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CORPORATE RESPONSIBILITY OF EMERGING MARKETS AND DEVELOPING COUNTRIES NON-FINANCIAL MNCs: INSTITUTIONAL ASPECT

In the article key academic approaches to the analysis of multinationals involvement in the sustainable development concept implementation in emerging markets and developing countries are systematized. Institutional background of the corporate social responsibility (CSR) concept effectuation by non-financial MNCs in these countries is substantiated. Key CSR practices of UNCTAD's 2013 top 100 emerging markets MNCs are considered.

Keywords: sustainable development, corporate social responsibility, multinational corporations, developing countries, emerging markets.

Яншина А.М. ІНСТИТУЦІЙНІ АСПЕКТИ КОРПОРАТИВНОЇ ВІДПОВІДАЛЬНОСТІ НЕФІНАНСОВИХ ТНК У КРАЇНАХ, ЩО РОЗВИВАЮТЬСЯ, І З РИНКАМИ, ЩО ФОРМУЮТЬСЯ

Стаття присвячена вивченню ключових наукових підходів до аналізу діяльності транснаціональних корпорацій у країнах, що розвиваються, і з ринками, які формуються, з точки зору результатів імплементації пріоритетів сталого розвитку. Обґрунтовано головні інституційні особливості реалізації концепції корпоративної соціальної відповідальності (КСВ) нефінансовими ТНК у вказаній групі країн. Проаналізовано практику КСВ транснаціональних корпорацій країн, що розвиваються, і з ринками, що формуються, з найбільшими активами в 2013 році за ЮНКТАД.

Ключові слова: сталий розвиток, корпоративна соціальна відповідальність, транснаціональна компанія, країни, що розвиваються, ринки, що формуються.

Яншина А.Н. ИНСТИТУЦИОНАЛЬНЫЕ АСПЕКТЫ КОРПОРАТИВНОЙ ОТВЕТСТВЕННОСТИ НЕФИНАНСОВЫХ ТНК В РАЗВИВАЮЩИХСЯ ЭКОНОМИКАХ И СТРАНАХ С ФОРМИРУЮЩИМИСЯ РЫНКАМИ

Статья посвящена изучению ключевых научных подходов к анализу деятельности транснациональных компаний в развивающихся странах и на формирующихся рынках с точки зрения имплементации концепции устойчивого развития. Обоснованы главные институциональные особенности реализации концепции корпоративной социальной ответственности (КСО) нефинансовыми транснациональными компаниями в указанной группе стран. Проанализирована практика КСО транснациональных компаний развивающихся стран и формирующихся рынков с наибольшими активами в 2013 году по ЮНКТАД.

Ключевые слова: устойчивое развитие, корпоративная социальная ответственность, транснациональная компания, развивающиеся страны, формирующиеся рынки.

Problem setting. The past 30 years have seen significant changes in our understanding of economic growth efficiency. Nowadays this term is inseparably connected with sustainable development being a key modern challenge of the world economy. International economic and financial institutions, national governments and municipalities introduce and put into practice sustainable development strategies today in order to manage unfavorable economic impact on environment and human rights. Following such a global trend, multinationals have also turned to the SD priorities effectuation. Nevertheless the level and quantitative characteristics of non-financial MNCs involvement into the sustainable development concept implementation in emerging markets (EM) and developing countries (DC) widely differ from the ones in the developed world.

Analysis of recent research and publications. Fundamental research in the field of sustainable development concept implementation and corporate social responsibility as a key multinationals tool of SDC effectuation was conducted by K.M. Alers, M. Bacchetta, A. Bayley, J. Berg, K.E. Bettcher, V.V. Birkentale, H. Chen, L.L. Cooper, A.O. Dehtyar, M. Forstater, R. Grosse, L. Guoqiang, S.L. Hart, S. Howes, O.V. Jadan, M. Jansen, W. Jiang, O. Klymenko, M. Krasniqi, S. Kumari, L. Kurtz, I.V. Lebedyev, E. Mills, T.V. Orehova, G.S. Popli, X. Quan, N.V. Saprykina, A. Shimada, L. Sin, T. Strange, J. Wickerham, W.B. Werther, P. Wyrwoll, K. Yu, S. Zadek, S. Zhou, U. Zollinger etc. [1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12; 13; 14; 15; 16; 17; 18; 19; 20; 21; 22; 23; 24].

In academic works of the mentioned economists globally-diversified theoretical background of sustain-

able development concept is analyzed, multinationals role in the SD priorities effectuation at the global and national levels is scrutinized, theories of corporate social responsibility are substantiated, approaches to the CSR and its attributes are examined, peculiarities of corporate responsibility practices in developed countries, developing economies and emerging markets are revealed, challenges of the world economy green growth are outlined.

Determination of unsolved aspects of the problem. Although in modern economic theory there exists a wide range of academic approaches to the corporate social responsibility issues and problems of MNCs involvement into the sustainable development concept implementation process, the majority of the authors restrict the scope of their analysis with a single or several national economies within a group of emerging markets and developing countries, one sustainable development dimension etc. while generalized features and institutional factors of MNCs corporate responsibility in EM&DC still remain confusing.

Task definition. This article aims to reveal institutional peculiarities of non-financial multinationals SDC implementation in emerging markets and developing countries in order to work out recommendations to improve CSR practices of foreign and domestic companies in Ukraine.

Results of the research. Nowadays in the world of economic advantages and profit-oriented societies, one should note that voluntary business contribution to sustainable development is an ambiguous and complicated challenge. Such an ambiguity and a complexity have recently resulted in the multiplication and diver-

sification of academic studies on corporate social responsibility and MNCs involvement into the sustainable development concept implementation at the global and national levels. Therefore, to reveal CSR-related gaps in economic theory, all key academic works on this issue should be systematized into three substantive groups:

- the first one (introduced by V.V. Birkentale, H. Chen, M. Forstater, L. Guoqiang, W. Jiang, S. Kumari, T.V. Orehova, G.S. Popli, X. Quan, L. Sin, J. Wickerham, K. Yu, S. Zadek, S. Zhou [6; 7; 10; 12; 15; 18; 22]) combines approaches based on analysis of corporate sustainability practices in one or several emerging markets and developing countries while generalized CSR peculiarities inherent to EM&DC as a group still remain uncertain;

- within the second group economists (e.g. K.M. Alers, M. Bacchetta, A. Bayley, J. Berg, K.E. Bettcher, R. Grosse, S. Howes, M. Jansen, M. Krasniqi, T. Strange, W.B. Werther, P. Wyrwoll, U. Zollinger [1; 2; 3; 4; 5; 11; 14; 23; 24]) have discovered sustainable development challenges without concentrating on CSR issues whilst the characteristics of autonomous MNCs sustainable development strategies remain unexamined;

- approaches in the third one (represented by L.L. Cooper, A.O. Dehtyar, S.L. Hart, O.V. Jadan, O. Klymenko, L. Kurtz, I.V. Lebedyev, V.V. Makedon, O.V. Mazuryk, E. Mills, N.V. Saprykina, A. Shimada [8; 9; 13; 16; 17; 19; 25; 26; 20; 21]) are focused on multinationals SD activities in developed world as well as in EM&DC without distinguishing between the CSR specifics in developed countries, on the one hand, and developing ones, on the other hand.

In this light, one should conclude that notwithstanding a huge variety of academic studies on the problem their analysis and systematization show that the CSR institutional peculiarities inherent to the majority of EM&DC MNCs have not been outlined yet. At the same time, emerging markets and developing countries multinationals e.g. Hutchison Whampoa Limited, CITIC Group, Hon Hai Precision Industries, COSCO, Lenovo Group (China); Petronas – Petroliaam Nasional, Genting (Malaysia); Vale, Petroleo Brasileiro, Gerdau (Brazil); América Móvil SAB de CV, Cemex, Fomento Economico Mexicano (Mexico), Lukoil, Gazprom (Russian Federation); Samsung Electronics, Hyundai Motor Company, POSCO, Doosan Corp (Republic of Korea); Tata, Bharti Airtel, Hindalco Industries, Oil and Natural Gas Corp (India); San Miguel Corp (Philippines); Orascom Construction Industries SAE (Egypt); Turkcell Iletisim Hizmetleri, Enka Insaat ve Sanayi (Turkey) etc. have lately become equitable international players and expand their presence in the UNCTAD rankings every year [27].

At the global level the most crucial institutional aspect of emerging markets and developing countries multinationals corporate responsibility is MNCs participation in initiatives established by international economic and financial institutions: Equator Principles, United Nations Environmental Program Financial Initiative, United Nations Principles for Responsible Investment, United Nations Global Compact, Extractive Industries Transparency Initiative etc. The aim of these initiatives is to involve subjects of international economic relations into the sustainable development concept implementation process. At a glance, an essential lagging of EM&DC in sustainable development pace doesn't seem outrageous, but when it comes to the environmental and social performance of these countries, the asymmetry becomes evident.

At the national level key SD implementation subjects are nearly the same in the majority of countries all over the world. They are international economic and financial institutions, national and local authorities, NGOs, MNCs and domestic enterprises, but the role of every mentioned group depends on the region and development level. At the dawn of the corporate responsibility concept implementation most of emerging markets and developing countries national governments and NGOs took the lead in the CSR tools diversification, standardization and popularization while MNCs rooted in EM&DC played a passive role in this process. In some countries of this group the CSR development is still much more dependent on the national policy than the one in developed economies. For example, in China, large companies are often state-owned and corporate strategy can be heavily influenced by authorities [28, p. 20].

Nowadays one of the CSR popularization mechanisms successfully implemented by governmental bodies and local authorities in emerging markets and developing countries are government-business joint SD initiatives. For instance, in India, family-owned conglomerates have strengthened their CSR positions permanently cooperating with local authorities; Tata, one of the Indian multinational companies, has recently established towns with areas for Hindu temples, Muslim mosques and Christian churches, schools and hospitals with the support of municipalities within industrial zones [29]. In Egypt, the Al-Mansour Group and the General Authority for Adult Education jointly conducted a literacy awareness campaign formalizing their partnership by signing a protocol agreement in 2005 [30, p. 7]. Petronas, Malaysian MNC, and Egypt's Ministry of Petroleum have jointly awarded over 40 full scholarships to young Egyptians of late, allowing them to study at Universiti Teknologi [31].

In Turkey Turkcell helps women benefit from the microloan system with the Women Empowerment in Economy project implemented in cooperation with the Ministry of Family and Social Policies of Turkey and the Turkish Foundation for Waste Reduction (TISVA) in order to encourage women to participate in economic production and contribute to their social and economic empowerment [32, p. 43]. In 2011 and 2013, in partnership with the Brazilian Service to Support Small and Micro Companies (Sebrae Nacional), Vale, Brazilian MNC, launched a program for small businesses assisting them in the identification of opportunities and enhancement of their management [33, p. 94]. In 2013, Chinese COSCO Group participated in the formulation of the Guiding Opinions on Performing Requirements of International Maritime Laws and Enhancing Management and Control of Asbestos Harms of Ships organized by the China Traffic Enterprise Management Association of the Ministry of Transport [34, p. 99].

International and domestic non-governmental organizations also represent an essential power within the CSR concept implementation process in the developing world. In 2008, Lenovo, Chinese MNC, launched a program called «Venture Philanthropy» in partnership with a Shanghai-based civil society organization; Lenovo provided funding and technical support for newly-established and small-to medium-sized CSOs; in 2010, Grupo Bimbo, Mexican MNC, in alliance with Foundation NEMI sponsored 600 talks in Mexican secondary schools about healthy lifestyles, nutrition and sports, benefiting almost 75,000 Mexican youths [28, p. 29-30]; COSCO Group participates in the compilation of sustainability indicators and guidelines of glob-

al shipping industry initiated by the World Business Council for Sustainable Development and in 2013, COSCO and the WBCSD jointly organized a top-level round table themed on «role of state-owned enterprises in sustainable development of China» [34, p. 79-80].

Moreover, emerging markets and developing countries governments also collaborate with NGOs in the field of sustainable development in order to improve CSR practices: Bolivia offers key lessons with its twelve years of using the Forest Stewardship Council standard to enforce its mandatory legal forest management, motivated by robust and credible verification, access to new markets and reputational gains; South Georgia uses the Marine Stewardship Council to certify the sustainability of its fish products, largely in response to an international campaign initiated by the international NGOs that effectively convinced US restaurants to stop serving fish from this region [12, p. 10].

Within the autonomous emerging markets and developing countries multinationals sustainable activities, from the institutional point of view two issues are the most noteworthy: mechanisms of SD priorities incorporation into MNCs business chains and multinationals CSR experience exchange. In general, in EM&DC there is a continuous problem of local suppliers' lack of sustainability, so the inclusive business SD initiatives are vital for the domestic market participants. MNCs rooted in emerging markets and developing countries have been paying much attention to this challenge for the last 5 years. For example, since CEMEX created the Supplier Sustainability Program in 2010, 2.000 suppliers in 16 countries have taken part in surveys regarding social, environmental, supplier policies topics; communication campaigns based on the survey results to reinforce awareness of specific policies that incorporate aspects of sustainable development including human rights, waste management, labor and antitrust as well as the Company's Code of Conduct [35, p. 61].

Doosan Corporation (Republic of Korea) provides a diverse range of educational programs for its suppliers and employees: Industrial Vehicle collaborated with Inha University and conducted seven job training courses with 49 suppliers and 104 employees; Mottrol collaborated with Changwon University to conduct seven job-training courses [36, p. 57]. In 2013, Brazilian Vale held a training «Acreditar» in partnership with other MNCs [33, p. 7]. In its turn, Chinese COSCO shares CSR experience with its customers (China Mobile, Air China etc.) via forums and round tables [34, p. 86].

Conclusions of the research. To be in line with the global sustainable development trend, emerging markets local companies should not restrict their activity in the field of SD with autonomous corporate social responsibility strategies. To work out and implement a comprehensive corporate approach to the SD priorities effectuation it is necessary for EM private sector to establish partnerships with international and regional institutions formalizing membership in Equator Principles, United Nations Environmental Program Financial Initiative, United Nations Principles for Responsible Investment, United Nations Global Compact, Extractive Industries Transparency Initiative; to participate in sustainable projects launched by national governments and authorities of other countries; to initiate cooperation with non-governmental organizations at the national market and abroad; to share corporate responsibility experience with emerging markets and developed countries MNCs via round tables, forums; to conduct trainings on sustainability problems and challenges for suppliers and customers.

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