

LOCAL CONTEXT DEPENDENCE: CSR IN DEVELOPED AND DEVELOPING COUNTRIES

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Corporate social responsibility (CSR) is one of the major concepts that make up the contemporary business mindsets, a phenomenon, which is broadly discussed, researched, promoted, and even partially institutionalized. CSR can be manifested in a variety of forms, it evolves over time, differs across business areas and geographic locations. The latter refers to country specific perceptions and practices of CSR.

In the literature on CSR, both academic and that intended for practitioners, more stress is placed on the most advanced approaches to CSR, which are characteristic of the developed countries. Various international standards that serve as guidelines for CSR activities are also based on the best practices and the most comprehensive understanding of CSR, which is again attributable mostly to the developed countries. At the same time, there is the growing literature on CSR in developing countries. This study aims at identifying factors that account for differences in the approaches to CSR in developed and developing countries.

The factors that affect CSR practices in developed and developing countries and underlie the differences in CSR perceptions and implementation include institutional pressures, specifically a country's legislation. Environmental legislation, for instance, can be stricter in some countries, which may lead to transferring environmentally harmful production processes and hazardous wastes to third countries with less stringent environmental policies. Countries also differ in terms of disclosure related legislation. For example, EU makes the disclosure of operation practices and dealing with environmental and social challenges mandatory for large-sized companies. However, some developing countries, such as India, follow the suit and go even a step ahead not only requiring mandatory extensive disclosure on CSR but also prescribing spending on CSR. Another institutional aspect is law enforcement, which can be strong or slack, decayed by corruption, lacking transparency and public support.

Another factor is public expectations as to CSR, consumer right protection organizations, NGOs, activist movements, which are more influential, better organized, more effectively promote ideas, for example against sweatshops or in favor of fair trade, in developed countries.

Market mechanisms that make companies straighten their operation practices and integrate interests of society into their business models. Such mechanisms include corporate reputation rankings, competitive pressures, stock market sustainability indices (e.g. the Dow Jones Sustainability Index, FTSE4GOOD) designed for responsible investors and others. And the market mechanisms are more effective in developed countries.

Last but not least, economic development of a country, business regulation, and purchasing power of the population may also affect CSR practices, in particular making price-sensitive consumers indifferent to misconduct of companies in social sphere. In economies with low incomes per capita corporate philanthropy will be one of the major forms of CSR.

Thus, approaches to CSR depend on local contexts and are influenced by a plenitude of heterogeneous factors. At the same time globalization and international exchange in economic, political, and cultural spheres promote awareness of sustainability issues, set benchmarks for CSR and lead to the spread of advanced CSR practices.