

Pavlo Brin*

ORCID: 0000-0001-7374-3727

Mohamad Nehme**

ORCID: 0000-0002-8956-5459

Gregor Polančič***

ORCID: 0000-0002-4746-1010

CORPORATE SOCIAL RESPONSIBILITY AS AN INSTRUMENT OF INCREASING A COUNTRY'S COMPETITIVENESS

ABSTRACT

The integration process of Ukraine into the European Union requires fundamental changes in economic, social, and environmental spheres. The provision for any significant changes should be based on a deep investigation. Corporate Social Responsibility is regarded nowadays as a critical factor for the change management process in economic, social, and environmental spheres. In the present paper, an investigation on Corporate Social Responsibility, as perceived in the European Union in general, and in Ukraine in particular, has been made. The article has been based on the comparison of the data between Ukraine and other European Union countries. Challenges for Corporate Social Responsibility development in Ukrainian corporations have been addressed, followed by a set of recommendations to ensure effective fundamental changes in the integration process through CSR activities.

Keywords: Corporate Social Responsibility, Global Compact, Triple Bottom Line Approach, Competitiveness

* National Technical University “Kharkiv Polytechnic Institute” (Kharkiv, Ukraine), e-mail: pavelbrin@ukr.net

** National Technical University “Kharkiv Polytechnic Institute” (Kharkiv, Ukraine), e-mail: mohammadnehme@gmail.com

*** University of Maribor (Maribor, Slovenia), e-mail: gregor.polancic@um.si

1. INTRODUCTION

Corporate Social Responsibility (CSR) is one of the modern concepts that have evolved since the middle of the previous decade. Howard Bowen has been recognized as the father of this concept since CSR was mentioned for the first time as an academic approach in his book "Social Responsibilities of the Businessman" in 1953 (Bowen, 1953). Since then, CSR was considered an ideal principle to which few wealthy businessmen adhered, as they adopted it and contributed to social and environmental activities to improve the reputation of their companies and as an indirect marketing initiative. Over the years, this concept began to evolve and change in many respects. Many studies have investigated the factors that affected the evolution of the CSR concept, with the said factors having been divided into two interrelated groups (Brin & Nehme, 2019). The first group was the academic factors, where various academics viewed the social responsibility of companies as a voluntary activity that should be followed to improve the economic status of the company and to develop the social situation of employees and stakeholders. The second group was the practical factors. What was thereby meant is that international organizations have adopted this concept and tried to persuade international corporations and states to adopt it. The most relevant were the United Nations Global Compact, the International Standardization Organization, and the European Parliament. The most updated definition of the concept of CSR has been developed by the United Nation Industrial Development Organization – UNIDO: "CSR is a management concept as companies incorporate social and environmental concerns into their business operations and their interactions with stakeholders, CSR is generally seen as how a company strikes a balance between economic, environmental and social imperatives while simultaneously addressing the expectations of shareholders and stakeholders" (UNIDO, 2019).

Most of the existing research investigates the effect of CSR in a developed economic context, while a few types of research investigate the effect of CSR in an emerging economy context. There is an urgent need to prove that the CSR implementation process could be used as an instrument for increasing competitiveness especially in economically emerging countries as Ukraine. It is important to mention that Ukraine is one of the countries that is undertaking several official strategies to improve its economic and social situation, and to become a European Union member state, and to be granted a place between future developed economic countries. So, there is a need to reshape the relation between business corporations and other stakeholders for delivering effective changes in social, economic, and environmental spheres. CSR is one of the approaches that could facilitate the relation between business corporations and various stakeholders, and it could increase competitiveness and precipitate the integration of Ukraine in the EU.

2. LITERATURE REVIEW

Various scholars and researchers in the business field have investigated the important role of CSR in socio-cultural and economic development, but they have assumed different attitudes towards the critical indicators that have to be addressed. Some other scholars have tried to prove that CSR is regarded as a motivational factor which strengthens competitiveness and contributes to overall development. John Elkington put forward the concept of the Triple Bottom Line - TBL approach for implementing CSR. He believed that every company must

strike a balance between the economic, social and environmental needs through a sustainable strategy (Elinkgtone, 1998). Some scholars have mentioned that CSR theories and models have similar objectives which are innovating approaches that contribute to the economic stability, environmental sustainability and social development with all stakeholders, but they proved that the Triple Bottom Line CSR model is considered the most effective CSR model to be adopted in an emerging country context (Brin & Nehme, 2019). A discussion of the results of this analysis concluded that CSR and competitiveness are related through an innovation cycle, where corporate values, policies and practices are integrated in the business processes and generate innovative practices and finally competitiveness (Vilanova, Lozano & Arenas, 2009). Others have stressed that the TBL approaches strengthen the overall involvement in economic, social and environmental areas and support rational decision-making (Weber, 2008). Kutovy has mentioned that scholars and entrepreneurs interpret CSR differently in the Ukrainian context: for some, it means creating comfortable conditions at work, for others providing all employees with equally good conditions, and still for others providing recreational services while ensuring environmental protection policies. All of these are important for corporations to maintain a high reputation and excellent competitiveness (Kutovy, 2018). Stepanenko has concluded that major improvement in CSR implementation in Ukraine have been realized over the last few years, but there are still a number of concerns that corporations have to deal with. These concerns are to target three key aspects: improvement of conditions for staff, development of health and educational services and amelioration of environmental terms (Stepanenko, 2012).

It is important to note that CSR has passed through several milestones in its evolution (fig. 1), these milestones affect the type and the nature of the new definition and approaches to CSR. Some of these milestones are academic milestone, and others are practical milestones. The first important milestone in the field of CSR was the definition of CSR coined by Howard R. Bowen in his book *Social Responsibilities of the Businessman* which was published in 1953 (Bowen, 1953). Bowens has defined some obligations incumbent upon corporations and wealthy businessmen directed at achieving some social objectives. The second important milestone in the field of CSR is the report published by the Commission of the Economic Development which was held in the year 1971. This commission is considered as a practical milestone which gather the most powerful economic organizations and corporation in the world in order to take several actions toward economic and social and environmental disasters which occurred through that decade (Frederick, 1960). The CED departs from the apparently purely academic notion of CSR and turns it into a practical action that had to be implemented in order to decrease the impact of Multi-Large Corporations. In the year 1979, Archie Carroll presented Three-Dimensional Conceptual Model of Corporate Performance, which is nowadays recognized as as the third milestone in the field of CSR. He argued that a corporation has to take a stance on toward economic, legal and social issues, and it has to incur four main responsibilities in the following order: economic, legal, ethical and discretionary or philanthropic (Carroll, 1979). Another important practical milestone affecting the evolution of CSR is the World Commission on Environment and Development organized by the United Nation in 1987. The commission seeks to change the attitudes of decision makers and businessmen and states towards environmental and social challenges. A guideline has been published by the end of the commission to reach sustainable development through CSR practical considerations (Holdgate, 1987). The fifth milestone is the Corporate Social

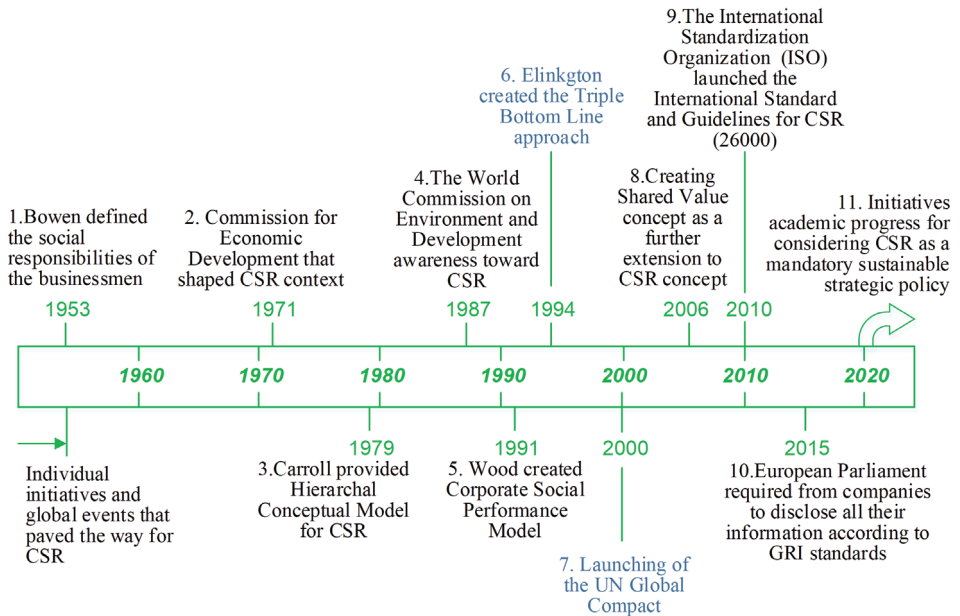
Performance Model which has been created by the famous scholar in the field of CSR Donna John Wood in 1991. Wood has understood the principles, processes and outcomes of CSR in a unified manner (Wood, 1991). Once this model had been adopted, the CSR concept became more organized and started to yield itself to being more systematically implemented. What is important in these papers is to shed some light on the two important milestones which is the creation of the TBL approach and the importance of the United Nation Global Compact in making the CSR implementation process to be under way. Fig. 1 shows the different theoretical and practical milestones that the CSR concept passed through.

The Triple bottom Line Concept – was put forward by John Elkington in his book “Cannibals with Forks: The Triple Bottom Line of 21st Century Business” (Elkington, 1998). The TBL is a CSR approach that combines most of the characteristics of other approaches. The TBL approach is an approach that could be adopted by any type of enterprise or company in which decision-makers have to balance economic responsibilities, social responsibilities, and ecological responsibilities to implement CSR efficiently. Moreover, to adopt a TBL CSR approach, decision-makers have to implement all the responsibilities from a sustainable point of view, with strategic goals and visions.

The United Nation Global Compact – UNGC is one of the largest organizations in the world which combines all the companies and organizations which adopt CSR approaches. The UNGC has been created in the year 2000 and it provides a principle-based framework, best practices, resources, and networking events that have revolutionized the way companies do business responsibly and discharge their duties to society. By catalyzing action, partnerships, and collaboration, we make transforming the world possible – and achievable – for organizations large and small, anywhere around the globe (United Nations Global Compact, 2000). The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment, and anti-corruption. Some scholars mentioned that the UNGC viewed as the first official international step to transform the CSR approaches from a voluntary concept into an obligatory one due to its importance in strengthening competitiveness and achieving sustainable development.

In the year 2006, Michael Porter & Mark Kramer have published their evidence of the existence of the link between CSR and competitive advantage. Porter and Kramer have proposed a fundamentally new way of conceiving of the relation holding between business and society. They introduced a framework to identify the social consequences of corporation actions and to discover new opportunities to benefit the society and the environment (Porter & Kramer, 2006). The ninth milestone was launching the International standards and Guinness of CSR number 26000 by the International Standardization Organization ISO in 2010. Such a milestone is a practical milestone since every organization which is granted the certificate in question is henceforth recognized as an active and socially responsible organization which apply CSR approaches in an organized and accurate way through all its product lines (International Standardization Organization, 2010). The European Union parliament law number 2014/95/EU is regarded as the first authorized CSR practical milestone, by which the European Union recommends to all the companies which operate in the EU that they should disclose all their respective financial and non-financial information in order to conform to transparency and ethical requirements implied by CSR policies (Róžańska & Matuszak, 2017).

Fig. 1. Main milestones in Corporate Social Responsibility development



Source: The authors' own work.

The last milestone is the initiatives of academic progress for considering CSR as a mandatory sustainable strategic policy and where international organizations and scholars are coordinating their respective actions to make it true.

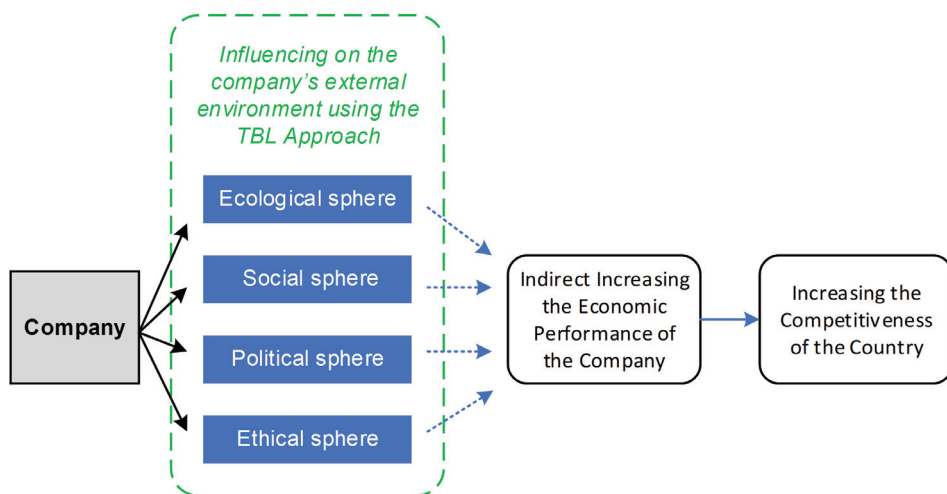
3. MATERIAL AND METHODS

A comparative analysis method has been used throughout the analysis of the empirical data collected in this article. Quantitative and qualitative data have been collected from various reports and studies to compare the relation between Ukraine and other EU countries concerning the main spheres interrelated with the TBL CSR approach. The comparative methodology applies to economic indicators, social and health indicators as well as to political and ethical indicators. Such a comparison is vital to make an overview of the general situation of Ukraine and to detect some loose ends to be tied up. If companies in Ukraine adopt the TBL CSR approach, the economic performance of the company will increase indirectly, and this will lead to an increase in the competitiveness of the industry as well as strengthen the competitiveness of the whole economy of the country.

CSR concept has become more familiar in the global world nowadays. The TBL theory could serve as a guideline which suggest decision makers that they should integrate social and environmental factors along with financial factors. It essentially deals with Three P's, that is People, Planet, and Profit (Perrini, 2006). People variable ranges over employees inside the company, wholesalers, managers, consumers and customers, and every human being who is

affected by the operation of the business. The company has a duty to respect all human and labor rights, any corporation or small or medium enterprise which does not respect these rights is not considered a socially responsible corporation. The planet is after all a commonly shared asset; and so it is of utmost importance to apply all the environmental standards issued by the official states and the authorized committees, since the unrestricted production operation exercised by industrial manufactures have led to disastrous consequences such as high rate of cancer diseases because of polluted air and water, climate changes, desertification, and to chemical and biological endemic areas. The third P stands for profit, which hints at the fact that it is important for every corporation to make profit and invest more in the market and in diversified areas of production. The purpose behind the TBL approach is to develop a theoretical basic of competitiveness assessment of the various industries, which would allow to determine the change in competitiveness strength and the profitability of the enterprise as a function of the adaptation of CSR approaches. For, if a company adopts the TBL CSR approach, then the integration with the ecological, social, political and ethical dimensions will open the opportunity to introduce new techniques and procedures, and will open the relations with new stakeholders. All of these will lead to indirect increase in the economic performance of the company since the company have new consumers and decrease the cost of its product and services. At the end, the company will have gain competitive advantage in the market. Fig. 2 explains the relation between the TBL and strengthened competitiveness.

Fig. 2. Interrelatedness of using TBL Approach and increasing the competitiveness of the country



Source: The authors' own work.

Basing on what was mentioned above, the following hypothesis can be formulated.

H1: There is a strong dependence of the competitiveness of the country on the number of companies with CSR approach.

For proving (disproving) the hypothesis in the following paragraph the authors analyze the four main spheres within the TBL Approach taking Ukraine as the subject of the research. The authors suggest taking as a main indicator of the country's competitiveness the Gross Domestic Product (GDP) per capita. There are a lot of other important characteristics of country competitiveness such as the Global Competitiveness Index, Export/Import Balance, etc. But it looks quite incontrovertible that the more products are produced by the country (and purchased in the world), the more competitive the country is.

4. RESULTS AND DISCUSSION

4.1. ETHICAL INDICATORS AND COMPETITIVENESS

The ethical responsibility is one of the most important responsibilities that companies must discharge to count as the one that adopted a TBL CSR approach. Ethically speaking, a company which adopts a TBL CSR approach must disclose all its financial and non-financial approaches and projects to the public so that it should ensure a high level of transparency and gain the trust of public and private stakeholders (gain trust of governmental bodies, the trust of vendors, employees, sellers, customers and consumers of its final products).

In order to measure the ethical level of companies inside Ukraine, a sample of international and domestic companies and enterprises has been targeted. The first comparison has been made between the average of disclosure before adopting CSR approach (2012), and between the level of disclosure in 2019 (after adopting CSR approaches for some companies).

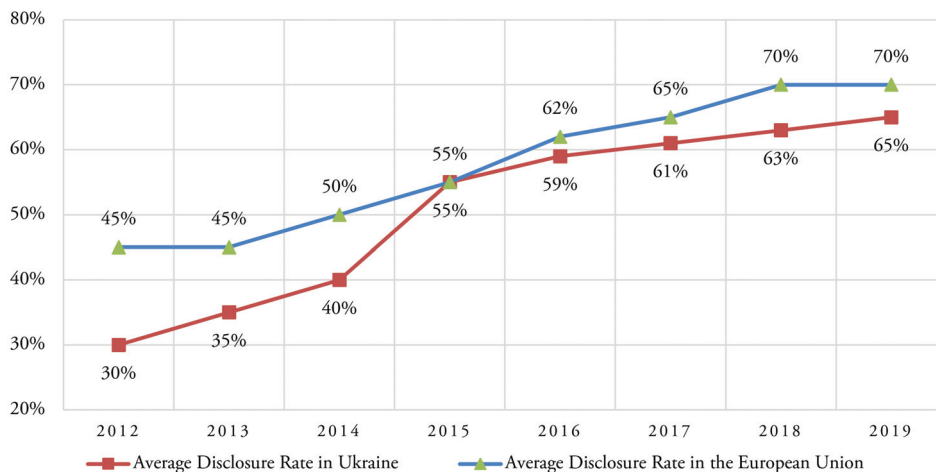
The second level of comparisons has been made between the average rate of disclosure in 2012 with the average rate of disclosure in the EU, and the same applied to the year 2019 (fig. 3).

According to the study made by the Corporate Social Responsibility Center in Ukraine in 2012 (CSR Ukraine, 2012) the study was made to realize the percentage share of Ukrainian companies that adopt CSR activities and disclose this fact on their respective official website as a kind of evidence of their transparency to stakeholders and of taking heed of ethical concerns. The average disclosure rate of Ukraine was 30 %, whereas the average rate of disclosure in the EU in 2012 was 45%.

However, in 2014, the Ukrainian state signed a contract with the EU which provided that it is obligatory for companies to disclose financial and non-financial information according to the Global Report Initiative standards (GRI). The act 2014/95/EU represents an effective shift from construing principles of CSR as merely recommended to conceiving of them as legally binding (Sukhonos & Makarenko, 2017).

From 2014 till 2019, the average disclosure rate of Ukraine has increased by 35 percentage points (from 30 % to 65 %) respectively. In 2019 the average disclosure rate is 65 %, while in the EU it is 70 %. Figure 1 shows the difference between the average rate of disclosure between the years 2014 and 2019 in Ukraine and in the European Union.

Fig. 3. Average disclosure level of CSR approaches in Ukraine and EU



Source: (Makarenko & Sirkovska, 2019).

It has been shown and proven that as the Ukrainian government signed a contract with the EU to adopt GRI standards of disclosure (which is considered as an ethical CSR responsibility), the level of disclosure or level of transparency has increased to almost reach the level of that of the EU. This is a clear proof that ethical CSR responsibility increases the level of transparency which will positively affect the rate of competitiveness of Ukrainian corporations and wins the trust of other regional and international competitors. High disclosure rate will allow all stakeholders to make comparisons across corporations' performance, will allow stakeholders also to give competitive priority especially in tender boards and project bidding, and will strengthen the competitiveness and reputation of these companies, as well as ensure ethical standards for business corporations recommended by the EU.

3.2. POLITICAL INDICATORS AND COMPETITIVENESS

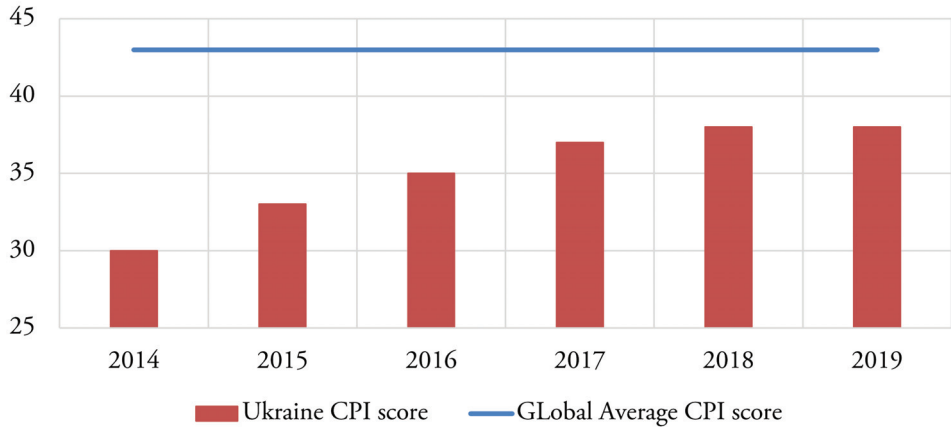
According to the Ukrainian State Fiscal Service, companies that develop and implement anti-corruption policies and programs are the companies that implement CSR programs (Ukraine Consumer Price Index, 2020). It has been realized also that these companies entered the top 100 taxpayers in Ukraine in 2019.

The Corruption Perception Index is an official index established by the Transparency International Organization. The index ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, and it uses a scale ranging from 0 to 100, where 0 denotes "highly corrupt" and 100 denotes "very clean". More than two-thirds of countries score below 50 on this year's CPI, with an average score of just 43. The top countries in the EU that have the highest CPI are Denmark (88), Finland, Sweden and Switzerland (85). Ukraine, in its turn, is viewed as a country to watch over next few years, with its political landscape being recognized as posing serious challenges.

Ukraine improved its CPI score due to the implementation of anti-corruption reforms which were launched in 2014, which made the CPI score rose from 30 in 2014 to 38 in

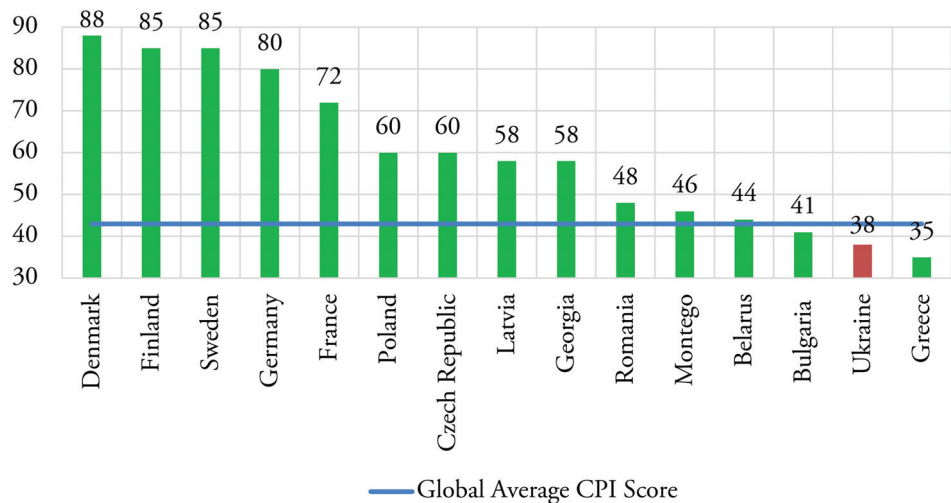
2019, which was little short of the average global score of 43 (Corruption Perception Index, 2018). Figure 4 and figure 5 show these data.

Fig. 4. Corruption Perception Index of Ukraine from 2014 till 2019



Source: (Corruption Perception Index, 2019).

Fig. 5. Corruption Perception Index for the year 2019 for some countries in Europe



Source: (Corruption Perception Index, 2019).

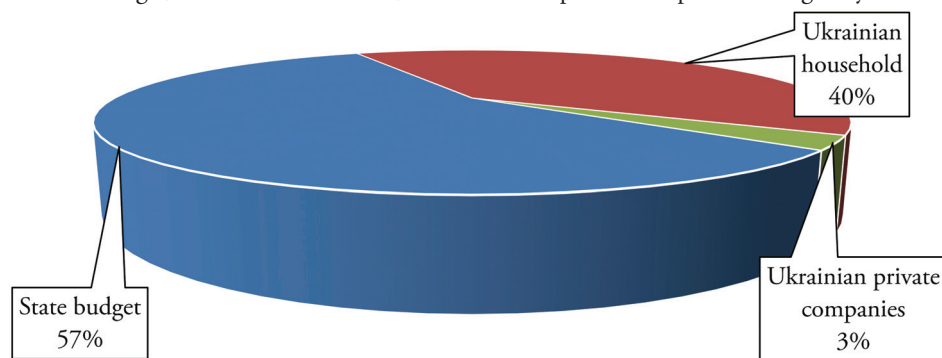
The first comprehensive anti-corruption policy document, the Anti-Corruption Strategy for 2014-2017, was adopted by the Ukrainian Parliament in October 2014. The Strategy covers all key policy areas: preventing corruption in the public sector, state-owned enterprises, public procurement, judiciary, private sector; establishing an effective law enforcement system; reforming the civil service; cultivating zero tolerance for corruption, and increasing transparency and openness of decision making (Marusov, 2016).

As it seems, Ukrainian state legislated anti-corruption laws and signed many protocols and contracts with the EU to fight corruption, but this is still not enough to combat corruption. If a corporation adopts the TBL CSR model in Ukraine, it has to give free access to all its operational and financial information, and it has to pay all its annual taxes and fees without any tax evasions. Moreover, trade unions and economic organizations must redouble their efforts and enhance dialogue with the Ukrainian governmental bodies and the civil society to fight any illegal business firms or monopolistic actions and enhance the efficacy of a judicial system. Adopting CSR model improves enforcement mechanism of anti-corruption efforts, and improves integrity and accountability across both governmental bodies and Ukrainian corporations. This was evidenced when the score increased from 30 in 2014 to 38 in 2019, but more effort could be made by corporations and the state to increase the score of Ukraine above that of the average in the world, which is 43.

3.3. SOCIAL AND HEALTH SERVICES INDICATORS

Referring to a study conducted by the Ukrainian Ministry of Health, Ukraine was purportedly characterized by the worst health profiles in Europe in 2012, which consisted in high mortality, morbidity, and disability rates. One of the key determinants of this condition is the poor economic support and overall poor performance of the health sector in the country (Kvitashvili, 2019). The total health expenditures go through 3 main channels; that is, state budgets, households, and private companies. Private companies and corporations – when put together – have the minimum share in the total health expenditure (3%) in Ukraine, as is shown in fig. 6.

Fig. 6. Total health expenditure in percentage terms divided among three main sources: Ukrainian state budget, Ukrainian Household, and Ukrainian private companies during the year 2012



Source: (Kvitashvili, 2019).

It was realized that the private companies shared in the total health expenditure. But the very low percentage of corporations' shares means that most of the Ukrainian private companies almost do not cover health costs for its employees and staff, or almost don't provide any health insurance for its staff in 2012. Since if they were, the household rate should be less than the private companies' rates.

A report on the health care reform issued by the Organization for Economic Co-operation and Development (OECD) gave an overview of the health services and health policies

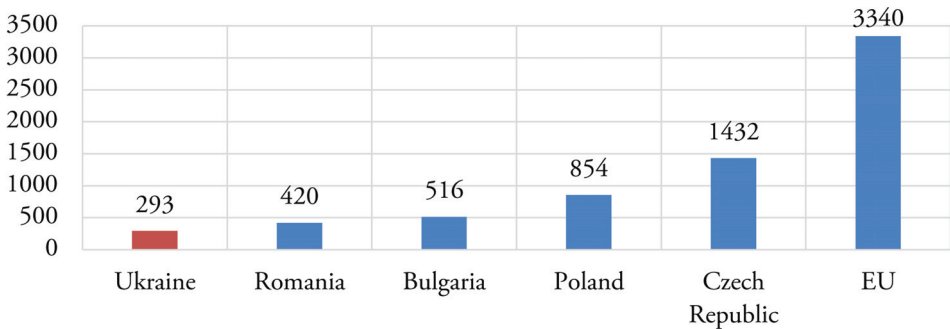
in Ukraine (OECD, 2019). The reports stated that the Ukrainian state and Ukrainian companies do not live to the expectations in two respects:

- The obligations of developing the health system;
- The health coverage of the Ukrainian human capital.

The state should increase its expenditure from national income to develop hospitals and medical techniques. Moreover, it should increase the coverage of health services for employees' in the public sector at least, and increase the proportion of health revenues and insurances for them. These issues got subsumed under Corporate Governance Responsibilities.

Private companies should adhere to international and European standards as far rights of their employees are concerned. They may cover medical and health expenses for their employees and their families through a partnership with hospitals and health insurance companies. These issues are tackled under CSR. It leads to respecting the employees' rights and increases their productivity; besides, it reduces employee dropout and turnover rates.

Fig. 7. Total expenditure on health per capita in USD for 2012 in Ukraine compared with some EU member states



Source: (OECD, 2019).

Since Ukraine gained independence, the institutional base of social protection has been modeled around the principles of social insurance. Financing of the Social Protection System [SPS] has started to be based on compulsory social contributions. The role of employers and employees has become stronger, and State Social Funds have been separated from the State Budget (ILO, 2016).

Current Social Protection System of Ukraine includes two components:

1. The Compulsory State Social Insurance, which includes insurance against industrial accidents and occupational diseases, unemployment insurance includes the next types of cash benefits for insured persons, insurance against temporal disability implies assistance and pension insurance.
2. Family and social benefits and services, which includes a discount on housing services, telephone use, medicine purchases, transportation (for war veterans, pensions of labor, for the victims of the Chernobyl disaster, for a certain type of professions), etc. housing subsidies (pecuniary compensation) in case if family's income is too small to pay for housing services and gas; social provision of domestic, medical and other services at home or at residential institutions (for disabled persons and single elderly).

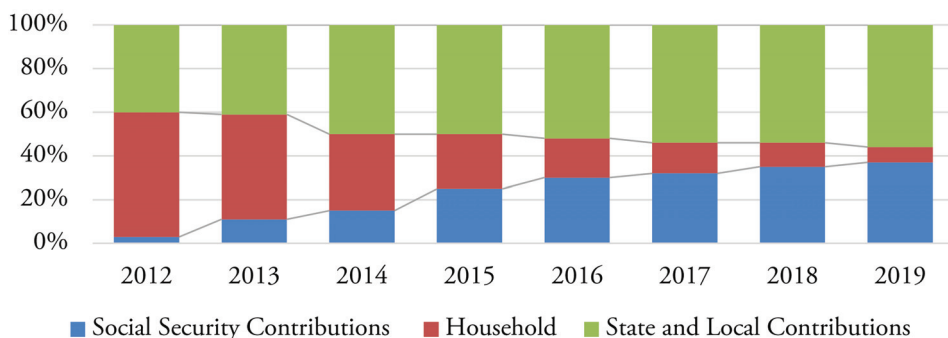
By 2014, as we mentioned before, Ukraine signed reform contracts with the EU and promised to regulate its laws to meet sustainable development goals (Winkelmann, 2017). As a result, The SPS law in Ukraine was reformed so that it could be financed by two mandatory channels and one elective channel:

- The social security contributions (includes the financial contribution of insurers and employers, financial penalties on enterprises and voluntary contribution of enterprises, establishment, organizations and natural persons); (Mandatory),
- State and local government contributions which include governmental budget contribution to social and health care services; (Mandatory),
- Households; (Elective).

It is important to note that the SPS in Ukraine covers the same aspects as that of the Social Security System in the EU.

A comparative analysis is presented in figure 8 pertinent to the gross expenditure on Social Security System in Ukraine between 2012 and 2019. In other words, the period ranges from the moment before the reform of Social Protection System was implement and the moment several years after the reform of the Social Protection System in Ukraine took into effect.

Fig. 8. Percentage of Social Security contribution and State governmental contributions and households' contribution to funding the Social Protection System between 2012 and 2019



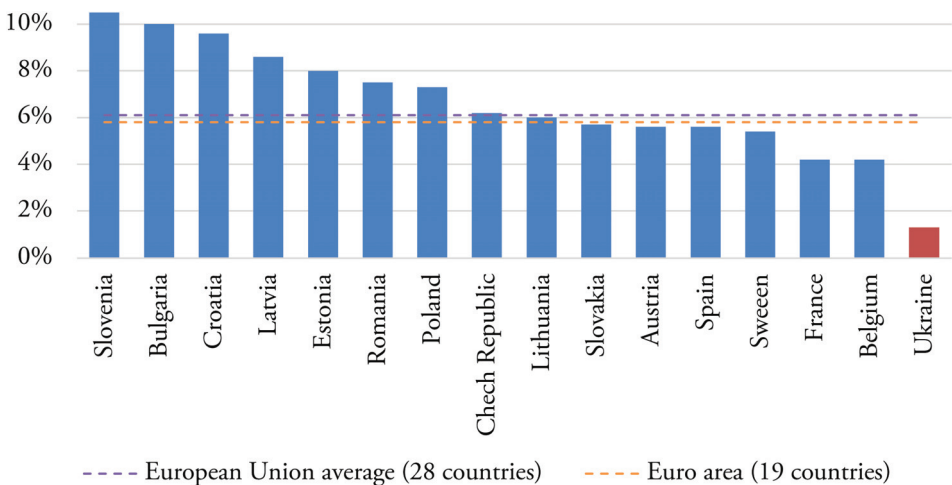
Source: (Yevtushenko, Vinogradnya, & Malyshko, 2019)

As can be seen in figure 8, the percentage rate of social security contributions and state contributions increased over the period 2012-2019, while the percentage share of households in the contribution under considerations decreased. This is real evidence of the result of the reforms on the SPS programs, and of the awareness of governmental and private institutions, companies, and enterprises that increase the insurance coverage and social benefits of its employees. Such a result explains how CSR nudges public and private organizations and companies to protect the rights of their employees and finance social and healthy protections programs. The reason for the above is that this sort of behavior is bound to increase employees' satisfaction and reduce both labor turnover and immigration.

3.5. ECOLOGICAL INDICATORS AND COMPETITIVENESS

The Ukrainian state issued The Environmental Protection Law in 1992. It provides for the use of economic instruments to achieve environmental management objectives. The Ukraine Environmental Performance Review reports (OECD, 2019) provide an overview of the environmental economic instruments in use in Ukraine, which include emission charges (air emissions, discharges to water bodies, and waste disposal), taxes for special use of natural resources, sanctions on environmental pollution, and excises and customs duties on environmentally harmful products. Figure 9 below presents the information on environmental payments taxes and penalties for environmental pollution.

Fig. 9. Share of Environmental Taxes in the EU Member States (2013) and Ukraine (2014) in Total Taxes and Social Contributions



Source: (The World Bank, 2016).

As can be seen in figure 9, Ukraine used to have the lowest share rate of environmental taxes as compared to EU member state in 2013, which is before adopting the EU requirement for a in the area of ecology. Such data is only to prove that the governmental restrictions and enforcement of ecological laws were still not effective by 2013 before the reforms had been officially adopted.

Currently, the incentive mechanism of environmental protection is certified by the International Standard Organization ISO 14001. ISO 14004 is a certification in environmental management and quality for business corporations. The emphasis of ISO 14001 is threefold:

- compliance with legislation;
- prevention of pollution by avoiding, reducing, and controlling pollutants;
- continual improvement of the environmental management system.

For a company or enterprise to gain the ISO 14001 certificate, it has to meet serious requirements. These requirements are regarded as an environmental management system by dint of which effective tools and policies to reduce the impact of production processes are implemented. What is also at stake is to protect the ecological sphere and nature as much

as possible. Gaining the ISO 14001 is considered an opportunity for the companies to gain additional competitive advantage and improve the image of the country and to enter and share in international tenders. The number of companies and enterprises that have the ISO 14001 and their effect on their respective GDP's could be an environmental indicator of the ecological level of the country as a whole. According to the International Organization for Standardization (ISO), the dynamics of the number of ISO 14001 series certificates issued for enterprises world-wide is quite positive. According to official data from ISO, the annual increase amounts to 22.6 thousand certified enterprises (International Standardization Organization, 2010).

Tab. 1. The number of ISO 14001 certificates issued for several companies in EU member states from 2011 till 2019

Country	Year								Ratio +/-
	2012	2013	2014	2015	2016	2017	2018	2019	
Italy	19512	21300	22616	22350	26655	26785	27120	27420	+7908
UK	15883	16879	16557	17824	16761	16842	17145	17542	+1659
Spain	19470	16051	13868	13310	13717	13542	13623	13546	-5924
Germany	7015	7983	7702	8224	9444	3190	4620	4732	-2283
France	7094	7940	5830	3832	4183	4254	4472	4714	-2380
Czech Republic	4215	4792	5830	3832	3689	3475	3423	3412	-803
Sweden	3885	3690	3982	3689	3448	3512	3625	3102	-783
Ukraine	160	196	187	155	422	621	751	846	+686

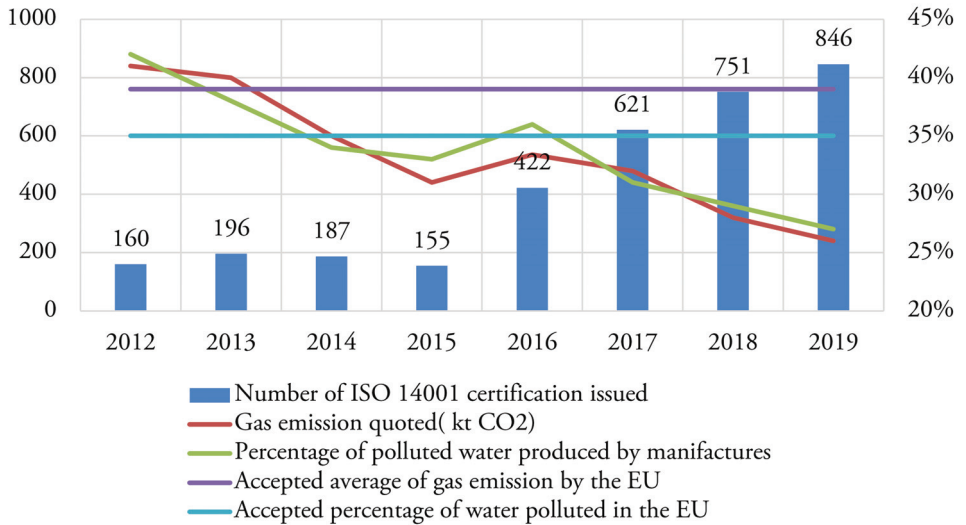
Source: (Claydon, 2019).

As is readily noticeable, the ratio of Ukraine is (+686) from 2012 till 2019, which means that Ukrainian companies and enterprises are recording a positive performance, as compared to many other European countries, although the number of enterprises is still low compared to that in the other European countries. To prove the efficiency of the previous data even further, the graph in figure 10 shows the correlation between the ISO 14001 Certificates in Ukraine with the average of gas emission and the average of polluted water produced by manufacturing industries in Ukraine in 2019.

It could be concluded from figure 10 that there is a negative correlation between the ISO certification issued and the gas emissions percentage and polluted water percentage, which means that the number of ISO certificates increased in Ukraine as the rate of air and water pollution decreased.

This proves the well-deserved recognition of the ISO certification and the effect of its policies and procedures on protecting the ecological features in Ukraine. On the other hand, Ukraine has acceptable percentage of polluted gas and water issued by the Ukrainian industry in the last years, so if more companies adopt CSR approaches and gain ISO14001 certificates, this will expectably achieve better results in the near future.

Fig. 10. Effect of ISO standards on the gas and water pollution in Ukraine between 2012 and 2019



Source: (Claydon, 2019).

3.6. CSR AND GDP

For proving *H1* the authors analyze the following characteristics of European Countries (tab. 2): population, number of companies in Global Compact and GDP (nominal) per capita.

Tab. 2. Characteristics of European Countries

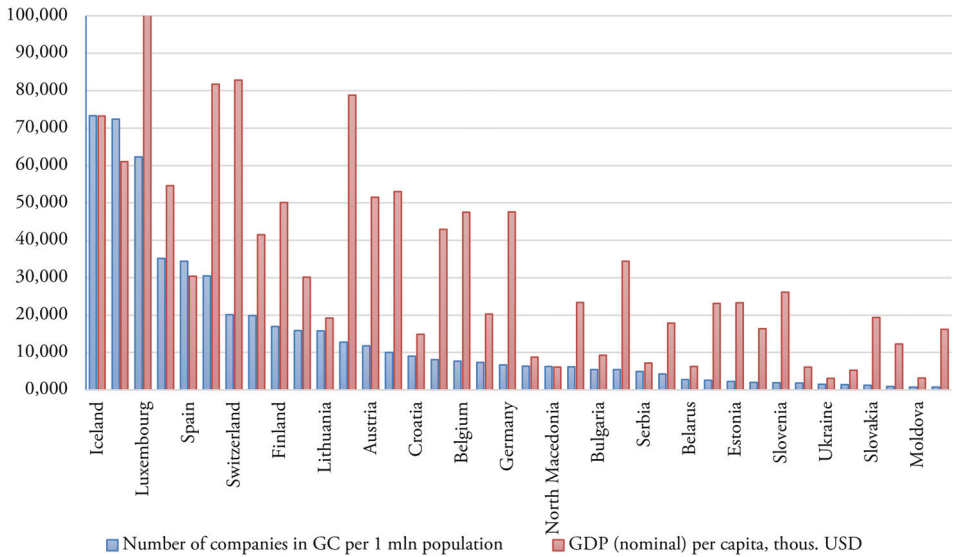
Country	Population, mln.*	Number of companies in GC**	Number of companies in GC per 1 mln*** population	GDP (nominal) per capita, thous. USD*
Iceland	0,34	25	73,286	73,2
Denmark	5,79	419	72,370	61
Luxembourg	0,63	39	62,275	116,6
Sweden	10,10	355	35,166	54,6
Spain	46,78	1608	34,376	30,4
Norway	5,42	165	30,466	81,7
Switzerland	8,65	174	20,113	82,8
France	65,26	1298	19,891	41,5
Finland	5,54	94	16,965	50,1
Malta	0,44	7	15,859	30,1
Lithuania	1,96	31	15,785	19,2

Country	Population, mln.*	Number of companies in GC**	Number of companies in GC per 1 mln*** population	GDP (nominal) per capita, thous. USD*
Ireland	4,94	63	12,751	78,8
Austria	9,01	106	11,761	51,5
Netherlands	17,13	172	10,040	53
Croatia	4,11	37	9,009	14,9
United Kingdom	67,88	550	8,102	42,9
Belgium	11,59	89	7,678	47,5
Greece	10,43	77	7,383	20,3
Germany	83,87	560	6,677	47,6
Montenegro	0,63	4	6,368	8,8
North Macedonia	2,08	13	6,238	6,1
Portugal	10,20	63	6,177	23,4
Bulgaria	6,95	38	5,464	9,3
Italy	60,48	326	5,390	34,4
Serbia	8,74	43	4,917	7,2
Latvia	1,89	8	4,239	17,9
Belarus	9,45	26	2,751	6,3
Czech Republic	10,71	28	2,614	23,1
Estonia	1,33	3	2,259	23,3
Poland	37,86	75	1,981	16,4
Slovenia	2,08	4	1,924	26,1
Bosnia and Herz.	3,28	6	1,829	6,1
Ukraine	43,77	64	1,462	3,1
Albania	2,88	4	1,389	5,3
Slovakia	5,46	7	1,282	19,4
Romania	19,24	17	0,884	12,3
Moldova	4,04	3	0,743	3,2
Hungary	9,66	7	0,724	16,2

Sources: *<https://www.worldometers.info>; **<https://www.unglobalcompact.org>; ***calculated by the authors

Using the data, the interdependence between GDP per capita and number of companies in Global Compact per 1 million people can be defined (fig. 11 and 12).

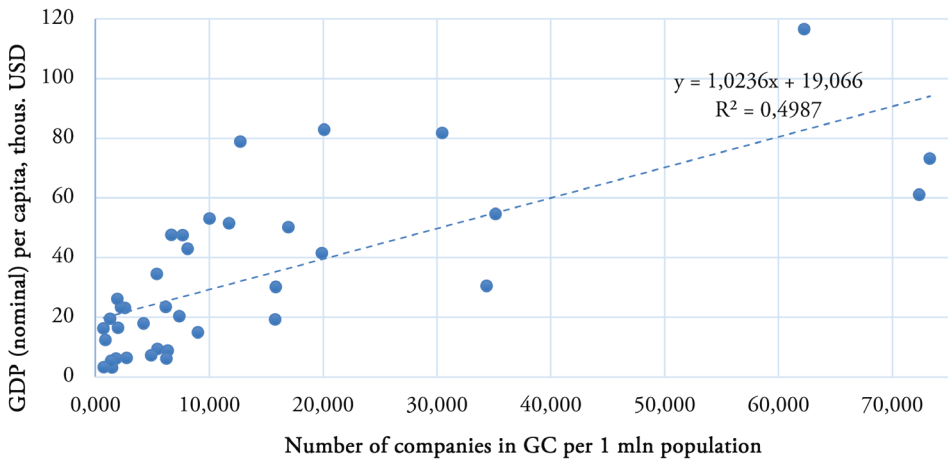
Fig. 11. GDP per capita and number of companies in Global Compact per 1 million people



Source: The authors' own work based on table 2.

The linear regression model was built (figure 12), the relationship between dependent variable (GDP per capita) and independent variable (number of companies in Global Compact per 1 million people).

Fig. 12. The Dependence GDP per capita on number of companies in Global Compact



Source: Calculated by the authors based on table 2.

For defining the rate of dependence of GDP per capita on the number of companies in Global Compact the Pearson's correlation coefficient was calculated:

$$r = \frac{\sum_{i=1}^n (x_i - \bar{x}) \cdot (y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2} \cdot \sqrt{\sum_{i=1}^n (y_i - \bar{y})^2}} \quad (1)$$

In consequence, $r = 0,706$, which is the evidence of rather strong dependence of GDP per capita on the number of companies in Global Compact.

Taking into account what was mentioned above, it is possible to claim that the tested hypothesis was conclusively proven. Therefore, it is possible to increase the general competitiveness of a country through resorting to CSR methodology.

4. CONCLUSIONS

It has been concluded from the data and comparisons presented above that Ukraine has made considerable steps towards economic, social, and ecological improvements in the last few years. In addition, it has been concluded that there is a positive relation between implementing CSR approach and strengthening competitiveness of the company as well as economy as a whole, especially in the context of an emergent economy. Here are some of the recommendations that could enhance the implementation of CSR approaches due to the high influence of competitiveness and development in economic, social and ecological spheres.

The main recommendations were as follows:

- National CSR strategy should be established in cooperation between the Ukrainian state and the Ukrainian private corporations to enhance and rapid the integration process of Ukraine in the European Union.
- National CSR strategy should be based on TBL CSR approach to ensure rapid growth and development in ethical, political, social and ecological aspects, with those aspects being at the same time prioritized.
- The national CSR strategy should enforce laws to increase transparency by disclosing financial and practical information to all stakeholders. Such laws raise the level of moral standards, credibility and good reputation and stimulate honest competition.
- The national strategy for CSR should stimulate the governmental bodies and private companies to combat corruption and enhance political stability, through direct recourse to the judiciary and full conformity with the Ukrainian accounting and control agencies. (to reach at least the average score for CPI 43).
- The national CSR strategy should urge the Ukrainian state and private sector corporations to at least double its funding for the health sector and Social Protection System.
- The national CSR strategy should enforce laws on public and private companies so as to make them comply with ISO 14001 ecological standards and impose penalties for those who do not discharge their duties.

CSR approaches are defined as voluntary approaches held by government and business corporations, but it has been realized that legalizing CSR approaches through authorized laws will not do harm to any of its aspects. However, legalizing CSR approaches through a national strategy contribute positively to sustainable development by addressing higher ethical standards which lead to higher credibility and competition as well as to ensuring that the resultant politically stable situation will attract international investments. What is more, what is likely to benefit are social and health services which increase employees' productivity. Finally, it may be plausibly believed that addressing ecological standards will reduce production cost and future environmental risks.

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