

Применение корпоративной социальной ответственности в условиях рыночной экономики

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Аннотация

В статье раскрывается суть корпоративной социальной ответственности: предпосылки внедрения корпоративной социальной ответственности, сущность и современные примеры внедрения корпоративной социальной ответственности в корпоративную культуру. Тема корпоративной социальной ответственности в наши дни чрезвычайно важна, поскольку компании, внедрившие эту дисциплину в свою повседневную жизнь, имеют конкурентное преимущество в условиях свободной рыночной экономики среди конкурентов.

Ключевые слова: корпоративная социальная ответственность, ответственное финансирование, зеленые инвестиции, Справедливая торговля, экологичное-социальное корпоративное управление (ЭСГ).

Implementation of Corporate Social Responsibility in the Free Market Economy

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Abstract

In the article is discovered the Corporate Social Responsibility discipline: preconditions of corporate social responsibility implementation, the essence and the nowadays examples of corporate social responsibility implementation into corporate culture. The topic of Corporate Social Responsibility is extremely important these days, as companies that implemented this discipline into their daily routine have a competitive advantage in the free market economies among competitors.

Keywords: corporate Social Responsibility, Responsible Finance, Green Investment, Fair Trade, Environmental-Social-Corporate Governance (ESG).

For a very long time, the world has seen an increased demand for fair activities in the areas of finance, fair trade and green investment. All these areas receive a special response from the local community and from modern society. Today responsible approaches go beyond the activities of investors and extend to the entire financial system as a whole. In developed countries people have long been striving for fair performance in the social, financial and public spheres. In this regard, new companies that focus on fair investments, loans and trade are entering the market. These new companies bring correct and sustainable principles to the entire financial market and gain approval and popularity from clients in this area. In addition, many old companies that have been in this field for a very long time are gradually beginning to adhere to these principles. Most likely, you will not find a corporate giant or an established company that does not show any activity in the field of responsible finance. After all, if they do not adhere to the correct and modern approach to doing business then they will be replaced by other companies that make the same product or provide the same service but doing it responsibly. People will be inclined to companies that do something useful for them not trying to make as much money as possible from customers, leaving them penniless. People respect companies that can bring some value to society and do it without unnecessary self-interest.

The Responsible Finance is a consequence of the long-term unfair business activity of the number of companies worldwide in the Past. As a matter of fact, most companies worldwide in the Past were not aware of consequences of their business activities – companies were mainly focused on increasing wealth of its owners by using cheaper raw materials for production, reducing salaries to its employees, hiring children for sweatshop labor paying a little money, employees suffered working long hours in very bad working conditions to feed their families.

Fortunately, that times are in the past and most businessmen have understand that decreasing working standards and salary is ineffective for the overall business process and starting from the beginning of twenty century business owners started increasing their working conditions for employees and through the time businessmen became more aware of being responsible towards employees, customers and society.

Issues of responsible Finance fall into several components, in particular, first of all, financial stability: climate change risks affect financial stability. There are also physical risks associated with an increase in the number of natural disasters, which significantly affects the insurance sector. Globally, the number of investors implementing responsible investment principles has increased by more than 40% on average over the past 11 years. In 2014-2019 about \$750 billion of green bonds and loans were placed. In 2019 about \$260 billion worth of green bonds and green loans were issued which is 51% more than in 2018 and slightly higher than the CBI forecast for 2019 of \$230-250 billion.

Our ecology is global and does not apply to a specific country and negative activities of one country or company in the field of ecology may negatively affect the global environment. Therefore, there are organizations and agreements between countries such as the UN Paris Climate agreement, which includes many countries and regulates environmental activities globally. This creates a platform for sustainable development. Within the framework of the UN Paris Climate agreement, a special working group on sustainable development has been established which is currently considering a number of green projects planned for implementation in the world. In this regard, the world clearly traces the link between ecology and Finance, so the topic of responsible financial and investment practice gets the most relevant sound.

Responsible Finance is a major branch of the Corporate Social Responsibility and is a practical study on how private companies should impact on the Environment, Social and Government spheres in the modern business world.

The core idea of Responsible Finance is about increasing companies Mission-Driven activities, which will influence all the society in general – companies employees, companies shareholders, environment, companies customers and government. There is a strong interconnection between each companies business activity and the overall impact on society and human life in general – companies throughout their business processes can influence each human directly or indirectly, so that in our modern society each one should understand the importance of Responsible Finance and act in the whole chain of business processes, as in modern society it becomes easier to explain your personal feelings about the particular company business activities and suggest the brand new ways that will benefit both private companies and government.

As a matter of fact, Responsible Finance is a branch of Corporate Social Responsibility discipline and aimed to benefit towards the following groups:

- Employees of the company
- Shareholders
- Environment
- Society
- Government

A companies' activity towards its employees may be the following:

- Providing equal opportunities and good working conditions for employees

This means that the executive group of the company in their day-to-day business activity aimed to increase the working conditions of employees, provide equal opportunities for increasing knowledge and skills throughout staff training sessions, providing bonuses and other motivational programs.

- Shareholders

This means that a private public company in its business activity uses only methods and know-how that benefit customers and builds long-term solid business infrastructure. Moreover, it means that company in its Financial Reports only publishes the actual data about their Financial Performance and company is not involved into illegal business activities that may influence its reputation and customers in a wrong way.

- Environment

This means that company is responsible towards the environment, which means that a company uses methods and technologies to decrease its negative impact on the environment (reduce carbon footprint, invest in reducing waste and recycling technologies). Moreover, companies allocating money to invest in the projects aimed to workout with environmental issues and creating infrastructure for people to be notified about trends in this field (renewable energy projects, reducing greenhouse effect projects, etc.)

- Society

This means that the company uses raw materials for producing goods and services that are not harmful for customers. Moreover, this means that the company is transparent in its business activity, ethical towards its employees and accountable towards its shareholders and government

- Government

That means that the company is creating the best possible conditions for its employees, increases the wealth being of its customers by providing the best products and services, improving the market conditions by creating solid competition and regularly and fully pays taxations.

Responsible finance also includes:

1. Enhanced access to Finance. Providing access to all customers to this service even for those who do not have these features.
2. The activities of companies aimed at economic, social and environmental benefits.
3. Fair treatment of customers. Business should be done for people, efficiently and with attention, taking into account the needs of its client. The consumer should be comfortable with the product provided by the responsible company.
4. Clear and transparent work in all areas.
5. Compliance with all requirements of the financial conduct authority and compliance with the Code of responsible financial practice.

Currently, the Russian expert community is actively searching for ways to further develop responsible Finance taking into account the global demand for the development of responsible investment and green Finance.

In Russia there is an acute problem with the lack of structured and maximally complete and transparent information which is one of the main factors that slow down the market. In Russia medium and small businesses are not in the best conditions and receive almost no state support. Because of this, many small companies and organizations have to survive on the path of crime, by finding illegal ways to avoid taxes, deceiving customers, suppliers and employees. Responsible activity requires compliance with all requirements of the financial conduct authority and compliance with the Code of responsible financial practices and transparency of all financial transactions. Full development of any market is impossible without access of its participants to reliable, confirmed and verified information.

In order for the responsible Finance market to develop actively, we need 4 key participants in this market. First of all, we need a responsible company that carries out responsible activities. In order for a company to carry out useful activities in the long term we need customers or consumers who will actively use the product or service provided by this company. The third participant in this scheme is an institutional investor who provides financing for responsible companies. And the last participant is the state, which in turn supports the activities of these companies in every possible way, reducing taxes for them and not interfering in their activities, only setting certain standards of activity. The interaction of all 4 categories of participants is key to the development of sustainable development tools.

It should be mentioned, that Responsible Finance plays the major role in the business society nowadays, as private companies are concerned about their reputation and do not want their long-term prospects to be ruined under the pressure of unsatisfied customers, so companies trying to be involved primarily into legal, accountable and ethic business activities. There are examples of Investment

companies which only deal with social responsible companies and implement their Responsible Finance strategy primarily investing in companies that treat its employees, customers and shareholders in ethical way, so that benefit everyone – those companies, its shareholders, its customers, environment, society and government. Only being Socially Responsible and implementing Responsible Finance strategy gives businessmen a chance to build a long-term business and benefit society. In the times where transparency and ethical principles are valued the most, it is extremely important to distinguish all the stakeholders needs and wants and treat them in the best possible way.

Nowadays, companies often provide similar products and services and to differ from each other and create demand for their products and services companies should give back to the society and become as much transparent, accountable and ethical as possible.

The process of integrating the financial and the wider environmental and social risks and opportunities into investment strategies can be described as Responsible Investment (RI) or more broadly, Environmental, Social and Governance (ESG) driven investment.

Sustainable investing has come a long way. More than one-quarter of assets under management globally are now being invested according to the notion that environmental, social, and governance factors can materially affect a company's performance and market value. Once a niche practice, sustainable investing has become a large and fast-growing major market segment.

The most widely applied sustainable investment strategy globally, used for two-thirds of sustainable investments, is negative screening, which involves excluding sectors, companies, or practices from investment portfolios based on ESG criteria. But ESG integration, which is the systematic and explicit inclusion of ESG factors in financial analysis, has been growing at a steady pace of 15-20% per year. This technique is now used with nearly half of sustainable investments.

ESG links to cash flow in five important ways: facilitating gross sales growth, reducing costs, minimizing regulatory and legal interventions, increasing employee productivity, and optimizing investment and capital expenditures.

The Moscow exchange closely monitors the development and growth of the green bond market in Russia. In 2019 the Moscow exchange joined the global initiative "Exchanges for sustainable development", which currently unites 85 exchanges from around the world where separate sectors have been created that support the green bond market. Currently, the Moscow exchange calculates the sustainable development Index together with the Russian Union of Industrialists and entrepreneurs, which represents companies whose shares are traded on the Moscow exchange.

There are a lot of minerals in Russia. And they have been actively mined throughout the country for several centuries. Most companies that are engaged in mining bring irreparable harm to

the environment. In this regard, many Russian companies in this area should take a more responsible approach to their activities and look at how they affect the environment and society. For example, the company “Metalinvest” which ranks second in the world in terms of iron ore reserves – 14 billion tons. Metalinvest's environmental policy is aimed at finding optimal technological solutions to minimize the technogenic impact of production activities on the ecosystem of the regions where the company's enterprises are located. Large-scale environmental protection activities are being carried out at the enterprises. Energy-saving technologies are being introduced at production facilities, equipment is being upgraded, and environmental monitoring is regularly carried out.

Sberbank also has a huge influence on responsible financing in Russia. Sberbank's management has recently been using the ESG approach. Sberbank's ESG policy is based on the following principles: responsible investment and procurement, equal access to financial products for all customers, inclusiveness of physical offices and the digital environment, development of human capital and its own environmental impact.

This policy covers all areas of the Bank's operation — from working with external clients to the responsible behavior of each employee.

According to rating agencies, in 2019, the average annual growth rate of assets that are managed in accordance with the criteria for responsible investment was more than 107%. The savings Bank pays much attention to financing "green" projects. Among them — alternative energy, standard solutions in the field of solid municipal waste, participation in a financing deal with environmental indicators. Since the launch of the program to reduce paper in the archives Sberbank has achieved a reduction of more than 30%. In business processes, bank saved about 300 million sheets of paper over the past year, therefore, company saved more than 60 hectares of forest. Sberbank started this work in 2013. In addition to its educational projects, Sberbank runs programs with the "Contribution to the future" Foundation. Business processes also find a special approach to what is related to training. These are, for example, projects for the construction of schools and educational complexes through public-private partnerships and concessions.

To sum up all the given information above, I should say that there is an upward trend of Responsible Finance strategy in the field of business activities and most companies are becoming Socially Responsible, as executives of these companies understand the importance of implementing of these practices and forecast how society will evaluate their company and distinguish their products and services from their competitors, so that their company will have a competitive advantage that will benefit in their long-term business strategy.

Companies that use ESG strategies are potentially more sustainable in the medium and long term. The global market must move towards removing barriers because environmental well-being is

a global task that has no geographical boundaries. Currently, the Ministry of economic development of the Russian Federation has set up a special working group which will work out approaches for the further development of responsible Finance in Russia with the participation of the expert community and colleagues from other ministries and departments. Nowadays Russian Federation already has various expertise and approaches to assessing sustainable development but there is clearly a lack of a single consolidated position at the national level. Speaking about the development of the responsible Finance market in Russia, it is necessary to support not only those companies that take an active part, but also all companies that are beginning to move towards sustainable development. Russia needs its own methodology for responsible business practices including green Finance. On the one hand, taking care of the environment is one of the country's national priorities. On the other hand, the topic of responsible financing has a very high resonance in the world, and Russia is an active participant in international economic relations. Therefore, it is important for Russia to have national standards for responsible business conduct. This is necessary to make the production processes of Russian companies more environmentally friendly and to make it easier for Russian companies to have business relations with foreign partners.

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