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CSR AND CSRR IN KAZAKHSTAN: STATE AND PROSPECTS

SPOŁECZNA ODPOWIEDZIALNOŚĆ BIZNESU I RAPORTOWANIE SPOŁECZNEJ ODPOWIEDZIALNOŚCI BIZNESU W KAZACHSTANIE: STAN I PERSPEKTYWY

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Summary: The state, business community and citizens are social partners in ensuring a better quality of life. Corporate social responsibility (CSR) is a mechanism for the interaction of these partners. Non-financial reporting is essentially a communication channel about corporate social responsibility, demonstrating information about the company's market value, its impact on society and the environment. The use of CSR tools increases the level of confidence in business and ensures the sustainable development of society as a whole. The implementation of CSR strategy leads to increasing a company's business reputation, which has a significant impact and allows the company to strengthen a position in the market. In the framework of the conducted research, we used secondary and primary data collection methods, as well, qualitative and quantitative. Kazakhstani companies are increasingly aware of the need to introduce CSR policies in their work and actively involved in the CSR reporting process. The topic of CSR is gaining popularity in Kazakhstan. Representatives of business, state, public, and consumers are increasingly gathering to discuss social projects.

Keywords: corporate social responsibility (CSR), business ethics, corporate citizenship, global reporting initiative (GRI), occupational health and safety (OH&S).

Streszczenie: Państwo, społeczność przedsiębiorców i obywatele są partnerami społecznymi w zapewnianiu lepszej jakości życia. Społeczna odpowiedzialność biznesu jest mechanizmem

ich wzajemnej interakcji. Niefinansowa sprawozdawczość stanowi konieczny kanał komunikacyjny społecznej odpowiedzialności biznesu, pokazując informacje na temat wartości rynkowej firmy oraz jej wpływu na społeczeństwo i środowisko. Wykorzystanie narzędzi społecznej odpowiedzialności biznesu zwiększa poziom zaufania do przedsiębiorstwa i zapewnia zrównoważony rozwój społeczeństwa. Wdrożenie strategii społecznej odpowiedzialności prowadzi do wzrostu reputacji przedsiębiorstwa, co w znacznym stopniu pozwala firmie wzmocnić pozycję na rynku. W ramach prowadzonych badań autorzy wykorzystali pierwotne i wtórne, jak również jakościowe i ilościowe metody gromadzenia danych. Przedsiębiorstwa kazachskie są w coraz większym stopniu świadome potrzeby wprowadzenia polityki społecznej odpowiedzialności biznesu w swojej pracy oraz są aktywnie zaangażowane w proces sprawozdawczości społecznej odpowiedzialności biznesu. Coraz więcej reprezentantów biznesu, państwa, społeczeństwa i konsumentów łączy się, aby dyskutować na temat projektów społecznych.

Słowa kluczowe: społeczna odpowiedzialność biznesu, etyka w działalności gospodarczej, obywatelskie zaangażowanie przedsiębiorstw, zrównoważony rozwój, globalna inicjatywa sprawozdawcza, bezpieczeństwo i higiena pracy.

1. Introduction

According to the Strategy for Development of the Republic of Kazakhstan until the year 2030, the state, the business community and the citizens are the three social partners in ensuring a better quality of life. The government encourages society to develop toward a model where business assumes a significant role in ensuring social benefits, the population increases civic responsibility for their own well-being, and the state provides minimal social guarantees (The Strategy for Development of the Republic of Kazakhstan, 2019).

Corporate social responsibility (CSR) for a long time has been one of the most debated topics in the field of business. Corporate social responsibility is a set of behavioral actions of an enterprise with respect to its employees, the authorities, the environment and society as a whole (Strebel, Eifler, Brauweiler, 2003). It is generally agreed that companies should not be guided solely by a sense of their own advantage, but must take into account the possible consequences of their actions on the welfare of all stakeholders.

At present there is no generally accepted system of organizations' valuation. Non-financial reporting tools attempt to accommodate those capital formation aspects that are not covered by financial indicators. All these initiatives originated in the second half of the 1990s and continuously improved, taking into account the practice of their further application (Hoffmann, Brauweiler, 1996).

Non-financial reporting has become an attempt to reflect the value of business in quality categories, combining information about the environmental and social components, without which one cannot reliably estimate the market value of the company, its prospects, the impact on society and the environment (Strebel, Eifler,

Brauweiler, 2003). Currently the most significant areas of work on non-financial reporting include reorientation to long-term strategic factors, managing capital, culture development, human capital and intangible assets accounting.

The concept of social responsibility for business first appeared in the United States in 1905, when the Rotary movement was born. The essence of the movement was that successful people wanted to contribute to improvements in their professional sphere and society. In the 1950s and 1960s, CSR was established as part of corporate governance in the United States and Canada.

CSR is a concept that has become widespread throughout the world. This term is unique in that it is interpreted differently and is not always unambiguous. In Canada, CSR refers to corporate philanthropy and social marketing. In Cambodia, this term refers to a business partnership with the International Labor Organization to improve working conditions. In Australia, corporate social responsibility extends to environmental projects and human rights organizations. In India, corporate social responsibility is a charity minimizing the effects of poor public infrastructure, while in China, business has a priority on the health and safety of employees. Meanwhile, the institutional (European) CSR model is inherent to large businesses, and the voluntary (American) model to small and medium businesses.

The basic goal of a corporation is to bear economic responsibility, which consists in providing quality products to the end-users and creating new jobs. In other words, a corporation that realizes economic responsibility is already socially responsible.

Global practice proves that the effective use of corporate social responsibility tools increases the level of public confidence in business and ensures the sustainable development of society as a whole. Today, the corporate social responsibility of business plays an important role in supporting society in the social, economic and environmental spheres. The concept of CSR implies that rational business interests are oriented not only at maximizing profits, but also improving their own environment (political, social, and economic) through voluntary investment in the relevant institutions.

It is known that reputation is a vital factor in the success of corporate activities. According to some estimates, up to 85% of a company's market value stems from its business reputation. At the same time, there is an increase of goodwill of the company (nauchforum.ru, 2019).

The concept of reputation implies the term reputational capital, by which it is understood that the company is

- responsible for the produced products and services;
- a reliable business partner;
- a company with a high level of corporate governance and corporate culture;
- socially and environmentally responsible.

The international standard ISO 26000 "Guide to Social Responsibility" defines an organization's SCR as responsibility of its decisions and actions for the impact on society and the environment through transparent and ethical behavior, which:

- promotes sustainable development, including the health and well-being of society;
- takes into account the expectations of stakeholders;
- complies with law and is consistent with international standards;
- introduced throughout the organization (nauchforum.ru, 2019).

Among the reputational benefits resulting from the implementation of CSR are the following:

- attracting media attention;
- increase of trust and formation of a positive opinion among the target audience of consumers;
- increase loyalty of existing and attract new customers.

Another component of the intangible assets of a company is human capital, which can also be increased through the implementation of various social programs. In addition, the corporate activities carried out by the business are primarily aimed at stakeholders, the effective construction of relations with whom leads to an increase of the company's social capital.

2. Methods and materials

In the framework of this study, the following primary and secondary data collection methods were used:

- semi-structured expert interviews in Ust-Kamenogorsk, Almaty (12 persons);
- participation in expert meetings of specialists in the field of interest (Ust-Kamenogorsk, Almaty);
- study of analytical reports, articles and other materials that are publicly available;
- study of internal materials provided by experts.

The theoretical and empirical research methods used are in-depth interviews interpretation, comparative analysis, content analysis, case studies, and the study of literature.

There is no abundant data on CSRR in Kazakhstan, therefore that limitation leads to difficulties in making conclusive decisions. Roadmap of study: the introduction of the article explains what is understood by CSR and what its directions are. The overall picture of the development of CSR in Kazakhstan is described. A literature review of the research examines the global experience in the development of the basic concepts of CSR, the context of CSR and highlights the main problems that hinder the solution of social problems through CSR. "The Results and discussion" section offers options for the development of CSR in Kazakhstan through (1) considering two case studies on CSRR of oil & gas and nuclear companies, (2) the development of CSR reporting practices, and (3) observing the reputational landscape of companies in Kazakhstan. The conclusions and recommendations on the creation of conditions for the systemic development of CSR and the CSRR complete the work.

3. Literature review

According to the American scientist Archie Carroll (2015), four dimensions determine CSR: economic, legal, ethical and philanthropic which constitute the so-called “CSR pyramid”. The economic responsibility in the “pyramid” is basic and includes the ability of the company to earn sufficient profits, create new jobs and produce goods and services demanded by the society. At the same time, A. Carroll (2016) argues that enterprises that are not capable of making a profit cannot fulfill other obligations. It must be remembered that profits must be achieved by legal means in accordance with the requirements established by the state, which, in turn, is the legal responsibility of the business. Ethical responsibility implies the moral behavior of the organization in relation to all interested parties and, above all, to society (Brauweiler, 2017). Although ethical behavior is not established within the framework of the law, many companies independently develop “codes of ethics” based on standards of justice and equality in order for their employees to distinguish between ethical and amoral behavior. Philanthropic obligations are exclusively voluntary activities of organizations that contribute to improving the quality of life of society, for example, such as charity, donations, sponsorship, gratuitous financing of social projects (What is Corporate Social Responsibility?, 2019). The survey of Da Silva Junior et al. (2019, p. 600) indicates that the most important dimensions are, in hierarchical order: the philanthropic, the ethical, the legal, and the economic, while sustainability implies a balanced development of three subsystems’ components: economic, social and environmental. The authors conclude that in “the concrete realm, the notions of sustainability and CSR come closer because of the hierarchy of their dimensions.”

CSR has become an important factor in the success of any organisation. All the evidence based on literature analysis suggests that CSR reports have to become part of all business activities (Brauweiler, 2015). According to (Kuo, Kremer, Phuong, and Hsu, 2016), CSR reporting has positive impacts, including “improving corporate reputation, achieving employee trust, and enhancing customers’ satisfaction”. The data collected indicates that CSR reporting’s major motivations are related to “reputation and brand value, employees’ CSR awareness, communication with stakeholders, management systems, management culture, market share, and transparency with the government”. It has been suggested that understanding the barriers and the motivators for CSR reporting should assist policymakers and company executives in their strategic decision-making, thereby contributing to advancement towards sustainability (Kuo et al., 2016, p. 184).

Specialists engaged in studying social capital point out that the lack of social capital is “one of the main reasons for problems in the economy and the political sphere” (Polishchuk, Menyashev, 2011, p. 47). They state that one of the most important factors in the formation and accumulation of a company’s social capital is

CSR in all forms of its manifestation. Then the implementation of the fundamental principles of CSR contributes to:

- building long-term, stable relationships with stakeholders;
- sharing common goals, values and norms;
- augmenting the company's positive reputation;
- increased trust between the company and its stakeholders.

Furthermore, the introduction of the principles of CSR involves:

- greater transparency and openness of the company;
- readiness to bear responsibility to make decisions;
- readiness together with all interested parties to take part in solving economic, environmental and social problems.

Thus the company must use the underlying ideas of corporate strategy to select those types of philanthropic activities that benefit both society and the firm. Moreover, CSR can solve social problems and “give the company a competitive edge – if you approach it strategically” (Porter, Kramer, Zadek, 2006). In fact, it is a convergence of the interests of society and business:

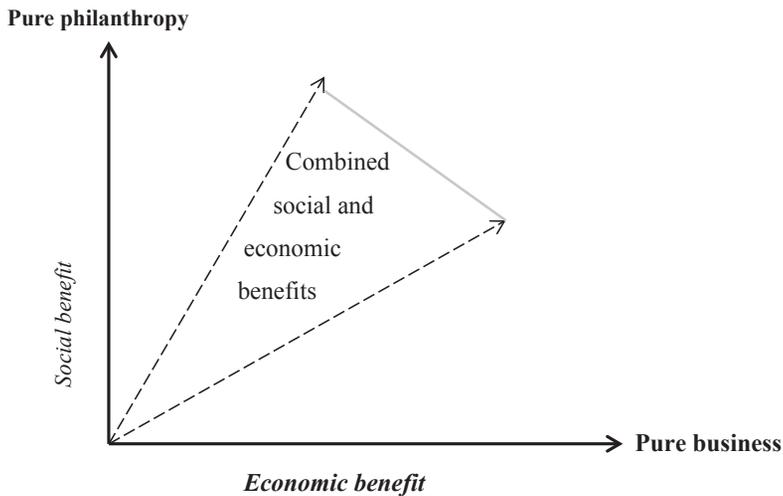


Fig. 1. A convergence of interests

Source: (Porter, Kramer, 2002, p. 5).

Maqbool, Zameer (2018, p. 84) consider that “CSR exerts a positive impact on financial performance”. The findings of the study could provide insights for management “to integrate CSR with the strategic intent of the business, and renovate their business philosophy from traditional profit-oriented to a socially responsible approach”.

However, until now, developing a single definition of this term is a difficult task. Even in economically developed countries, companies are not always able to

come to a common opinion regarding the understanding of the social actions of business. Within the framework of CSR, the most common concepts are corporate social responsibility, corporate social activities, corporate social susceptibility, the theory of stakeholders, and the theory of corporate citizenship.

Paun states that CSR reports encompass “an extraordinary amount of multidimensional (...) longitudinal quantitative and qualitative data that is available” (Paun, 2018, p. 925). These are human rights, the environment, labour practices and honest work, product responsibility, and society.

Tsalis, Stylianou, Nikolaou (2018) state that CSRR is a popular tool of communication, through which stakeholders can be informed about the companies’ activities in various aspects of CSR (Park, Cave, 2018), based on institutional and stakeholder theories discovered that consumers, competitors, and non-governmental organizations (NGOs) have to be considered as primary determinants of the responsible behaviour of companies.

Authors such as Adnan, Hay and van Staden (2018) proved the correlation between corporate governance, national culture and corporate social responsibility reporting. They investigated the effects of national culture and corporate governance on CSRR. From their point of view, “Corporate governance moderates some of the detrimental cultural influences on corporate social responsibility reporting” (Adnan Hay, and van Staden, 2018, p. 820). This means that corporate governance is like a regulation mechanism between the national culture and CSRR because “national culture is associated with resistance to reporting corporate social responsibility, but... corporate governance can help to mitigate the influence of national culture” (Adnan et al., 2018, p. 820). In addition, according to them CSRR is more common in companies in countries in which society is individualistic, as well as in societies with a low power distance.

Kazakhstan, like other countries of the post-Soviet area, is a country of collective values and high power distance, and it is predictable that fewer local companies are interested in CSRR except foreign ones with a strong culture and corporate governance underpinnings. On the other hand, (Chang, Shim, Yi, 2019) examined whether the media freedom level of a country plays a mediating role in the interaction between CSR and B2C companies or between CSR and advertising intensity, and influences a company’s value. They found “the interaction terms are positively associated with financial performance in countries with full media freedom”, while “being negatively or insignificantly associated” in countries with partial or no media freedom. Their empirical findings indicate that “CSR activities enhance the value of firms located only in countries where media freedom is fully guaranteed” (Chang, Shim, Yi, 2019, p. 1). Taking into account the study’s results, we can assume that Kazakhstani firms’ value is understated.

Zolotoy, O’Sullivan, Chen (2019) went further and explored the impact of religious norms on the relationship between CSR and firm value. They found the positive effect of CSR on firm value that is enhanced for firms headquartered in

regions where prevailing religious norms are more tolerant. Furthermore, strong religious norms reduced the positive correlation between CSR and abnormal stock returns during the 2008-2009 financial crisis. Therefore their findings “cast local religious norms as an important contextual factor that influences the insurance value of CSR that affords against stakeholder reactions to negative events” (Zolotoy, O’Sullivan, Chen, 2019, p. 218). Companies operating in the southern and western regions of Kazakhstan, where strong religious norms are observed, should note these findings. The paper by Grygiel and Brown (2018) explored the connection between CSR and social media safety and made a number of suggestions for improvements in policy.

CSR has an impact on the marketing aspects of the companies. The literature suggests that usually when consumers make purchase decisions they take into consideration the firms’ CSR activities, “noting that in doing so either increases their purchase intention or makes them willing to pay higher prices for the firms’ products and services” (Bhardwaj, Chatterjee, Demir, and Turut, 2018, p. 206). For example, E. Park (2019) found out a positive and strong correlation between activities in CSR and customer attitude and satisfaction. According to the author, corporate reputation is determined by customer attitude and satisfaction. (Campa, Zijlmans, 2019) investigated whether financial institutions that have gained a good reputation in relation to their CSR activities also engage in significant corporate support for the arts (CSA). Their results provide useful insights for companies’ communication strategies showing that social reports are the best channel to communicate about CSA.

Baskentli, Sen, Du and Bhattacharya (2019), based on the moral foundations theory, investigated the extent to which consumers’ moral “affect their pro-company behaviours based on CSR domains”. Their results revealed that “when consumers’ moral foundations are congruent with CSR domains, positive pro-company behaviours increase” (Baskentli, Sen, Du, and Bhattacharya, 2019, p. 502). The study by Ferrell, Harrison, Ferrell and Hair (2019) proved the idea of a relationship between a customer’s expectations and the perceptions of company CSR and business ethics behavior. They conclude that “although CSR attitudes remain important, customers value business ethics as a critical behavior in their perceptions of brand attitudes” (Ferrell, Harrison, Ferrell, and Hair, 2019, pp. 491-492).

Duff (2016), examining CSRR, stated that such reporting allows companies to enhance their intellectual capital, charge premium fees and, effectively increase partner wealth.

Carey, Liu, and Qu (2017) found a positive association between voluntary CSRR and audit fees in China. As a result, the Chinese culture of CSRR is associated with greater earnings management because the CSRR is used as a strategic device for window dressing and auditors charge higher fees in response to heightened audit risk and greater audit effort.

The analysis by de Villiers and Alexander (2014) showed a similar overall patterns of CSRR in diverse settings; their findings provided “evidence that the same reporting templates are used in CSRR globally”. There can be no doubt that “CSRR is institutionalised through professionalization and other means” (de Villiers, Alexander, 2014, p. 198).

Other authors (Tkalac Verčič, Sinčić Ćorić, 2018) correlated the external expectations of potential employees, perceived corporate social responsibility and employer brands. These concepts were investigated among 550 senior college business students. Their survey proved that reputation “seems to be an umbrella concept that encompasses both perceived corporate social responsibility and perceived employer brands”. Thus, when companies develop “with regard to socially responsible behavior and nurturing employer brands have higher levels of perceived reputation” (Tkalac Verčič, Sinčić Ćorić, 2018, p. 444).

One of the most respected corporate reputation studies in the world is the project called Global Reputation Pulse (The World’s Most Reputable Companies), which is attended by over 2000 companies from 34 countries annually. The Reputation Institute conducts a comparative study and provides the best reputation insights in 24 business sectors on five continents. According to the Reputation Leaders Study 2013 conducted by the Reputation Institute, 60% of respondents believe that reputation has a great financial impact on their company. Hence 68% said that reputation contributes to retaining customers, 53% believe that it affects the increase in sales and company revenue, and 40% are convinced that it helps to increase market share (What it Takes to be a Top 10 Most Reputable Company in 2018, 2019).

Ballou, Chen, Grenier and Heitger (2018) present theoretical and empirical evidence supporting the companies’ competitive advantage when they use accounting firms as “assurance providers” as they not only identify inaccuracies in reports earlier than non-accounting providers identify, but also prevent future inaccuracies in reporting. Ballou’s et al. research has implications for public policy-makers “considering the merits of mandating CSR assurance” and for organizations that assess the “benefits and costs of preparing GRI-based CSR reports” (Ballou et al., 2018, p. 167). Recent standards set out by international authorities such as the Global Reporting Initiative (GRI) are used as “evaluation criteria in order to reveal the utmost efforts made by corporations” (Akmese, Cetin, Akmese, 2016, p. 737). GRI series standards are the fundamental standards in the field of non-financial reporting. For example, GRI G4 is the Reporting Guidelines in the field of sustainability and disclosure information. Unfortunately, as Paun (2018, p. 925) stated, CSR reports are not used across-the-board due to “perceived complexity”. On the other hand, there are no specific methodologies to guide organizations in integrating CSRR with their information systems. (Grangel, Campos, 2019) described an Agile Model-Driven methodology developed to determine, simulate and manage CSR requirements in organisations on the basis of agile principles. However, a standard accounting

methodology for evaluating non-financial information does not yet exist (Tsalis, Stylianou, Nikolaou, 2018).

Akmese, Cetin, Akmese (2016) considered globalization, ease of information dissemination through various media, raising the level of public consciousness of consumers, as the main driving forces of CSRR activities undertaken by corporations to inform their stakeholders. CSRR activities satisfy customers and other stakeholders socially and increase the firms' value in relation to their community and the social environment as a whole. According to them meeting the expectations of stakeholders and maintaining firm sustainability are the two main expected outcomes of CSRR on these efforts within the scope of non-financial indicators.

The development of integrated reporting as a demanded institutional innovation has become a priority of global significance. Considerable practical experience on integrated reporting has been gained in the business practices of many countries. Thus (Rupley, Brown, Marshall, 2017) noticed these trends as pushing to integrated reporting under global pressures. Integrated reports (IR) include financial, economic, governance, and social information in one report. Over the past few years, the volume of non-financial reporting has rapidly increased. This exacerbates the need for the interconnection of non-financial and financial reporting within an integrated report and the integrated perception of management activities. The essence of integrated reporting is to summarize together financial and non-financial information, reflecting the ability of an organization to create and maintain its value in the short, medium and long-term. Rupley, Brown, Marshall (2017) ascertained the voluntary of integrated reporting in the US and as a result, only a small number of companies have issued IRs to date. Moreover, their descriptive research indicated, "the initial IRs cover predominately indicators of economic and social performance with little focus on governance. Further analysis indicates that the IRs examined do not, as a rule, provide the information most highly desired by investors (i.e. market share, executive compensation, and product safety)" (Rupley, Brown, Marshall 2017, p. 172).

Mukherjee, Bird and Duppati (2018) raised the question what to do when companies fail to keep pace with societal expectations with respect to their CSR. The Indian government made it mandatory for large corporations to spend funds on CSR activities. As a result, the legislation has led to a negative corporate profitability. Therefore greater care must be taken when implementing mandatory CSR.

A number of studies focused on addressing CSR and the internal aspects of organizations. Thus, John, Qadeer, Shahzadi and Jia (2019) revealed that "the link between employees perceived CSR and their workplace behaviour is serially mediated by organizational pride and identification and moderated by employees' desire to have a significant impact through work" (John et al., 2019, p. 784). This study helps to understand how and when CSR influence employees' workplace behaviour. The study results of Ghaderi, Mirzapour, Henderson and Richardson (2019) supported the argument that CSR has direct and positive consequences for

performance. Koskela (2014) studied and analysed occupational health and safety (OH&S) reporting as part of CSR reports. (Cai, Lee, Xu, and Zeng 2019) suggested that CSR disclosure reduces the information asymmetry for foreign investors and facilitates cross-border investment.

Andrikopoulos, Samitas, Bekiaris (2014, p. 27) detected that “the extent of disclosure of CSR practices is greater in large companies and also in companies of greater financial leverage.”

Bouten, Everaert, Van Liedekerke, De Moor and Christiaens (2011) analysed issues on the comprehensiveness of CSRR. According to them, comprehensive CSRR requires three types of information to be disclosed: (1) vision and goals, (2) management approach, and (3) performance indicators. The content analysis revealed a low level of comprehensive reporting.

Bhardwaj et al. (2018, p. 206-207) through their analysis revealed the conditions under which it is necessary to invest in CSR and of what type. Moreover, they stated “the increase in consumers’ appreciation of CSR and the increase in consumers’ sensitivity to evaluative context affect firms’ optimal CSR strategies.” The study of de Grosbois (2012, p. 896) demonstrated that “while a large number of companies report commitment to CSR goals, a much smaller number of them provide details of specific initiatives undertaken to contribute to these goals and even less of them report actual performance achieved.”

4. Results and discussion

The idea of corporate social responsibility, its problems and tasks, are widely discussed in Kazakhstan. Advanced oil-producing and refining companies have become pioneers in the field of CSR in Kazakhstan. This is because many CSR issues occupy an important place in their practical work. Both global and large Kazakhstani companies, implementing a strategic approach to CSR, consider corporate social policy as an instrument of strategic management to form the company’s sustainable competitiveness. The number of companies realizing the importance and value of intangible assets as intellectual, human, social and reputational capital is growing.

A positive example of Kazakhstani social responsibility of business is the National Company “KazMunayGas” (KMG), Kazakhstan’s national operator for exploration, production, refining and transportation of hydrocarbons, representing the state in Kazakhstan’s petroleum sector. JSC NC “KazMunayGas” accounts for 28% of the total crude oil and gas production volume in Kazakhstan and 16% of natural and associated gas. JSC NC “KazMunayGas” is among the biggest employers with the number of employees at over 84,000 (KMG 2019).

KMG prepares reports in accordance with the GRI Standards. The KMG Sustainability Report was prepared using the GRI G4 Oil and Gas Sector Disclosures. The content of the report is determined using the GRI Standards methodology and the principles for determining the content and quality of the

report. The report presented indicators and achievements for the year, starting from January 1 and ending on December 31. To ensure data comparison and comparability capabilities for some indicators, the information was presented taking into account the dynamics of previous reporting periods and plans for the coming years. All KMG Sustainability Reports are available in Kazakh, Russian and English on the company's website: http://www.kmg.kz/rus/ustoichivoe_razvitie/reports. The report said that sustainability reporting is aimed to help “the Company and its stakeholders to interact effectively, to set goals consistently, to evaluate the results of the global work, and to manage the transformations aimed at making the interrelated activities more sustainable” (Sustainability Report 2019). It provides information on KMG's commitment to seventeen Global Sustainable Development Goals and demonstrates the company's achievements in their implementation.

Sustainable development principles involve:

- Openness: KMG is “open to meetings, discussions and dialogue” and “strives to build long-term cooperation with stakeholders, based on consideration of mutual interests”.
- Accountability: KMG is aware of “accountability for impact on the economy, the environment and society”, “seek to minimize the negative impact of ... activities on the environment and society”, “introduce innovative technologies aimed at careful and responsible use of resources, increasing labour productivity”.
- Transparency: disclosing information.
- Ethical Behavior: demonstrating respect, honesty, openness, team spirit and trust, good faith and justice.
- Respectfulness toward interested parties, contracts.
- Legitimacy: being “in accordance with the legislation of the Republic of Kazakhstan and decisions of the bodies of organizations”.
- Respect for human rights: “not acceptable and prohibits the use of child labor”, “employees are ... main value and the main resource”, using principle of meritocracy, “safety and security of ... employees”, developing corporate culture.
- Intolerance to corruption.
- Inadmissibility of a conflict of interest: “impartial performance of ... duties”.
- Personal example: “Officials and employees occupying managerial positions should, by their personal example, motivate the implementation of the principles of sustainable development” (Sustainability Report, 2019).

This vision and mission prove KMG's commitment in the direction of achievement of sustainable development.

KMG's vision: “A highly efficient national and competitive integrated oil and gas producing and transporting company meeting the highest standards of safety operations and corporate governance”. KMG's mission: “Ensuring maximization of the profits for the Republic of Kazakhstan from participation in the development of the national petroleum industry” (Sustainability Report, 2019).

Another interesting case is the National Atomic Company (NAC) Kazatomprom JSC, which is the national operator of the Republic of Kazakhstan for the import and export of uranium, rare metals, and nuclear fuel for nuclear power plants. Since 2009, Kazakhstan has been the world leader in natural uranium mining. This company has been issuing integrated reports since 2011 prepared in accordance with the guidelines for reporting in the field sustainable development G4 (GRI) (Integrated Annual Report, 2019).

Preparing the IRs, the Kazatomprom Company is guided by the following principles determining the content of the reports recommended by GRI:

- Stakeholder Engagement.
- Sustainable development context: economic, environmental and social responsibilities.
- Fullness: the company tries to fully disclose information about the results of its activities, as clearly as possible to reflect the boundaries (where applicable).
- Materiality: the company discloses information on aspects that have significant impact on stakeholders and significant impact on the economy, the environment and society.

Materiality in integrated reporting is valuable. As is known, the International Standard for Integrated Reporting permits a significant degree of independence of professional judgment in determining materiality, which makes the submitted report a unique and specific tool of communication with stakeholders. Although each participant of the Corporate Reporting Dialogue can adapt the definition of materiality for its own mission, the integrated report is recognized as formulating the fundamental principles of materiality in general. Material information is any information that can influence the conclusions of interested parties when considering the relevant information (Corporate Reporting Dialogue, 2019).

The report includes financial and non-financial data for all subsidiaries and affiliates of the company. Financial indicators correspond to the audited consolidated financial statements according to the standards of International Financial Reporting Standards (IFRS). The full version of financial reporting is presented on the website of NAC Kazatomprom JSC. The report reflects the financial and non-financial activities related with projects in the country of residence and abroad (Integrated Annual Report, 2019).

The NAC Kazatomprom Company considers itself as socially oriented: they “pay great attention to the implementation of social policy, improvement of working conditions, increase welfare of employees and residents in uranium mining regions, ensure occupational health and safety (OH&S) at work productions, preservation of the environment”. The Company’s rating of social stability increased from 72% in 2015 to 81% in 2016. In 2016, the Company allocated over 7.3 billion tenge for labour and environmental protection measures. Total gross emissions of pollutants decreased by 9% compared with 2015 (Integrated Annual Report, 2019).

NAC Kazatomprom JSC attracted an independent party on a competitive basis to confirm compliance of the information presented in the Integrated Report with

the GRI standards. The external conclusion regarding the information on sustainable development for compliance with the requirements of the GRI G4 Guidelines is attached to the IR and confirms this fact.

The Reputation Capital Group conducted the reputation survey of the largest Kazakhstani companies in 2013 for the first time in Kazakhstan. The only difference from the global survey of the Reputation Institute, conducted using the Internet, was to measure the reputation of Kazakhstani companies through a telephone survey (CATI). The use of identical tools provided the opportunity for Kazakhstani companies and sectors to compare themselves with global, Russian and Ukrainian ones (Most Reputable Companies of Kazakhstan, 2019).

The task of the research group was to conduct a reputational audit of the awareness and reputation of the largest companies in Kazakhstan, representing the main sectors of the economy, therefore 54 companies were studied in seven industries (food industry, transport, telecommunications, banks, mining and metallurgy, energy distribution, the investment sector), as well as a cluster of multinational companies. The geography of the study was represented by cities with a population of more than 300 thousand people – Almaty, Nur-Sultan, Shymkent, Karaganda, Aktobe, Taraz, Pavlodar, Ust-Kamenogorsk, and Semey. The sample size was 1137 interviews. Table 1 presents the reputational landscape in Kazakhstan. Despite the fact that the information presented in Table 1 is somewhat outdated, nevertheless all these companies are still successful. There is one change, i.e. the Halyk Bank's acquisition of Kazkommertsbank, and as a result its position has strengthened even more.

Table 1. Reputational landscape in Kazakhstan (2013)

No.	Company	RepTrak™Pulse index	No.	Company	RepTrak™Pulse index
1	Nestle	86.4	14	Kazzinc	72.6
2	Johnson & Johnson	83.5	15	Aksai-Nan	72.3
3	Foodmaster	79.1	16	Bacchus	70.7
4	KazTransOil	78.8	17	KCELL	70.0
5	AirAstana	78.2	18	Helios	68.3
6	Procter & Gamble	76.8	19	ALMX	67.8
7	HalykBank	75.8	20	KazTransGas	66.9
8	Beeline Kazakhstan	75.1	21	BankCenterCredit	66.7
9	SberBank	75.0	22	Tele2	66.1
10	Kazkommertsbank	74.2	23	Kazakhmys	64.7
11	KazMunayGas	73.5	24	Vernyi Capital	63.8
12	Kazakhtelecom	73.4	25	Altel	62.4
13	Kazpost	73.1			

Source: https://forbes.kz/process/expertise/naibolee_uvajaemye_kompanii_kazahstana.

The top five most respected companies in Kazakhstan include two multinational companies, Nestle and Johnson & Johnson, and three Kazakhstani companies FoodMaster, KazTransOil and Air Astana. According to the RepTrak™Pulse index, only the first two companies are in the “excellent reputation” zone, Kazakhstani companies have a “strong reputation”. It should be noted that the reputation of multinational companies operating in Kazakhstan (the average Pulse reputation index is 70.7) generally exceeds the average reputation of Kazakhstani companies (the Pulse index is 66.3). The most respected sectors of Kazakhstan are transport, food industry and telecommunications.

Addressing about reputational factors, it is worth noting that the reputation structure of Kazakhstani companies is similar to global trends. The biggest driver of reputation for consumers is high-quality products and services of the company (21.9% in Kazakhstan, 16.8% in the world). Other significant drivers for Kazakhstani consumers are “performance” (16%), “management” (14.2%) and “innovation” (14%). The remaining factors, such as “working conditions” (13.7%), “responsibility” (10.7%) and “leadership” (9.5%) are less significant. However, there are two main differences from the global trends. The weight of the “effectiveness” factor (the fact that the company is highly efficient and shows good financial results) is significantly higher in Kazakhstan (16% compared to the world’s 12.2%), while the factor “responsibility” (10.7%) is significantly lower than globally (15%) (Most Reputable Companies of Kazakhstan 2019). This can be explained by Kazakhstan’s specific and short-lived experience in the conditions of market relations and all this confirms the conclusions made by the desk research described in the literature review of this article.

Having studied the general picture of reputational landscape in Kazakhstan, it is necessary to state that companies with a high score of RepTrak™Pulse are transparent. The overview of their websites shows that most of them publish non-financial and/or integrated reports in accordance with GRI standards and pay great attention to CSR. Therefore, there is enough high level of awareness among reputationally solid Kazakhstani companies on CSR and CSRR.

5. Conclusions

The development of integrated reporting has become a priority of not only research and applied developments, but also required institutional innovation of global significance. For two decades, considerable practical experience of integrated reporting in the business practices of many countries has been gained and used. Evaluating the prospects of the development of CSR and CSRR in Kazakhstan, we should proceed in the following circumstances.

- Globalisation and competitiveness are key factors in corporate transparency.
- Transparency is correlated with reputation and stakeholder management.
- Transparent companies have higher credit ratings than opaque ones.

The provision of decent working conditions for employees, adherence to safety procedures, corporate volunteering and the implementation of social projects are all included in the range of issues of corporate social responsibility of both large corporations and small enterprises. The motives for implementing CSR for different companies are also varied: some are interested in public relations, others in increasing the loyalty of employees, while others really want to go global. Thus each company has its own individual approach to the implementation of CSR policy. This is due to the fact that every business faces its own unique challenges. Therefore, a single universal CSR policy model has not been identified.

Summarizing the above, we can state that the implementation of a competent policy in the field of corporate social responsibility leads to an increase in such a component indicator of the company's business reputation as the loyalty of its stakeholders. In turn, this indicator can serve as a basis for the formation of competitive advantages that are so necessary for any company, regardless of the scope of its activities.

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