

THE RELATIONSHIP BETWEEN SOCIAL ORIENTED CORPORATE SOCIAL RESPONSIBILITY INITIATIVES AND CURRENT LIVING STANDARDS

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Abstract

The purpose of this study is to identify relationships between social oriented forms of corporate social responsibility initiatives and current living standards based on advanced and transitional countries' practice. Living standards indicators used in this study include infant mortality, poverty and child poverty rates, availability of education to children and female employment rates. The main social oriented forms of corporate social responsibility initiatives are associated with supporting rights of workers, consumers and local population in general. This study uses comparative analysis of statistical indicators for two groups of countries; the first group includes pioneers and leaders of corporate social responsibility initiatives such as the United States, European countries and Japan, the second group consists of countries that follow business practices of developed countries, including post socialists countries. The results of this analysis can be used to detect economic contradictions as well as to substantiate practical recommendations in order to realize the potential of corporate social responsibility as a mechanism to overcome existing social problems.

Key words

Corporate citizenship, corporate governance, corporate social responsibility, social responsibility of business, sustainability.

JEL Classification: M14, M11, M13

Introduction

Corporate social responsibility (CSR) or social responsibility of business (SRB) is defined as the practice of business that takes into account economic, legal and social needs of the population in the form of providing social protection to employees, customers, partners, and society in general. This practice has two effects. The first one is that the practice of CSR is considered as a competitive advantage, which leads to an increase in demand for goods and services of such companies. The second effect of the CSR is improving the working conditions of workers, protecting the rights of consumers, support for vulnerable people, as well as actions aimed at protecting and restoring the natural environment, which in turn increase the standard of living in general.

A key feature of our time is the institutional framework development of the CSR not only within countries and groups of countries, but also at the regional and global levels. Thus, the UN Global Compact was adopted in 2000, which was designed to promote the development of social responsibility within businesses to solve current social problems; the European Alliance of corporate social responsibility was formed in 2006; International Standard ISO 26000 "Guidance on social responsibility" was published in 2010 and so on. In this context, the

problem of CSR implementation and development in the countries of post-communist camp is getting more important, as those countries are seeking to integrate into the modern world socio-economic space. Under such conditions a fundamental transformation of relations between the state and business takes place, at the same time as building a civilized market relations and forming the civil society.

As we know, the first attempt to conceptualize the practices of CSR was established in the mid-twentieth century. The study by H. Bowen "Social responsibilities of the businessman" was published in 1953, which reflected a systematic scientific analysis of the phenomenon of CSR. According to scientists, it is a duty of the businessman to pursue a policy of social responsibility, make decisions and follow such directions, which are desirable and valuable to society (Bowen, 1953). Further scientific debate in this area was related to publications by K. Davis, who first drew attention to the fact that social responsibility should be considered in terms of decision-making. According to the researcher, despite the fact that the implementation of CSR goes beyond legislative regulation in the long run it creates long-term economic benefit for the company (Davis, 1960). In this context, it is noteworthy to mention the definition of CSR by K. Davis who describes it as the responsibility of the person who decides to direct his activities to meet his own interests, to secure and increase social wealth (Davis, Blomstrom, 1975).

The supporter of A. Carroll ideas H. Bowen in his study "A Three-Dimensional Conceptual Model of Corporate Performance" (Carroll, 1979) defines CSR as meeting the expectations of society at four levels: economic, legal, ethical and philanthropic where only the first two are governed by law. Based on this structure scholar suggested classical pyramid of CSR and developed a detailed model of CSR based on four components of social expectations (Carroll, 1991). The recent work of A. Carroll in collaboration with M. Schwartz somewhat distorts the original pyramid of CSR, the philanthropic component joined with the level of economic or ethical responsibility. Scientists drew on the fact that distinguishing between ethical and philanthropic interests is extremely difficult, besides philanthropic interests are mainly based on economic ones (Carroll, Schwartz, 2003).

In the post-socialist countries, problems of formation and implementation of CSR were the subject of scientific debate that started in the late twentieth century within the new transitology. The studies of V. Bazylevych (Bazylevych, 2007), D. Bayura (Bayura, 2009), I. Belyaeva, M. Eskindarov (Belyaeva, Eskindarov, 2008), Y. Blagov (Blagov, 2004), Z. Varnaliy (Varnaliy, 2002), A. Kolot (Kolot, 2013), R. Ritvo (Ritvo, Feldmane, 2015), A. Zinchenko, N. Saprykina (Zinchenko, Saprykina, 2010), R. Spukiene (Spukiene, 2011), D. Stremikiene (Stremikiene, 2007), N. Suprun (Suprun, 2013) and others reflected the essence of the problem and the mechanisms of CSR, implementation of CSR in post-socialist countries. Many listed research focus on the interpretation of CSR as an important mechanism for solving social problems and the formation of social policy in the face of deteriorating living standards during the post-communist transformation.

Analysis of the scientific literature on these issues shows that considerable attention is given to the relationship between CSR and financial profitability. Analysis of CSR in the context of financial activities conducted by D. Wang and his colleagues confirmed a direct influence of the amount of implemented CSR projects on brand value and financial effectiveness of companies (Wang et al., 2015). C. Stellner and co-authors have performed an empirical analysis of the impact of CSR on credit risk, proved the existence of the relationship between the implementation of CSR projects and a reduction in credit risk of the company (Stellner et al., 2015). A. Fatemi focused on CSR as a mechanism for increasing the value of the company. Based on empirical data, it is proven that the company's costs related to the implementation of CSR projects increase its financial value (Fatemi et al., 2015).

In this regard, we note that in the last 30 years nearly 100 studies on the problems outlined were

published, the results of which are contradictory. In 53% of these studies, a positive relationship between profitability and financial indicators of social activity level of enterprises was found; in 4% of papers a negative relationship between these indicators was found and in 24% of these studies such dependence was not noticed at all. Thus 19% of the studies have shown mixed results, indicating a certain complexity and variability indices measuring the level of social activity of a company (Margolis et al., 2006).

Much of the publications in the theory and practice of CSR is also dedicated to the research of the relationship of CSR and corporate political strategies, due to global expansion of the geographical boundaries of international corporations and emergence of political conflicts. An important contribution to the study of these problems was made by K. Rehbein et al., who analyzed the relationship between CSR and corporate political efficiency of the company. Conclusions drawn from the authors' model confirmed that the implementation of CSR projects contributes to escalating human and organizational capital, which in turn increases the efficiency of corporate political activity of the company as a whole (Rehbein, 2015). However, M. Hadani with coauthors explored the role of CSR in the forming of corporate political strategy (also under conditions of political uncertainty) and proved that the activities of the company in the form of social philanthropy reduce political conflicts within unstable political situations (Hadani et al., 2012).

However, the problem of the relationship between forms of implementation CSR and standard of living in certain countries or regions are now scarcely explored. In a broad sense it refers to the practice of implementing CSR projects to cope with global social problems (child labor, poverty, discrimination), to achieve sustainable development goals (protection and restoration of the environment), to overcome the crisis of the welfare state caused by rising budget deficits and debts etc. These issues are extremely important for the post-communist countries that are trying to implement a model of social market economy; the transfer of state social functions to business is an integral part of it.

Methodology of research

This study is based on the analysis of global practices of the CSR projects and their relationship with the living standards of the population. Comparative analysis of the problem is linked to the differentiation of the developed countries (United States, European Union and Japan) and post-communist states, including Latvia, Lithuania, Estonia

and Ukraine. The choice of these countries is caused by KPMG research, according to which in 2013 among 250 world leader companies, 27% are American, 13% - Japanese, followed by European countries (KPMG, 2013). The experience of these countries in implementing CSR is particularly useful for post-communist states and for Ukraine, which is now experiencing great difficulties due to the aggravation of social problems in the course of radical socio-economic transformations aimed at forming civilized market relations and integration into the world economic system.

At the beginning of the article the authors analyze the stages of formation and common features of Western and Eastern models of CSR, which are associated with determining priorities based on certain indicators of living standards in the US, EU and Japan. Later, successful experiences and priorities of CSR in the developed world are compared with the experience of implementing CSR in post-socialist countries (the Baltic countries and Ukraine), that have chosen the European direction of development. This comparison reveals the specific features of CSR implementation practices in post-socialist countries and key barriers to the formation of civilized market relations and proves practical recommendations for the further development of CSR in the national economy to address acute social problems.

Results of Research

Analysis of successful implementation of CSR projects in developed countries, their relationship to quality of life and actual social challenges faced by the public and private sectors helps to determine priorities for the further development of CSR in post-socialist countries, namely: 1) institutional support of CSR by the creation of an appropriate legal framework; 2) promoting "openness" in actions of private business and the state sector in order to reduce the distrust level in society; 4) encouraging private business to implement CSR by providing certain tax benefits; 5) popularizing the image of companies that hold to the principles of CSR by the use of the media; 6) positioning CSR as an important competitive advantage of firms in national and global markets; 7) spreading the ideas of CSR among employees, consumers and society in general; 8) promoting coordination of public and private organizations to overcome the acute social problems of transitional economies.

Discussion

It is known that the United States, European countries and Japan are the world leaders in terms of CSR projects. This is confirmed by a number of recent studies, T. Fujii have performed analysis of CSR features in Japan and the impact of the Western economy, (Fujii, 2012), the survey made by R. Welford which covers the implementation of CSR practices in Europe, North America and Asia and specificity of each region and individual countries in the area (Welford, 2005), key areas for further development of CSR in European countries and the United States are proved by A. Forte (Forte, 2013) etc. But analysis of regions under a wide range of indicators, from the context of CSR establishment, findings of current social issues, CSR practices and their purpose, that enable to distinguish the specific features of each region still remains relevant.

First of all it is necessary to take into account that the formation and implementation of CSR in the developed world has passed through two stages: (1) establishment of CSR influenced by worsening of domestic social problems of individual states in order to provide social protection for vulnerable groups; (2) further development of CSR by external factors, largely in response to international organizations and to enhance the competitiveness of companies within the global economic system.

Despite the fact that the essence, the purpose and principles of CSR in developed countries are the same, mechanisms and priority areas for their implementation in the first phase had some differences due to the socio-economic, historical and cultural specificity of their evolution. Analyzing the differences in the formation and assigned priority of CSR in the developed world, single out its two models: the western inherent in EU countries and the United States and eastern reflecting features of CSR in Japan.

First, note that the specific forms and tools for CSR implementation within the western model vary depending on the sector in which the company operates. Analysis of scientific publications and practices of companies in these countries allows to distinguish following key areas of CSR: 1) Protection of the environment: a) Reducing pollution of soil, water and air; b) Minimizing the negative effects of climate change; c) More efficient use of natural resources. 2) Protection of human rights: a) Women's promotion, increasing the share of female workers; b) Improving business ethics; c) Reduction of child labor; d) The fight against corruption.

The companies working in the food production industry, in addition to these areas seek to fight poverty and hunger. These projects are implemented in two ways: (1) financing social programs; (2) transfer of own products to the regions that are needed

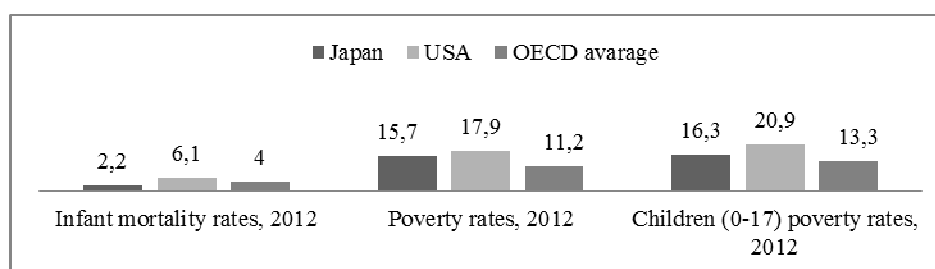
such assistance (based on published reports on CSR (Kraft Heinz, 2014; Nestle, 2014)). However, companies that design software and computer equipment are directing special attention to the development of education among children from poor families and in third world countries. The main mechanism of implementation of these projects is to provide computer equipment to education institutions or free software, and to conduct free courses and workshops for gifted children (based on published reports on CSR (IBM, 2014; Microsoft, 2014)). Pharmacological companies, in turn, focus their projects on the health of population, especially in third world countries where there is a need for vaccines and other essential drugs (based on published reports on CSR (Sanofi, 2014)).

By similarity of overall orientation programs, eastern model of CSR implementation has differences in areas and priority directions. According to a recent survey of private companies in Japan concerning the

most actual scope of CSR, such areas are: Environment - 92% of respondents; The preservation of culture - 71%; The preservation of maternal health - 69%; Human Rights - 67%; Promotion of women - 66%; Preventing disease - 28%; Overcoming child poverty - 23%; Overcoming hunger and poverty - 14% (Zentaro, Taku, 2015).

Comparing western and eastern models of CSR, we can conclude that the scope of implementation of CSR by private companies depends on the cultural and historical specificity, the standard of living and the implementation of social functions, that are not provided by the public sector in full. To confirm this we use four indicators of living standards of vulnerable populations in the developed world, namely: infant mortality, percentage of population and children living below the poverty line, the proportion of children with access to the necessary means of training, the level of employment among women and women with children under 15 years of age.

Figure 1: Infant mortality rates, poverty rates (%), child poverty rates (%) in the US, Japan, and the average for OECD countries, 2012.



Source: (OECD, 2015; Anonymous, 2015).

According to the data presented in Fig. 1 infant mortality in Japan is much lower compared to the average of this index among OECD (Organization for Economic Co-operation and Development) countries. The relatively high rate of infant mortality is also observed in the US. Thus, in 2012 infant mortality was 2,2 in Japan in 1000, in the US it was 6,1 and on average in OECD countries it was 4 in 1000. Data show that the problem of public health and recovery is relatively more important for western model than for eastern. In addition the data obtained by analyzing the official published reports of companies (Table. 1), confirms that. According to the western model of CSR 66% (4 out of 6) of companies decided to improve working conditions and the health of workers and in the eastern model - only 33% (1 out of 3).

As for the proportion of the population and children, that is living below the poverty line, according to data in Fig. 1 in Japan – 15.7% of the population and 16.3% of children live below the poverty line, in the US these figures are 17.9% and

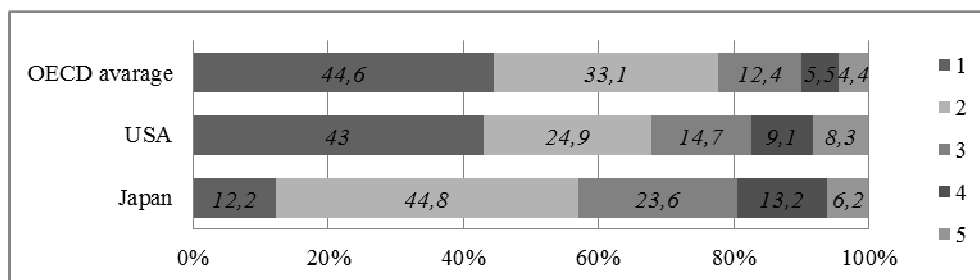
20.9% respectively, while the average for OECD countries are 11.2% and 13.3 % in accordance. So there is a significant prevalence of poverty among children in Japan (0.6%) and the US (3%), which respectively affects the orientation of actions towards poverty reduction, as from the state and from the corporate sector in the form of CSR. High levels of poverty and child poverty in particular, causes child labor (especially in the US), which is why for the western model combating child labor is a priority, that is confirmed by the data in Table 1. In the countries of the western model of CSR 33% (2 out of 6) of companies focus their efforts to decrease child labor, at the same time for the eastern model it is not a priority at all.

Data concerning equal access to learning tools among OECD countries varies (Fig. 2), in the US 43% of children have access to all necessary training facilities, the average level for OECD countries is 44.6% and for Japan - only 12.2%. According to this data, priorities among directions of implementing

CSR in Japan are associated with higher levels of education of children and youth, in preserving and spreading the national culture and traditions. Meanwhile, in the US and the EU problem of training

facilities for children are not dire, so this trend of implementing SCR is mainly focused on improving the situation rather than on coping with actual social problem.

Figure 2: Material deprivation based on access to educational resources, 2012. The share of children that have access to all educational resources (1), the share of children that don't have access to (2) a desk to study, (3) a quiet place to study, (4) a computer for school work, (5) educational software, internet connection, a dictionary and school textbooks.



Source: (OECD, 2015).

As for such an indicator of living standards as the level of employment among women and women with children under 15 years of age, according to the data presented in the statistical database for the OECD in 2011, the average level of female employment (with children up to 15 years) among OECD countries was 65.2%, in the US - 65.2%, in Japan - 52%. The above difference in the level of female employment also determines the priority areas of CSR implementation in different countries and regions of the world (OECD, 2014). These figures indicate that for the eastern SCR model employment of women is relatively more pressing problem than for the western. However, the data in Table 1 shows that all companies are trying to increase the share of female employment.

Thus, the comparison of empirical data on the living standards of vulnerable populations in the developed world allows to distinguish priority areas for implementation of CSR projects for western and eastern models. Thus, the common priority for both models is the focus on combating child poverty.

However, for the Eastern model the priority projects of SCR are to provide social protection of vulnerable groups (children and women), namely: to increase women's employment (for women with and without children) and to provide educational services for children. For the Western model, the social protection of women and children is not extremely important, because companies equally direct their CSR projects on social protection of employees, customers, partners and society in general.

Another approach based on the analysis of published reports by reputable companies allows assessing which areas of social life are attracting the attention of private companies while choosing the priorities for implementing CSR programs or projects. In our study we are using comparative analysis of the relevant indicators in correlation to current needs of employees, consumers, partners and society in general separately within the eastern and western models of CSR (Table 1).

Table 1: Comparative analysis of the priority areas of social protection implemented within the individual companies of eastern, western models of CSR and Ukrainian companies

Orientation of Social Protection	Eastern model			Western model				Ukrainian companies with Ukrainian capital			Ukrainian companies with foreign capital				
	CASIO	SONY	TOSHIBA	IBM	MICROSOFT	KRAFT	NESTLE	COCA-COLA	PROCTER AND GAMBLE	PLATINUM BANK	DTEK	ViDi GROUP	KPMG UKRAINE	Samsung UKRAINE	KYIVSTAR
Society as a whole:															
Educational activities for children and youth	++	+		+	+			+	+	+		+	+	+	+
Financial support of sporting and cultural events	+			+				+		+			+	+	+
Improvement of consumer products quality						+	+	+							+
Assistance to the population affected by natural disasters	++		++			+		+							
Reduction of child labor					+		+				+	+			
Charity					+			+		+	+		+	+	+
Employees:															
Fight against corruption – Business Ethics					+		+			+	+	+	+		+
Training and education of employees	+	+	+		+		+	+	+	+	+	+	+	+	+
Support health workers – improved working conditions		+		+			+	+	+	+	+	+	+	+	+
Prevention of discrimination					+			+			+	+	+		
Employment of people with disabilities	+	+	+				+					+			
Raising the level of female employment	+	+	++	+	+	+	+	+	+	+		+	+		

Source: (Casio, 2014; Sony, 2014; Toshiba, 2015; IBM, 2014; Microsoft, 2014; Kraft Heinz, 2014; Nestle, 2014; Coca-Cola, 2015; P&G, 2014; Platinum Bank, 2013; DTEK, 2013; ViDi Group, 2013; KPMG Ukraine, 2014; Samsung Ukraine, 2015; Kyivstar, 2014).

The table shows that the practice of CSR projects of large international companies in Japan is largely focused on the social protection of employees. CSR projects that are oriented on coping with corruption and preventing discrimination in the activities of these companies are absent at all, due to the low severity of the problems in the region and significant advances of the state aimed to solve such problems. However, in Japan projects aimed to support society are in priority, particularly oriented on improving of children and youth education, as well as funding some cultural and sporting events. The form of social projects directed on protecting the population from natural and man-made disasters is implemented "directly" from the

government without any assistance from charities that is typical for western model of CSR.

However, the western model of CSR is different from eastern by its equal distribution of projects between two areas: social protection of employees and society in general. Under such conditions important areas for businesses are: reducing child labor (including in the Third World, where their production capacity is allocated), employment of people with disabilities, fighting against corruption and preventing discrimination among employees, all of the above enable further improvement of living standards for society in general. Noteworthy that mentioned priority

areas were largely caused by the second phase of CSR development within the global economic system.

It is important to note that despite the similarity of CSR practices in the EU and the US, which leads to their unification within the western model of CSR, more detailed analysis of specification between countries reveals the following differences between them:

1) The principles of CSR implementation in these countries depend on the specifics of state regulation of economic activity, in the European Union this system is more centralized, so the social initiatives of private companies are controlled by appropriate state and overstate (at EU level) norms based on the principles of sustainable development. However, in the United States the decentralized management system dominates, which demonstrates itself in a variety of regulations governing the business actions at the level of states and causes pluralism of CSR forms in the country;

2) Traditionally, the level of state social protection in the EU is high, so private companies mostly concentrate their efforts on environmental protection. However, in the US public sector is not oriented to provide fully social protection to population, at the same time forcing private companies to take over these functions. This explains the particular importance of CSR in the US as a form of social protection;

3) CSR is widely used in the US as a policy of consumer protection, which is demonstrated in the possibility of anyone to "sue" a manufacturer, if the last provides unfair information about certain product or service. Therefore a question of business ethics, including reliability and responsibility for the information provided by companies to consumers is extremely important for US companies. Concerning European companies, the legal basis for filing a lawsuit can be only a violation of applicable law (Campher, 2011).

The process of formulation and implementation of CSR policies in less developed countries, particularly in post-socialist countries, started during the second phase of CSR. Therefore, the most important causes of it were not connected to solving internal social problems (unemployment, discrimination, corruption, etc.), but enforced by external demands mostly from international organizations (UN Global Compact, the International Labour Organization, UNICEF, UNIDO, the Council of Europe, the European Organization for Quality, the International Organization for Standardization) and, to some extent, by the task to improve the domestic companies competitiveness in the international market.

To study the specific features of CSR implementation in post-socialist countries we divide them into two groups: Central European countries (for example, the Baltic States) and Eastern Europe (former Soviet countries, for example, Ukraine). Analyzing the CSR development in the Baltic States, it should be noted that this process is disproportionate among these countries. Taking into account the number of companies that have joined the United Nations Global Compact, we can conclude that Lithuania is a leader in terms of implementing CSR policy, since 45 Lithuanian companies joined the UN Global Compact, as opposed to 15 Latvian and none of Estonian companies.

Key features of CSR projects and barriers faced by Lithuanian companies mostly describe the specific regional model of the Baltic States. The scientific works devoted to the study of CSR in Lithuania, enable to mention such specific features: 1) The higher level and greater interest in implementation of CSR projects are among companies with foreign capital compared to companies with predominantly Lithuanian capital, which shows "outdated" methods of doing business are still used by national companies; 2) Lack of interest and willingness of private companies to increase the openness and transparency of their business, including reporting on its financial activities to the public; 3) Lack of understanding about the nature and principles of CSR, low level of social demand to business to enforce companies to implement social oriented projects; 4) The absence of adequate institutions and methods to encourage SCR by the state, that transforms socially responsible activities in the private initiative of individual companies.

It is important to note that the principles of sustainable development, implemented by Lithuanian state are mostly aimed at improving and restoring the environment in the form of innovative, safe for the environment means of production. However, they are less aimed at improving the social situation. Thus, in the country there are some negative changes: an increase in relative poverty from 19.2% in 2010 to 20.6% in 2012; a growth of GINI index, which indicates unequal income distribution in the country (the level was 32.6 in 2011 and 35.2 in 2012, where 0 – absolutely equal income distribution among the population, and 100- absolutely unequal income distribution) (The World Bank, 2015; Laurinavicius, Vaiciulis, 2014; Vilke, 2011).

To study the characteristics of formation and development of CSR in Ukraine we should take in consideration that the creation of CSR regulatory framework began in 2011. During that period of time the Concept of National Strategy for CSR was formed, which identifies three key levels of CSR

implementation in the national economy: I. Compliance with legal obligations to the state and society (payment of taxes, health care and work safety, employee's rights, consumer's rights, environmental standards) and industry standards. II. Minimizing or eliminating the negative impact of business on society and risk management (human rights violations, environmental pollution, etc.). III. Strengthening the positive impact of business on society and creating additional value through innovation, investment and partnership, aimed at social and environmental well-being (job creation, social and economic development, conflict resolution, etc.) (Center "Development of CSR", 2011).

As for the priority areas of CSR projects in Ukraine, according to the survey results, conducted by the Center "Development of CSR" in 2010, the most significant were the efforts of companies focused on the social protection of workers (80.9%) and consumers (71.3%) and to reduce child labor (80.7%). However, the least popular were actions to restore and preserve the environment (42.1%) and maintaining ethical relationships with consumers (37.4%) (Zinchenko, Saprykina, 2010).

To study the specific priorities of CSR in Ukraine we use the official companies' reports on implementation of CSR projects, we divided companies that operate in Ukraine into two groups: Ukrainian companies with national capital and Ukrainian companies with foreign capital (multinationals) (Table. 1). The table shows that the practice of CSR projects implemented by Ukrainian companies does not reflect the specificity of national economic development and basically "copies" policy and areas of CSR implementation in developed countries, which is not helping to cope with current social problems of the transformation period.

Practice of CSR policy implementation in Ukraine allows distinguishing the following specific features: 1) companies that hold to CSR policy in Ukraine are mainly subsidiaries of international companies such as: Microsoft Ukraine, Nestle Ukraine, Kyivstar, Ukraine Samsung etc., so their priorities are international standards that do not always agree with the Ukrainian realities; 2) strategic European-oriented priorities encourage Ukrainian companies to follow CSR principles such as reduction of negative impacts on the environment, meeting international standards of product quality and protection of vulnerable populations (children and women) that sometimes are only declared and not implemented in practice; 3) absence of legislation on formulation and implementation of CSR in Ukraine, evaluation methods of its effectiveness, reporting practices, weak public support of CSR due to ignorance or distrust to large national companies

(perception of CSR projects as a form of "money laundering" or other forms of corruption), all mentioned above don't encourage companies to participate in social projects actively.

Thus, Ukrainian model of CSR has a weak correlation between the priority areas in its implementation and current social problems in the country. The main reason for this discrepancy is the direct "transfer" of the experience from developed countries into developing countries, at the same time excluding current realities, priorities of Ukrainian business environment and the level of social protection.

However, the significant changes took place in relations between the state, business and society, influenced by the events of 2013: a) "Revolution of Dignity" was the decisive step towards the definition of development vector for Ukraine towards integration into the European Economic Community, approaching European standards of quality of life, harmonization of Ukrainian and European institutional environment, developing of trade and economic connections with the EU; b) The process of social capital increase has begun together with the formation of civil society, whose main goal is to protect fundamental rights and freedoms of citizens; c) while combat operations are taking place in eastern Ukraine, we can notice some growth of charitable activities of private companies, aimed to help the victims of the hostilities, to rebuild destroyed towns and villages.

As a confirmation of changes in CSR priorities in Ukraine today we have the following examples: a) The corporation "System Capital Management" created a corporate charity fund "Development of Ukraine" in 2015, which currently funds the distribution of food to elderly people and children that are living in areas outside of the control of Ukraine and internal displaced privileged categories (System Capital Management, 2015); b) UniCredit Bank and East Europe Foundation launched a new social project "Warm Heart" in March 2015, which aims to establish a system to restore mental health and to provide social adaptation of immigrants from Eastern Ukraine (UniCredit Bank, 2015); c) Brain Basket Foundation in partnership with "MTS Ukraine" launched the project "Coding for Future IT" in October 2015, to train the people affected by fighting in the east of Ukraine. The project allows immigrants and the members of ATO (Anti-terrorist operation) to adapt to the new environment, learn a new profession and to become employed in leading Ukrainian IT-companies (Brain Basket Foundation, 2015); d) PrivatBank has become a partner of the international non-governmental organization GOAL in December 2015, within the new program of financial support to

internally displaced and people affected by the conflict in Eastern Ukraine (PrivatBank, 2015).

However, there is a mismatch between the activation and spreading of CSR policy among Ukrainian companies and formed institutional environment for CSR that creates some difficulties and limitations for private business to implement their projects. It is also the obstacles (formal and informal), which slow down the development of CSR in Ukraine under current conditions: 1) Legal nihilism of economic actors and their attempts to evade existing legislation; 2) Terminological and regulatory uncertainty on nature and mechanism for implementing CSR, low public awareness on the usage of CSR; 3) "Closed" way of acting for many Ukrainian companies, lack of transparency of their financial activities, their unwillingness to report to society; 4) The lack of effective mechanisms to harmonize the interests of economic actors in the implementation of government social policy; 5) Rent seeking behaviour of economic agents and imitation of fighting against corruption.

Proof of that limitations is the low index of economic freedom in Ukraine calculated by the 'Wall Street Journal' and the "Heritage", which confirms the existence of certain economic and social obstacles to the development of CSR in the national economy. In 2015 Ukraine was ranked as 162 out of 178 countries on this indicator (46.9 on a scale from 0 to 100, where 100 corresponds to the maximum rate of freedom). So Ukraine was attributed to the group of countries with unfree economy together with Belarus (49.8), Bolivia (46.8), State of Burma (46.9) and Uzbekistan (47.0). Indicative in this respect are also sub-indexes, based on which the integral index of economic freedom was calculated. Thus, the index of investment freedom in Ukraine is 15.0, which indicates the presence of certain constraints for investment flows, and movement of capital within the country and abroad; index of property rights protection in Ukraine is 20.0, indicating a low level of specification in property rights, lack of "clarity" in legislation and a lack of "independence" of the judicial system to protect these rights; index of corruption in Ukraine is 25.0, indicating a high prevalence and impact of corruption on the economy; index of financial freedom in Ukraine is 30.0 and indicates the low efficiency of the banking system, and the dependence of the financial sector from state control and interference (Heritage, 2015).

Examining the specific of CSR in post-socialist countries based on Baltic states and Ukraine we can note that despite mentioned differences, common to these countries are the key issues that slow down the further development of CSR, including, the low degree of openness and acceptance of CSR among

private companies and public, lack of effective coordinated trilateral cooperation between the state, business and society. In this context, the priority directions of CSR development in Ukraine should be as follows: 1) The refusal of blind copying of foreign experience and the formation of a national model of CSR, aimed to solve urgent social problems; 2) SCR institutional arrangements, normalization of "transfer" the state functions to private business aimed at social protection; 3) The restoration of social capital, fighting against corruption, ensuring transparency in making socially important decisions by private companies and by the state as a whole; 4) Support and encourage private companies that stick to the principles of CSR, both by the state and by society in general.

Conclusion

Research on relationship between the forms of CSR implementation and current living standards in some countries allows us to formulate the following conclusions:

- The spread and development of CSR took place during two main phases: the first phase, when the CSR priorities were shaped by internal social problems of the state and acted as mechanisms to protect socially vulnerable groups; the second phase, when the basic principles of CSR were formed under the influence of external factors due to the requirements of international organizations and in order to improve the global competitiveness of the country;

- Living standards greatly affect the features of CSR policy implementation in different countries. Comparative analysis in this area is extremely important because it allows identifying areas of social life, responsibility for which the state "replaces" onto the private sector. Thus, despite the existence of common features, eastern model of CSR implementation in the developed world aims to provide education to children and youth, and cultural and sporting events, as well as the rights of women and women with young children at their workplaces, which greatly improves living conditions for society in general. However, the Western model of CSR largely focused on the fight against corruption, promotion of business ethics, rejection of child labor in the production process, etc.;

- Specific characteristics of CSR implementation practices in post-socialist Baltic countries are a higher level of participation in CSR projects of companies with foreign capital; lack of interest of private companies in the "open" and "transparent" conduct of business and reporting to the public on its financial

activities; lack of understanding of CSR among the population and appropriate requirements to the business from the society; absence of appropriate institutional support and state mechanisms to encourage socially responsible business activities; CSR is largely focused on improving and restoring the environment and less on improving the social situation of population;

- Implementation of CSR practices in post-socialist Ukraine is characterized by the following features: most companies hold to CSR policy, are subsidiaries of international companies; Ukraine's Europe-oriented strategic priorities urge Ukrainian company "formally" to follow CSR principles of the EU; in the country the legal framework for CSR is not formed still, the evaluation methodology of performance and reporting methodology are not developed yet; there is an inadequate public support for CSR and distrust to large domestic companies (perception of CSR projects as a form of "money laundering" or other forms of corruption); there is a weak correlation between the priority areas of CSR implementation and current social problems in the country. However, the events of recent years have contributed to enhance of CSR within Ukrainian companies due to launch radical economic reforms and military actions in Eastern Ukraine;

- Post-socialist countries generally have much in common in the way of CSR development in national economies. However, the formation of a national model of CSR requires consideration of the specifics of present economic stage of development, historical

and cultural features of countries. In this context, effective development of CSR in post-socialist countries envisages the following priorities: 1) institutional support for CSR practices by creating an appropriate legal framework; 2) promote "openness" in actions of private business and the state to reduce the level of distrust in society; 4) encourage private business to implement CSR priorities of state social policy objectives by providing certain tax benefits and advantages; 5) information support and promotion the image of companies that hold to the principles of CSR; 6) Positioning CSR as a global competitive advantage of domestic business; 7) improving economic literacy, spreading the ideas of CSR among employees, consumers, the population in general; 8) promoting coordination of public and private organizations to overcome the acute social problems of post-crisis development of the national economy.

Limitations in this study are incomplete statistical bases and the lack of a unified method of evaluating the effectiveness of CSR projects implemented by individual companies in various regions of the world. Used in the paper studies and information submitted in the form of rating lists, and based on expert assessments led to some subjectivity in the comparative analysis of the implementation of CSR practices within its regional and national models.

Further research can be directed to study methods for determining the socio-economic efficiency of CSR policies in developed countries and in transition economies, determining its impact on improving the global competitiveness of countries.

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