

## **CORPORATE SOCIAL RESPONSIBILITY ASSESSMENT: APPROACHES AND CHALLENGES**

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Being an umbrella concept, corporate social responsibility (CSR) manifests in different forms and extends to a great number of activities ranging from donating to local charities to utilizing energy efficient technologies. In the recent decades, much has been done both by academics and practitioners to bring structure to the versatile field of CSR, including the attempts to develop of a system of metrics for measuring CSR performances of organizations.

CSR assessment is closely associated with CSR reporting through which companies communicate their achievements in CSR sphere to their stakeholders. As CSR has been progressively institutionalized, different frameworks, guidelines, and standards have been developed, which organizations can use to make their CSR assessment and reporting more comprehensive, ordered, and systematic. Among them are Triple bottom line framework, Global Reporting Initiative guidelines, ISO 26000 and AA100 standards, the Global Compact framework, just to name a few.

One of the major questions related to CSR assessment is whether CSR should be assessed and reported separately from business activities (financial vs non-financial reports) or an integrative approach should be applied. In other words, whether economic, social, and environmental bottom lines should be assessed independently or it is more appropriate to use multi-criteria analysis of overall organizational performances, the latter representing a holistic approach to business. Making significant contributions to solving social and ecological problems may undermine the economic viability of business, if economic, social and environmental goals are not aligned. Finding a reasonable compromise between these three groups of goals and securing a long-term sustainability of business is much more important than dedicating substantial resources to supporting social causes and environmental initiatives today and possibly compromising the existence of the business tomorrow. Any organization has multiple stakeholders, both internal and external, and their interests, often conflicting, need to be reconciled.

Integrating CSR indicators into a company's balanced scorecard (BSC) is one of the ways of aligning multidimensional goals and short- and long-term performances. CSR-related targets can be added to each of the four groups of indicators in the traditional BSC model or comprise a separate (fifth) group of indicators. In this connection it is very important to choose relevant key performance indicators.

CSR performances can also be assessed externally, by independent agencies. For example, companies with outstanding CSR performances can be included in sustainability indices, both global and regional, such as Dow Jones Sustainability Index family, FTSE4Good Index series, S&P 500 ESG Index and others. The inclusion of companies in these indices is based on the corporate sustainability assessment embracing economic, social, and environmental dimensions, and thus can be regarded as an integrative assessment of companies' performances.