilities and the development of regions", - said the former Head of State.

In this regard, it should be emphasized that the goal of Kazakhstan's joining the 30 highly developed countries of the world requires the consolidation of efforts and constructive interaction between the state and the entire Kazakhstani society. Therefore, today in the business environment, the factor of responsibility towards society, the improvement of work on the formation of a socially oriented business, is becoming increasingly important.

The issues of social responsibility of business for sustainable development are determined and implemented by the Republic of Kazakhstan on the basis of national priorities and peculiarities, as well as active participation in relevant international processes, programs and initiatives, including the UN Global Compact.

А. Ерниязова[1], Ж. Смаилова[2]

[1]аль-Фарабиатындағы Қазақ ұлттық университеті;
[2]Абылайхан атындағы халықаралық қатынастар және әлем тілдері университеті, Алматы, ҚР

ҚАЗАҚСТАН РЕСПУБЛИКАСЫНДА БИЗНЕСТІҢ КОРПОРАТИВТІК ӘЛЕУМЕТТІК ЖАУАПКЕРШІЛІГІ

Аннотация. Қазіргітаңда Қазақстанда «әлеуметтік корпоративті жауапкершілік» феномені күшейді. Бизнестегі әлеуметтік-жауапкершілік мәселесі, оның мемлекет дамуындағы әлеуметтік-экономикалық рөлі, жергілікті қоғамдастықпен өзара іс-қимылдың мүмкіндіктерімен тиімділігі мәселелері кеңінен талқылануда.

Бұл мақалада бизнестің әлеуметтік жауапкершілік негіздерін зерттеудің маңыздылығы, осы тұжырымдаманы Қазақстанда және шетелде қолдану практикасы ашылады. Отандық компаниялардың әлеуметтік жауапкершілігінің жеткіліксіз даму себептері, осы саладағы неғұрлым типтік басқару, сондай-ақ компаниялардың қайырымдылық және әлеуметтік қызметін қаржыландыру мәселелері қарастырылады. Қазақстандағы бизнестің әлеуметтік жауапкершілігін жетілдірудің мүмкіндіктері мен бағыттарынегізделеді.

Түйін сөздер:әлеуметтікжауапкершілік, бизнес, корпоративтік, қайырымдылық.

А. Ерниязова[1], Ж. Смаилова[2]

[1]Казахский национальный университет имени Аль-Фараби;
[2]Казахский университет международных отношений и мировых языков имени Абылайхана, Алматы, Республика Казахстан

КОРПОРАТИВНАЯ СОЦИАЛЬНАЯ ОТВЕТСТВЕННОСТЬ БИЗНЕСА В РЕСПУБЛИКЕ КАЗАХСТАН

Аннотация. В последнее время в Казахстане усилилось внимание к такому феномену, как «корпоративная социальная ответственность». Широко обсуждаются проблемы социально-ответственного поведения

бизнеса, его роли в социально-экономическом развитии страны, возможностей и эффективности взаимодействия с местным сообществом.

В данной статье раскрывается важность исследования основ социальной ответственности бизнеса, практика применения данной концепции как в Казахстане, так и за рубежом. Рассматриваются причины недостаточного развития социальной ответственности отечественных компаний, наиболее типичные управленческие проблемы в этой сфере, а также вопросы финансирования благотворительной и социальной деятельности компаний. Обосновываются возможности и направления совершенствования социальной ответственности бизнеса в Казахстане.

Ключевые слова: социальная ответственность, бизнес, корпоративный, благотворительность.

Information about author:

Yerniyazova A.A. – doctoral student Al-Farabi Kazakh National University, Almaty, Republic of Kazakhstan, e-mail: Aisulu_vernialim@mail.ru, https://orcid.org/0000-0003-3797-1305;

ZhanaraSmailova-Candidate of Economics, Associate Professor,Ablai Khan Kazakh University of International Relations and World Languages, E-mail: smailova-73@mail.ru, https://orcid.org/0000-0002-9836-048X

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