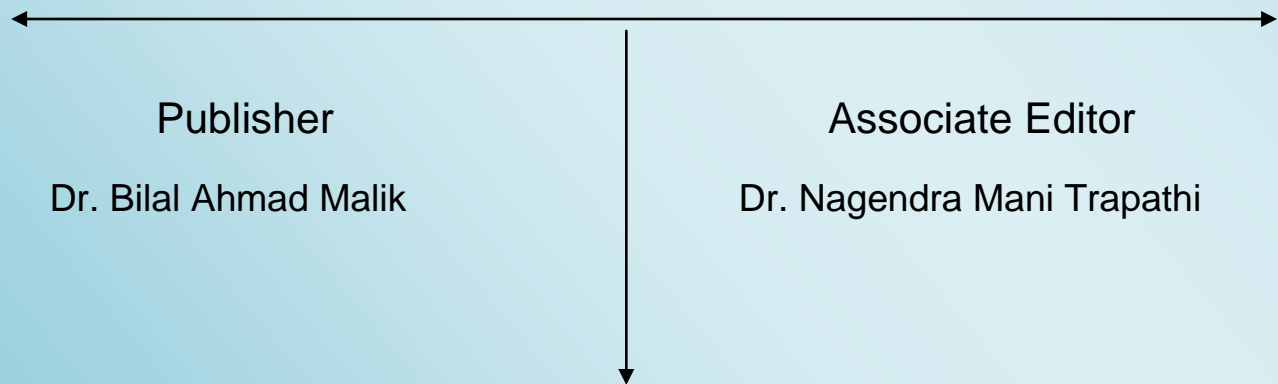


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AN EVALUATIVE STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN RUSSIA: CASE STUDIES OF SANOFI AND 'METALLOINVEST'

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ABSTRACT:

The present research paper has explored about the Russian economy, the Corporate Social Responsibility (CSR). CSR in Russia is most developed in the areas like personnel development, workplace, health and safety, corporate philanthropy. The most neglected areas of CSR are environmental policies, clean manufacturing, resource conservation, supply chain responsibility and ethical consumerism. For about twenty of the largest Russian companies, CSR is becoming a component of corporate governance rather than merely a part of public relations.

This research has based on primarily the study of two companies namely 'Sanofi' and Metalloinvest'. The paper has also focussed on various objectives of the research and the methodology included data analysis through regression method. In the paper recommendations and findings are made on the basis of data analysis.

Key words: Corporate Social Responsibility, 'Sanofi' and Metalloinvest', Russia, European Commission

JEL CODES: A10, D69, M14, O57

INTRODUCTION:

Russia is the largest country by land mass in the world, borders European and Asian countries as well as the Pacific and Arctic oceans. Its landscape ranges from Tundra and forests to subtropical beaches. A status it maintained even after shedding 14 countries when the Soviet Union dissolved in 1991¹. Early economic turmoil in the Russian Federation gave way to widespread privatization of industry and oil-fueled growth. The nation's politics have been dominated for more than a decade by the regime of President Vladimir Putin, who has re-

¹ Russian Federation website

nationalized private assets, cracked down on freedom of expression and pursued an expansion of regional influence. This expansion has included a military intervention in Ukraine and an internationally condemned annexation of the Crimean peninsula.

The present research paper has explored about the Russian economy, the Corporate Social Responsibility (CSR). CSR in Russia is most developed in the areas: personnel development, workplace health and safety, corporate philanthropy and related PR-support. Less development has occurred in the areas of corporate governance, quality, safety, and cross-sector partnerships, especially with government. The most neglected areas of CSR are environmental policies, clean manufacturing, resource conservation, supply chain responsibility and ethical consumerism. For about twenty of the largest Russian companies, CSR is becoming a component of corporate governance rather than merely a part of public relations. This is what is new about CSR in Russia: companies are increasingly complying with international practice and with “Soft” international standards, specifically those proposed by GRI and AA1000 SES. However, the majority of Russian companies are still lacking compliance international standards in social and environmental responsibility.

According to the Russian Union of Industrialists and Entrepreneurs’ (RUIE) register, by the end of 2010 only 91 companies published non-financial reports since 2001. Approximately one third of those reports used methods and indicators from the voluntary international “mild” standards, such as GRI and AA1000S. At a governmental level in Russia there is no legislation or even officially approved public frameworks of CSR. It develops exclusively on a basis of companies’ voluntary initiatives and activities. In 2004 a Social Charter of Russian Business was initiated by the Russian business community and has been signed by 230 companies and organizations. This code is quite similar to the UN Global Compact’s principles and stimulates the participants to follow progressive CSR principles.

CORPORATE SOCIAL RESPONSIBILITY AND RUSSIA:

All over the world, corporate social responsibility (CSR) has become more and more popular in the business community. In many developed countries, CSR has taken on the character of strategically planned actions that benefit all levels of society, and it has grown from entrepreneurial initiatives to state policy. In many developed countries, CSR now provides benefits for stakeholders’ communities as well as for the government.

The World Business Council for Sustainable Development defines corporate social responsibility as “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”

OBJECTIVES OF THE RESEARCH:

The present research on Russian economy has been based on certain objectives, these objectives are as follows:

- 1) To study and evaluate the Russian economy
- 2) To study the sectoral evaluation of Russian economy.
- 3) To study the Corporate Social Responsibility (CSR) in Russia.
- 4) To suggest measures for improving the Corporate Social Responsibility (CSR) in Russia.

REVIEW OF LITERATURE:

The present research on CSR in Russia has been carried out through the available review of literature. The formation of the corporate social responsibility concept abroad in the middle of 20th century is associated with the writings of American researchers and economists such as A. Berle and G. Means, G. Bowen, C. Davies and S. Sathy. However, the development of a unified CSR system concept has been difficult because of the different approaches of researchers to this issue. Milton Friedman, in his economic model, is consistently advocated the liberal view of CSR, the essence of which is that the only responsibility of business is to maximize profits, subject to the existing rules. At that, CSR should be of strategic importance to a corporation, facilitating the emergence of a competitive advantage through the creation of shared values.

RESEARCH METHODOLOGY:

The present research has brought certain conclusions with the help of methodology based on specific objectives. The data collection is an integral part of research, for the present research entirely secondary data collected from the ministerial reports from Russia, annual reports, books, journals, Magazines, the World bank reports etc. After the data collection the collected secondary data analyzed by using appropriate statistical tools like average, regression etc.

The annual reports of the companies as well as the special CSR reports of the concerned companies have been studied. Russian leading companies, by embarking on major projects in the field of CSR and sustainable development, are moving to address two goals at the same time gaining a socially responsible image domestically and bringing themselves closer to the level of international leaders. “Social charity” or philanthropy is only one part of the social “Pillar” of CSR, which in Russia often has a pronounced image-enhancing nature.

CSR in Russia is most developed in the following areas: personnel development, workplace health and safety, corporate philanthropy and related PR-support. Less development has occurred in the areas of corporate governance, quality, safety, and cross-sector partnerships, especially with government. The most neglected areas of CSR are environmental policies, clean manufacturing, resource conservation, supply chain responsibility and ethical consumerism.

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CASE STUDIES OF RUSSIAN COMPANIES FOLLOWING CSR:

Corporate Social Responsibility by ‘SANOFI’:

SANOFI, a global and integrated healthcare leader, discovers, develops and distributes therapeutic solutions focused on patients’ needs. SANOFI’s ambition is to improve the health of the seven billion people around the world. SANOFI is committed to addressing numerous CSR challenges with a particular focus on the 12 key priorities across our pillars for action: Patient, Ethics, People, and Planet.

CSR Performance of SANOFI:

Of all cancers affecting women in Russia, breast cancer has the highest mortality rate. The survival rate of women with breast cancer is far below that observed in other developed countries. Only a limited number of patients receive appropriate treatment, due to a lack of financing, among other reasons. Sanofi Russia takes part in awareness campaigns and support programs for breast cancer patients in cooperation with leading Russian cancer institute's and clinics. Traditional communication channels and social media are used to spread the word, with high-impact messages such as "Each day in Russia, 47 children lose their mothers due to breast cancer."

Sanofi is a member of a non-profit partnership that cooperates with Avon's charity walk. At the together against breast Cancer event in May 2012, 700 women were screened and 120 were identified as requiring further examinations. Also in 2012, over 3,000 breast cancer patients from 67 Russian cities gained access to quality treatment meeting international standards. The project's goal for 2013 is to increase the number of newly treated patients to 3,500. In December 2012, the Giving Life a Chance campaign was recognized as the best social project in Russia by two Russian ministries and several international organizations.

CORPORATE SOCIAL RESPONSIBILITY BY 'METALLOINVEST':

'Metalloinvest' is the largest iron ore producer in Russia with the second largest iron ore deposits in the world. A world leader in the production of merchant hot briquetted iron. It is third pellet manufacturer in the world, and a regional manufacturer of high-quality steel. The company adheres to advanced corporate governance practices. Due to the healthy CSR practices the company was winner of awards at the 7th annual international "Leaders of Corporate Charity 2014" contest: #1 in sector ranking; #2 in overall ranking of companies; the company also won the Best program that reflects corporate charity policy and the principles of corporate social responsibility category for its comprehensive socio-economic development program in Novotroitsk. The company was winner of the PEOPLE INVESTOR 2014 competition in the "Developing Local Communities" category for the School of Communal Good project and "Employee Health" category for its "Women's Health" project. Winner of the "Russian Business Leaders: Performance and Responsibility 2013" all-Russian competition in the "Social Responsibility of Business" category, 'For Contribution to Regional Development'.

The company was winner of the regional contest for the best state of occupational safety and conditions among companies, organizations and institutions in the Kursk Region in 2014 (Mikhailovsky GOK). The

company won the “Mining and Metal Sector Company with High Social Performance” competition in the “Health Protection and Safe Labor Conditions” category in 2013.

Data analysis on CSR practices in Russia:

The present research is based on the secondary data collected from the companies of Russia. The case studies of the companies such as ‘Sanofi, ‘**Metalloinvest**’ has done through the secondary data collection and analysis. These companies are representatives of the Russian corporate sector which regularly publish their CSR reports as well as following the best CSR practices for the betterment of the planet, environment, and life etc.

Data analysis with the regression method:

The present research has been systematically done through the regression analysis by having the statistical data of the companies following the CSR practices.

Table: 1- The numbers of CSR programmes and people benefited.

Years	No of programs(x)	No of people benefited(y) (In millions)	x ²	Xy
2006	160	130	25600	20800
2007	189	139	35721	26271
2008	195	160	38025	31200
2009	206	178	42436	36668
2010	210	220	44100	46200
2011	216	229	46656	49464
2012	220	255	48400	56100
2013	230	277	52900	63710
2014	248	310	61504	76880
2015	260	419	67600	108940
Total	2134	2317	462942	516233

$$\bar{x} = 213.4$$

$$\bar{y} = 231.7$$

$$b_{yx} = 2.886833457$$

Regression line of y on x

$$y = b_{yx}(x - \bar{x}) + \bar{y}$$

$$y = 2.886833457 * x - 616.0503 + 231.7$$

$$y = 2.886833457 * x - 384.35$$

Explanation: It is clear from the above table of regression analysis regarding to the CSR in Russia that if the number of CSR programmes to be increased by 300 in the year 2020 then the number of people benefited through the CSR practices would be 481.70 Mn.

Table: 2- The numbers of CSR programmes and awareness in Russia

Year	No of Programs	CSR awareness (in Millions)		
		y	x ²	xy
	x			
2006	160	100	25600	16000
2007	189	129	35721	24381
2008	195	135	38025	26325
2009	206	150	42436	30900
2010	210	176	44100	36960
2011	216	189	46656	40824
2012	220	200	48400	44000
2013	230	250	52900	57500
2014	248	310	61504	76880
2015	260	429	67600	111540
Total	2134	2068	462942	465310

x_bar 213.4
y_bar 206.8
b(yx) 3.180165

Regression of y on x is;

$$y=3.180165*x-3.180165*213.4+206.8$$

$$y=3.180165*x-471.847$$

CONCLUSION AND RECOMMENDATIONS:

Thus, it is clear from the above regression analysis that the Russian companies could contribute a lot for the betterment of the people in the various forms of CSR practices as well.

Recommendations through the data analysis:

Corporate Social Responsibility is an effective policy for business decision makers to participate in solving social, environmental, and economic problems. CSR is about the active cooperation of public, private,

and non-profit sectors; effective management of corporate responsibility requires not only the participation of businesses, also the engagement of civil society and the encouragement of government.

As a result of our research, the following recommendations for the development of CSR in Russia are suggested:

- 1) To develop and teach a course on CSR in the economic departments at universities. This process requires some preliminary preparation to develop the curriculum for such a class, to prepare appropriate textbooks, and to train professors who will offer instruction. The experience of Ukraine in developing and teaching a course on CSR in universities is a good role model for Russia.
- 2) To set annual priorities for governmental agencies and local municipalities on CSR. Some work in this area has already done by the Ministry of Economic Development, but more effort is needed from other government agencies as well as local municipalities. The role of government should not go beyond providing recommendations or encouragement, however in order to avoid interference in the private sector.
- 3) To undertake stimulating measures such as tax exemptions for the development of CSR. Another role that government can play in promoting corporate responsibility is to create incentives for companies to develop their CSR strategies. Tax incentives help make social responsibility more attractive to companies.
- 4) To encourage local companies to join international initiatives on the field of Corporate Responsibility.
- 5) For companies to plan their CSR strategies. Each company should have a consistent strategy and specific annual budget amounts for CSR projects. Corporate responsibility should be the product of a planned strategy, rather than consisting of occasional charitable activities.

CONCLUSION:

Thus the present research on the topic ‘Corporate Social Russians: Still to take responsibilities’ based on the secondary data collected from the companies of Russian territory. The case studies of the companies such as ‘Sanofi, ‘Metalloinvest’ has been taken. These companies are representatives of the Russian corporate sector which regularly publish their CSR reports as well as following the best CSR practices for the betterment of the planet, environment, and life etc.

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