



## Corporate Social Responsibility Is An Important Factor In The Sustainable Development Of Modern Companies

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### ABSTRACT

The article examines the necessity, essence and importance of Corporate Social Responsibility. On the basis of the analysis of definitions and points of view related to it, the definition of authorship is given. The formation and evolution of the concept of Corporate Social Responsibility has been studied. According to the conclusion of the study, proposals and recommendations were developed on the development of corporate social responsibility in our country.

### KEYWORDS

Social responsibility, market image, problems of society, sustainable economic development, standard of living of people, responsibility before society, social environment, social policy, corporate governance

### INTRODUCTION

Corporate Social Responsibility (CSR) is an integral part of business in developed economies. The study of foreign experience shows that the implementation of CSR is of great importance in responsible and

sustainable business. The introduction of CSR will serve the sustainable development of domestic enterprises in the context of a pandemic and increase the competitiveness of the economy in the world market.

Significant work is being done in our country in this direction. In particular, the priority of consumer rights in the state program for the implementation of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 in the "Year of Youth Support and Health", approved by the Decree of the President of the Republic of Uzbekistan dated February 3, 2021 PF-6155, the task is to introduce a rating of business entities. In order to ensure the conscious choice of goods (products), works and services by consumers, it is planned to introduce a rating by raising the awareness of consumers by assessing the legality of consumer protection in the provision of work and services, sale of goods. This event will contribute to the effective introduction of CSR in the enterprises of our country.

Corporate social responsibility is the obligation of a company to voluntarily contribute to the development of society (including social, economic and environmental spheres) in addition to the statutory and required by the economic situation. All types of liability (economic, legal, environmental, charitable, ethical) determine the market image of the company. As there is a growing interest in corporate social responsibility in society, companies are striving to gain a reputation and reputation as a socially responsible company. Their social responsibility is that companies strive to meet society's demands for their products or services and at the same time form high social standards. Through this, it contributes to increasing the standard and quality of life in the country.

The need to develop CSR has arisen worldwide and nationally. The focus on CSR issues on a global scale is changing the environment, in particular:

- Reduction of non-renewable natural resources (oil, gas, etc.) (this problem can be solved only through the use of alternative energy, otherwise in a few

years humanity may face major economic crises);

- Pollution of the environment with harmful substances and wastes;
- Due to global warming (business efficiency depends entirely on the health of employees, local and world population).

One of the main reasons for the need to develop CSR for all countries is the globalization of data.

Another important reason for the development of CSR is the task of sustainable development.

The limited regulation of the social sphere by the state also contributes to the development of CSR

In the economic literature, CSR has been actively discussed, gained great practical importance, and has become an important factor in the sustainable operation of modern companies. As the demands of society and stakeholders grew, companies had to respond to the situation or start using them to gain a new competitive advantage. In fact, the business world was not able to choose whether or not to pay attention to CSR that was gaining popularity. Because, "If the problems raised by the society are not solved quickly, they will increase and this will eventually deprive the company of the opportunity to operate effectively as a traditional supplier of goods and services" [15].

A brief look at the history of CSR theory reveals that in the 1950s, classical ideas about the role of economic activity in increasing social responsibility began to be reconsidered. In the West, from the 15th century, economic activity began to be called business (from the English word business - busy). By the twentieth century, the word began to be used to describe a wide range of activities around the world. From that time to the present day, a number of concepts related to business responsibility and the problems of entrepreneurs have emerged

in the foreign economic literature on management. The most common of these are corporate social responsibility, stakeholder, sustainable development, and other concepts. These theories are constantly evolving, consolidating the achievements of their predecessors without substituting each other.

Analysis of the scientific literature The term CSR was first coined in 1953 by the American professor G. Bowen. In the same year, his monograph "Social Responsibility of a Businessman" was published. This period is the period when the concept of CSR was created. G. Bowen's study explores the conceptual problems of having a particular responsibility to business because it is part of society. [7].

In D. Vindzor, A. Carroll, R. Stoyer's study, the formation and evolution of concepts similar to the above theories were studied and systematized.

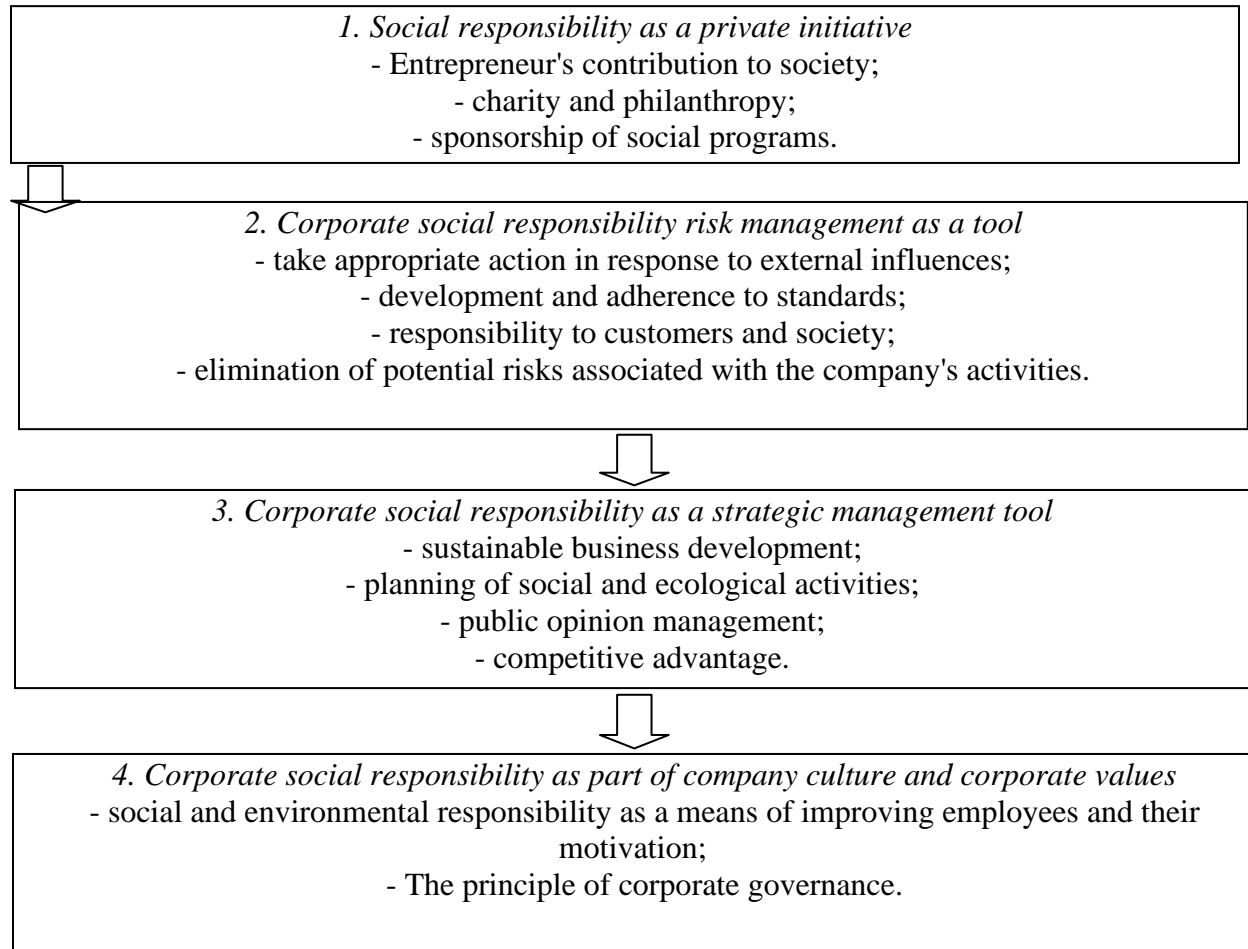
A. Carroll has studied the major changes that have taken place in the field of terminology over the decades. In his opinion, the 50s of the last century can be considered as a period when the modern stage of social responsibility development was formed, in the 60s there was a tendency to study the content of the concept of CSR, in the 70s different directions and forms of social responsibility emerged; The 80s were a period of accumulation of knowledge, reproduction and concept formation in the field of CSR [18].

The main stages in the development of the CSR concept are illustrated in Figure 1.

Thus, during the formation of CSR as a concept over the past 70 years, the main directions of business social responsibility have been developed.

Analysis of the literature on the subject

CSR is not an abstract socio-economic category, but a clear response of the business community to changes in labor communities, the environment, national and international development.



**Figure 1. The evolution of the concept of corporate social responsibility [10]**

The main principles of CSR are voluntariness, non-productive activities aimed at solving problems in various spheres of society, the integration of CSR activities with the main activities of the company and the breadth of socially responsible activities in accordance with applicable law.

The essence and content of corporate social responsibility are now widely discussed. However, a single definition that fully reflects the essence of the term CSR has not yet been formed.

A study of the specialty literature shows that the social responsibility of business is defined differently. In particular, According to Yu.V. Blagov, “CSR is a theory of taking into account

the interests of society while taking responsibility for the impact of its activities on customers, suppliers, employees, shareholders, local communities and other stakeholders in society. The responsibility goes beyond the obligation to comply with the law in the manner prescribed by law and implies the obligation to improve the living standards of employees and their families.” [3, 3-24-p.].

According to E. Davinon (European Movement for Social Solidarity of Entrepreneurs), “Corporate social responsibility, no matter what it means, is not a charity event or the development of public relations. Social responsibility means that business is

consciously interested in benefiting society. ” [8].

According to O.V. Danilova, “Corporate social responsibility is an activity aimed at creating a stable economic environment; intellectualization of human capital ” [6, 25-p].

According to N.Petrova and A.Titkova, “CSR in the narrow sense is to care for society, to invest in labor and human capital through consumer funds (where business interests are in line with government interests) or in the broad sense - to meet and serve the needs of society it is understood ” [4, 421-423-p].

Yu.N. Popov wrote that "CSR can be described as the theoretical basis of social audit, mutual agreement, balance of interests and compromise between the property class and the hired workers. " [11].

ISO 26000 The International Standard for Social Responsibility provides a complete and comprehensive definition of CSR. It summarizes all aspects of socially oriented activity: responsibility to society for the results and consequences of its activities, cooperation with stakeholders, attention to the environment and the presentation of information in company reports.

An analysis of the above definitions shows that there are similarities in the following aspects:

- Sustainable development of society is one of the primary tasks of corporate social responsibility;
- Corporate social responsibility should take into account the interests of all internal and external stakeholders, as well as serve to improve the living standards of people;
- Corporate social responsibility should be integrated with the company's strategy;
- Adherence to the principles of corporate social responsibility will contribute to more effective development, increase business stability and security, improve financial results.

The analysis of the economic literature showed that the researchers not only studied the definitions of CSR, but also studied its structural elements, practical aspects and foreign experience related to it. For example, Nobel laureate M. Friedman stressed that the fight against poverty is not a function of private business because it is the main task of the state, and argued that corporate social responsibility is the main business to increase the profits of shareholders [19].

A group of Russian scientists led by I.Yu. Belyaeva and MA Eskandarov, the role of corporate social responsibility in the activities of companies, models of corporate social responsibility, important aspects and international standards of corporate social responsibility in the performance of social functions of the state, special features of social investment mechanisms, social responsibility and focused on issues such as private sector cooperation, social and economic efficiency [1].

F. Rakhmatullaeva studied corporate social responsibility both internally and externally, emphasizing the importance of the implementation of external corporate social responsibility in the social development of countries and regions. [12].

Ms. Sharipova analyzed the international experience of corporate social responsibility and paid special attention to the issue of stakeholders. All EU member states are obliged to comply with EU Directive 2014/95/, according to which large international companies (with at least 500 employees) have access to information on non-financial, social and environmental responsibilities created in accordance with the UN Global Compact, ISO 26000, the German Stability Code and OIC guidelines. the obligation to prepare and submit to the public annual reports containing [14].



In the process of developing theories of corporate social responsibility, the following three main views have been formed:

The first (classical approach) and, from a traditional point of view, the sole responsibility of the business is to increase profits for shareholders. This view was published by Nobel Laureate in Economics Milton Friedman in 1971 in an article entitled “The Social Responsibility of Business - Making Money” and can be called a theory of corporate selfishness. The main disadvantage of this classical approach is the time limit. While CSR is a cost overrun for the company in the current period, it will benefit in the future due to improved corporate image and improved relationships with the local community.

The second view, called the theory of corporate altruism. It was the complete opposite of Friedman's theory, which emerged at the same time. Its main idea is that business should not only care about increasing profits, but also make a great contribution to solving the problems of society, improving the living standards of citizens and the public, and protecting the environment. The author of this theory is the Committee on Economic Development.

The third view is the theory of “rational selfishness,” which is one of the theories of the most powerful “centrists”. It is based on the fact that the social responsibility of a business is simply “good business” because it is to prevent future profits from being taken away. The cost of social and charitable programs reduces current benefits, but also leads to sustainable benefits due to the creation of a favorable social environment in the future.

Based on the results of the comparison of the above definitions of corporate social responsibility, the definition of authorship was formed. According to him, corporate social responsibility is a practical activity that takes into account the goals set by internal and external stakeholders in order to increase the

positive impact of the company on society, strengthen its reputation, reduce negative impact and non-financial risk and ultimately increase profits for shareholders. processes).

## RESEARCH METHODOLOGY

This article uses the methods of scientific abstraction, expert evaluation, induction and deduction, comparison, systematic analysis.

## ANALYSIS AND RESULTS

Research shows that adherence to the principles of CSR in the daily activities of companies in the competition:

- Involvement of knowledgeable and creative staff;
- environmental and social risk management;
- Improving the business environment and image of the enterprise;
- leads to priorities such as increasing public confidence in the company.

Although the practice of CSR begins with corporations, any commercial enterprise (where the terms “firm”, “enterprise”, and “corporation” can be used as synonyms) must fulfill its “social responsibility” to society. Accordingly, “corporate social responsibility” applies not only to large enterprises, but also to medium or small businesses. Corporate Social Responsibility Why should a company take any action? , - answers the question.

## CSR PRINCIPLES:

- The institutional principle of legality - society ensures the legitimacy of business and gives it authority (right). From a societal point of view, those who do not use authority responsibly will lose it in the future.
- The organizational principle of formal legal responsibility - in business, enterprises are responsible for the consequences of their interaction with society.

- The individual principle of freedom of choice of management - managers are ethical agents of every area of corporate social responsibility, they must use the available freedom of choice to achieve socially responsible results.

The debate over the role of entrepreneurship in society has led to the formation of a lot of evidence by the “proponents” and “opponents” of social responsibility (Table 1).

**Table 1.**  
**Evidence of “supporters” and “opponents” of social responsibility**

Evidence of CSR “supporters”	Evidence of CSR "against"
1. Profit in the future	1. Responsibility for the form and priorities of CSR
2. The advantage of voluntary participation over compulsory participation “by law”	2. Financing of non-core business areas
3. Staff training	3. Lack of norms and boundaries in the assessment of CSR
4. Positive image of the company	

A broader interpretation of WHO includes:

- Corporate ethics;
- Corporate social policy;
- Environmental protection policy;
- Principles and approaches of corporate governance;
- Human rights issues in relations with suppliers, buyers and employees;
- Personnel policy.

In foreign theory and practice, the social responsibility of business consists of the following three elements:

- a) Economic element (information on the company's relations with suppliers, buyers, employees (salaries, pensions, social benefits) and the state (on taxes) and society (on donations and other donations);
- b) Environmental element (information on the use of raw materials, energy and water, industrial waste and air pollution);
- c) Social element (organization and safety of labor, observance of workers' rights,

responsibility of the company for the manufactured product - from the elementary safety of goods to the obligation of proper advertising).

In our country, the economic aspect of social responsibility prevails.

A socially responsible company must adhere to a number of principles that confirm its position in the field of CSR in its activities:

- The principle of systematization - ensures the effectiveness of the implementation of the functions and directions of CSR in the corporate governance system;
- The principle of complexity - involves the coordination of the company's activities in three areas of sustainable development: economic, social and environmental;
- The principle of integration - CSR implies responsibility to the society and its members (stakeholders), on the one hand, if integrated into the main activities of the enterprise, on the other hand;

- The principle of accountability - is the responsibility to stakeholders and society, as well as compliance with the obligations assumed and applicable standards;
- The principle of addressability - means the performance of a specific duty in relation to a particular interested person;
- The principle of dynamism - the accepted paradigm of the concept of CSR means that business is constantly changing under the influence of global, national and regional characteristics;
- The principle of innovation of measures and technologies for their implementation - means continuous improvement and harmonization due to rapid changes in the external environment;
- The principle of compatibility - implies the transparency of all actions of the enterprise in the field of CSR and the fact that the reports of enterprises must comply with their structure and content;
- The principle of cooperation - means the direct interaction of the enterprise with other companies, associations, associations and various stakeholders to address the socio-economic problems of the country and other administrative-territorial entities;
- The principle of efficiency - provides an effective link between the financial activities of the enterprise and its active socially responsible position;
- The principle of multi-level - implies that the company's activities in the field of CSR develop in a certain sequence.

Over the past period, the interaction of CSR with corporate strategy has become stronger, which has led to an increase in the relevance of research on its interaction with the theory and practice of strategic management. In early 2008, a special issue of *The Economist*, a major issue on corporate social responsibility, was published. The reason is that a few years ago, *The Economist* refused to recognize the importance of CSR for modern business, but now a special edition emphasizes that a

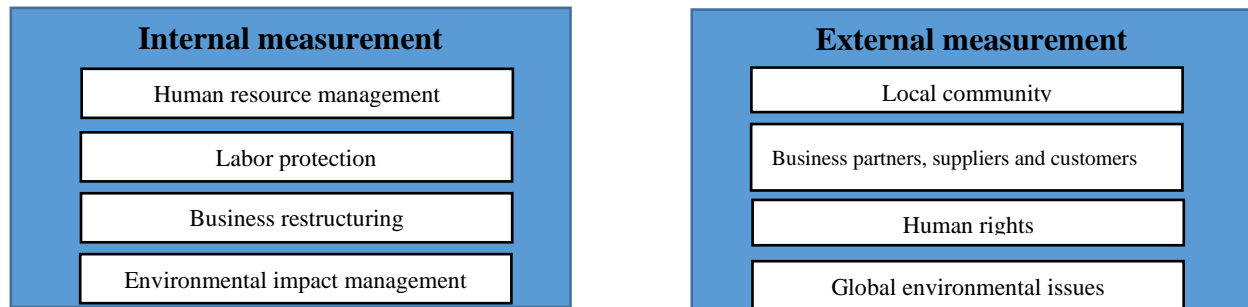
business that integrates CSR principles into the core business strategy is not only advanced, but "good" business[18].

The discussion shifted from the question "Why should a corporation be socially responsible and what is its essence?" To the question "How should a corporation meet the relevant requirements, expectations and wishes of society?" CSR implementation strategy and the company's efforts in this area Corporate social activity is organized to arouse public interest in the impact of business on society. This impact covers not only policy and any intended goals, but also the end result and outcome. and their evaluation.

Having a high level of corporate social responsibility allows you to create a positive image of the company or enterprise. This, in turn, gives the company certain benefits. In particular, it helps to expand the customer base and strengthen cooperation, facilitate access to credit, simplify insurance, lead to more constructive cooperation with government agencies, create opportunities for the company to attract (retain) highly qualified specialists, strengthen rating positions in domestic and international markets.

As suggested by the European Union in 2001 in its "Development of the Conceptual Framework for European Corporate Social Responsibility" [17], the division of CSR into two dimensions helps to better understand its various elements. According to this approach, CSR has internal and external dimensions. The internal dimension of CSR includes issues such as human resource management, occupational safety and health, business restructuring, environmental impact, and natural resource management. The external dimension of CSR, which takes place outside the enterprise and covers many stakeholders, affects the local community, business partners, suppliers, buyers, consumers, human rights and global environmental issues along the supply chain (Figure 2).





**Figure 2. Internal and external measurements of CSR**

International partners, investors and buyers demand transparency in doing business. This leads to the development of CSR's activities through the application of foreign experience and effective approaches and solutions in the country.

To identify the key elements of a CSR system, one must first define the subject, subject, and object.

The subject of CSR is the interaction of the company's activities with stakeholders and the social and environmental impact on society, as well as the company's responsibility for the impact on society. The CSR entity is the companies and the object is the stakeholders.

In order to substantiate CSR as a research subject of accounting, it is first necessary to have an idea of the theoretical views on which this concept is based. The theory of maximizing shareholder wealth has long been one of the dominant theories in research in economics, finance, and accounting [20]. Corporate social responsibility leads to the emergence of a certain interest, as it is believed that firms are always interested in making decisions that do not significantly maximize the wealth of shareholders. Within the framework of the stakeholder theory proposed by the researchers, firms try to maintain a balance between the interests of shareholders and other stakeholders [8]. This discrepancy raises

important accounting issues that require further study.

There is a natural connection between CSR and accounting, as accounting professionals are responsible for measuring, disclosing and verifying information, particularly CSR-related information. Moreover, due to the fact that CSR was originally started as a form of self-regulation and, in some cases, still lacks a regulatory framework, the responsibility for CSR reporting often falls on accounting staff. Thus, accounting plays an important role in corporate social responsibility.

### CONCLUSIONS AND SUGGESTIONS

Corporate social responsibility is a system of consistent economic, environmental and social measures implemented in constant cooperation with the company's stakeholders (stakeholders) to reduce risks, improve the company's image and business reputation in the long run, as well as increase capitalization and competitiveness, profitability and aimed at ensuring sustainable development.

CSR creates a number of benefits for companies, in particular, it increases efficiency and productivity and improves their investment attractiveness.

Thus, corporate social responsibility is an additional obligation imposed by the company on the voluntary contribution to the

development of society, including social, economic and environmental spheres, in addition to those established by law and economic conditions.

Based on the above, the following conclusions and recommendations for the study of corporate social responsibility in Uzbekistan can be made:

1. External incentives are the main driving force in the development of corporate social responsibility in Uzbekistan. The high level of attention of international stakeholders to this activity and the new requirements faced by domestic companies in international markets remain one of the main driving forces in the active introduction of CSR in business in our country.
2. Many large corporations in the country consider the activities of CSR as an integral part of the overall corporate strategy. Managers of corporations have an understanding of the importance of sustainable development. More than 60% of large companies already have an effective CSR policy or strategy and apply it in their operations.
3. The main achievements in the field of CSR today are reflected in the creation of modern and safe working conditions. Our companies are particularly active in addressing social issues such as improving health and industrial safety.
4. Our companies have chosen to address environmental issues, improve corporate governance and increase energy efficiency as a priority in the next stage of their development. Local corporations should also focus their efforts on implementing social projects that are close to their core business.
5. Environmental protection is a key priority for CSR in the near future. As businesses in our country are forced to deal with outdated infrastructure problems, companies intend to address

environmental issues in the future. At the same time, environmental, social and financial issues need to be addressed in a comprehensive manner, as sustainable development is not limited to a simple set of different areas of social activity.

6. The high cost of CSR is a major obstacle to its further development in Uzbekistan and globally. Many companies are primarily concerned about the high cost of CSR, which could be a barrier to further expansion of this activity. However, addressing social and environmental issues will help drive innovation, which will lead to lower costs in the future. Innovative solutions help to find new markets and successfully overcome risks. Accurate measurement of the impact of CSR is a problem that many companies continue to work on. However, the positive effects of reducing energy costs, increasing efficiency and strengthening the brand are already beginning to show.
7. More attention should be paid to issues of corporate ethics and the development of codes of ethics.
8. It is necessary to actively involve the company's management in this area. Success in these areas requires companies to clearly identify those responsible for sustainability issues.
9. A systematic approach is needed. Sustainable development should not be achieved solely in any case, and it should be comprehensive. It should include all the elements specific to CSR and become one of the key components of the company's strategy and business processes. Managing sustainability through a systematic approach is a complex task, but it is also an important element of a company's success.

Most importantly, it is not enough to be an exemplary taxpayer, pay employees a decent salary, and pay dividends on time to shareholders in order to succeed in business today and allow the company to gain a

foothold in the market. The society expects companies to take an active position and voluntarily contribute to solving many socio-economic problems.

Based on international experience and local conditions, in order to develop CIM principles and responsible business requirements in Uzbekistan, non-financial on the basis of the United Nations Global Compact, ISO, Global Reporting Initiative (GRI) and other international guidelines. promote the preparation of reports, encourage transparency and accountability in business and organizations "[14]. Because non-financial reporting is an important tool to demonstrate the company's interaction and competitiveness with the external environment, sustainable development and confidence in the company. Therefore, the most important task for the state should be to increase the frequency of use of non-financial reports in local companies. Because in this way the state can achieve social and environmental goals by companies.

In conclusion, non-financial reports lead to the effective and sustainable development of business entities by timely meeting the needs of stakeholders (stakeholders) for information on economic, social and environmental issues.

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