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ETHICS AND CORPORATE SOCIAL RESPONSIBILITY IN THE ERA OF GLOBALIZATION: COMPLIANCE OF INTERNATIONAL COMPANIES

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Abstract

The article is devoted to the study of the transformation of ethical practices and corporate social responsibility (CSR) of international companies in the context of globalization. In today's global business environment, the issues of ethics and social responsibility are becoming critical, which requires international companies to adapt to new conditions and challenges. The purpose of the article is to provide a comprehensive analysis of the main aspects of CSR implementation in the activities of transnational corporations and to study the impact of cultural, social and economic differences on the formation of global ethical standards. The article discusses the key issues related to the implementation of ethical strategies in the context of different cultures and local regulatory requirements. The methods of analysis, synthesis, comparison and generalization are used to achieve this goal. New approaches to CSR that take into account global trends in sustainable development and their impact on the reputation and competitiveness of companies in the international market are analyzed. The practical significance of the study lies in the development of recommendations for international companies to implement flexible CSR strategies that can ensure successful adaptation to global challenges, including environmental, social and economic changes.

Keywords

Corporate social responsibility, Globalization, Business ethics, International companies, Sustainable development, Cross-cultural management, Ethical standards.

Problem statement

The current stage of development of the global economy is accompanied by a significant increase in the role of transnational companies, which have become key participants in the international market. However, along with the expansion of their influence, they face new challenges in terms of ethical behavior and social responsibility. Globalization, which stimulates active international cooperation, at the same time complicates the process of standardizing ethical norms due to significant differences in cultural, legal and economic conditions of different countries. Multinational companies are forced to strike a balance between adherence to universal ethical standards and adaptation of their strategies to the specifics of local markets, which creates numerous challenges in the implementation of corporate social responsibility (CSR).

At the same time, modern societies, both at the national and international levels, are placing increasing demands on companies to be socially responsible and to comply with environmental, social and governance standards. In the context of increased attention to the issues of sustainable development, climate change and social inequality, companies that neglect ethical standards risk not only losing the trust of consumers and partners, but also face financial sanctions or reputational losses.

One of the main challenges facing international companies is the varying legal and regulatory requirements for CSR implementation in different countries. Some countries have strict and detailed ethical and social standards, while in other regions these requirements may be underdeveloped or non-existent. This creates an uneven playing field for companies and makes it difficult to develop global CSR strategies that work effectively across regions.

Another issue is cultural differences that affect perceptions of the social and ethical aspects of business. This makes it difficult to develop universal approaches to CSR and requires companies to be flexible in developing and implementing ethical strategies.

Globalization also leads to the need to increase transparency and accountability of companies to their stakeholders, which requires the introduction of new approaches to monitoring and evaluating social responsibility.

Globalization creates new business conditions that require international companies to rethink their approaches to corporate social responsibility and ethical behavior.

Relevance of the chosen topic

In times of globalization, international companies aiming to maintain and strengthen their positions in the global market have to accept new ethical challenges: various cultural differences, new markets, differences in regulatory systems, requirements for greater transparency, social responsibility and compliance with ethical standards - all of which affect the reputation and credibility of the business. In addition, there is a growing focus on sustainable development and the negative impact of companies' activities on the international environment. Due to all these factors, the study of corporate ethics in the context of globalization is relevant to understanding how international business can balance public and private interests while maintaining competitiveness and strong market positions.

Analysis of recent research and publications

The issue of Corporate Social Responsibility (CSR) and ethics in the global business environment attracts the attention of many researchers in Ukraine and abroad. Let us consider the key aspects and areas of research in this field, based on the works of domestic and foreign scholars.

The study of the development of the CSR concept is an important area of research. Domestic scholars consider social responsibility as an integral part of the corporate governance system (Dmytriv, 2019, p. 99). Researchers emphasize that CSR has developed from simple philanthropy to an integrated business strategy. This correlates with international studies analyzing the global context of CSR development and its transformation under the influence of globalization processes (Stanasiuk, Pasinovych, & Tomashevska, 2021, p. 115).

Some Ukrainian researchers consider CSR as a factor of sustainable development, which reflects the growing understanding of the relationship between business practices and global challenges (Jamali & Karam, 2018, p. 61). This view is confirmed in the works of foreign authors who study the political aspect of CSR and its role in solving global problems (Crane, Matten, & Spence, 2013, p. 237).

An important area of research is the integration of CSR into the strategic management of companies. Domestic scholars analyze the process of CSR implementation in the company's strategy, emphasizing the importance of a systematic approach to this issue (Kolosok, 2014, p. 253). The researchers note that an effective CSR strategy should be aligned with the main business objectives of the company, and integrated into all aspects of its activities.

This approach is also reflected in international studies. Foreign authors take into account the specifics of CSR implementation in developing countries and emphasize the need to adapt global strategies to local conditions (Suprun, 2009, p. 35). This study demonstrates the importance of taking into account the cultural and economic context when developing CSR strategies.

Evaluating the effectiveness of CSR initiatives remains a pressing issue. Ukrainian researchers propose modern approaches to the assessment of corporate CSR in the context of sustainable development (Kuzmin, Sidorov, & Kozyk, 2011, p. 147). The authors emphasize the need to develop comprehensive methodologies that take into account both economic, social and environmental aspects of the activities of enterprises.

This issue correlates with international research. Foreign scholars consider different methods of CSR assessment in the global context and emphasize the importance of standardization of approaches to ensure comparability of results (Stanasiuk et al., 2021, p. 146).

The study of CSR in the context of economic transformations is an important area of research. Domestic authors analyze the achievements and problems of evolutionary economics, considering CSR as one of the factors of business adaptation to changes in the external environment (Kozak & Danylevych, 2020, p. 113). Researchers emphasize the need for flexibility and innovation in CSR approaches in a dynamic economic environment.

This aspect is also reflected in international studies. Foreign scholars consider new challenges and directions of development of political corporate social responsibility (PCSR 2.0), emphasizing the need to adapt CSR strategies to global political and economic changes (Crane et al., 2013, p. 246).

The relationship between CSR and the concept of sustainable development is an important focus of research. Ukrainian researchers analyze the development of corporate social responsibility in the context of sustainable economic development (Scherer, Rasche, Palazzo, & Spicer, 2016, p. 298). The authors emphasize that CSR is becoming a key tool for achieving the UN Sustainable Development Goals by integrating economic, social and environmental aspects of companies' activities.

This trend is also reflected in international studies. Foreign scholars consider the peculiarities of CSR implementation in developing countries, emphasizing the importance of adapting global sustainable development goals to local conditions and needs (Suprun, 2009, p. 64).

CSR research in the Ukrainian context deserves special attention. Domestic scholars analyze the peculiarities of implementing social responsibility in the corporate governance system of Ukrainian enterprises (Dmytriv, 2019, p. 102). Researchers emphasize the need to adapt international CSR practices to Ukrainian realities, taking into account the specifics of the country's economic and social development.

Other Ukrainian authors consider CSR as a factor of sustainable development in the Ukrainian context, emphasizing the importance of raising awareness of business and society about the principles of social responsibility (Jamali & Karam, 2018, p. 61).

The study of innovative approaches to CSR is a promising area of research. Domestic scholars consider modern approaches to CSR assessment, in particular, the use of digital technologies to monitor and analyze social and environmental initiatives of companies (Kuzmin et al., 2011, p. 150).

This trend is also reflected in international studies. Foreign authors analyze the impact of digitalization on CSR development, considering such aspects as the use of big data to assess social impact, blockchain technologies to ensure supply chain transparency, etc. (Stanasiuk et al., 2021, p. 149).

The issue of CSR and ethics in the global business environment attracts the attention of many researchers. (Carroll, 1991) proposed the CSR pyramid, which became the basis for further research in this area (Scherer et al., 2016, p. 273). (Crane et al., 2013) examine the ethical challenges of globalization and their impact on business practices. (Scherer et al., 2016) examine the political role of corporations in global governance (Scherer et al., 2016, p. 283). (Husted & Allen, 2006) analyze the strategic value of CSR for international companies. (Jamali & Karam, 2018) study the peculiarities of CSR in developing countries (Jamali & Karam, 2018, p. 48). These studies form a theoretical basis for understanding CSR in a global context, but leave room for further study of the practical aspects of CSR implementation by international companies.

Purpose of the article

The purpose of this study is to analyze the transformation of ethical practices and corporate social responsibility in the context of globalization, as well as to assess its impact on the activities of international companies.

The research objectives include:

- To study the evolution of the CSR concept in the context of globalization.
- To analyze the main challenges and opportunities for CSR implementation in international business.
- Examine the impact of cultural differences on the implementation of ethical strategies.
- Evaluate the effectiveness of modern approaches to CSR in a global context.
- Develop recommendations for improving CSR strategies for international companies.

Presentation of the main research material and results obtained

With the constant development of globalization, transnational companies are becoming important participants in the world economy. At the same time, their growing influence is leading to increased attention to aspects of their activities such as business ethics and corporate social responsibility (CSR). Climate change, human rights issues, social inequality, and other global challenges demand that large companies not only be financially successful, but also behave responsibly. It is important to understand that companies that do not adhere to ethical standards run the risk of losing the trust of their stakeholders and negatively impacting their reputation (Dmytriv, 2019, p. 104).

Cultural issues and concerns in the context of sustainable development can be grouped under the concept of social sustainability. However, (Hawkes, 2001) emphasized the need for a model of sustainable development that integrates or interconnects four main dimensions: social justice, cultural vitality, economic well-being, and environmental sustainability, as illustrated in Fig. 1.

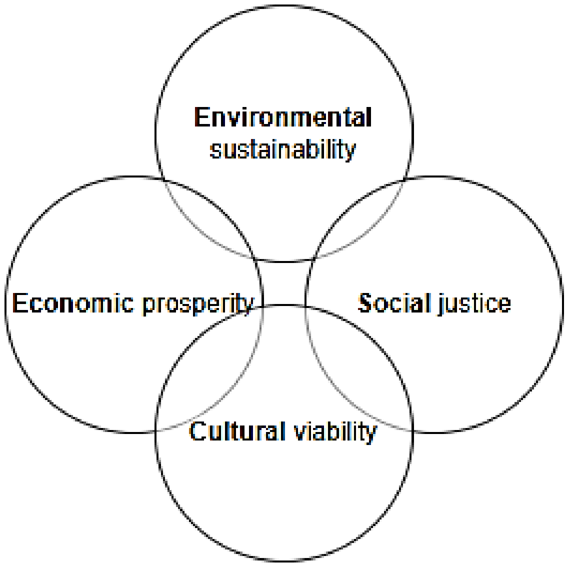

Fig. 1: The proposed model of sustainable development with four dimensions.
Source: Compiled by the author based on (Çetiner & İnce Yenilmez, 2021)

Corporate Social Responsibility (CSR) has evolved from purely voluntary philanthropy to a strategy that not only provides public recognition but also real competitive advantages. CSR has become an integral part of the sustainable development strategy, encompassing the environmental, social and economic aspects of the company's activities. Multinational companies operating in different parts of the world must take into account local specificities and socio-cultural contexts in order to implement effective CSR programs (Stanasiuk et al., 2021, p. 145).

The general concept of corporate social responsibility has expanded to include not only environmental or social support efforts, but also issues of ethical behavior, employee rights, and transparency of management decisions. One of the key challenges for international companies is to find a balance between adhering to global CSR standards and adapting to the specific conditions of each country in which the company operates (Kozak & Danilevych, 2020, p. 112). One-size-fits-all solutions are often inappropriate in the context of local norms and traditions, forcing companies to be flexible and creative in developing their strategies.

Globalization has challenged multinational companies not only to manage economic processes, but also to participate in solving global problems related to sustainable development. Climate change, growing inequality and human rights violations are challenges that require the active participation of large corporations. However, the implementation of ethical standards and principles of social responsibility in the international context is becoming increasingly difficult due to significant cultural, legal and economic differences between countries (Stanasiuk et al., 2021, p. 148).

Leading international companies often use the principles of social responsibility to improve their reputation and strengthen public relations. In many countries, consumers are becoming increasingly aware of business ethics and prefer companies that adhere to high standards in this area. According to research, consumers are willing to pay more for goods and services from companies that are socially responsible (Kolosok, 2014, p. 151). This shows that CSR is no longer perceived as a separate part of marketing or PR campaigns, but is becoming an integral part of corporate culture.

In addition, international companies face the need to adapt their CSR strategies to cultural and legal norms in different countries. For example, in countries with a collectivist culture, companies often emphasize social programs that contribute to community support. In turn, in individualistic countries, the focus often shifts to environmental responsibility and consumer protection (Dmytriv, 2019, p. 100). This adaptation allows companies to strengthen their positions in local markets and create long-term partnerships with stakeholders.

An important aspect of implementing corporate social responsibility is its measurement and performance evaluation. Every year, more and more companies introduce systems for evaluating the effectiveness of their CSR programs, which allows them not only to control the costs of such initiatives, but also to measure their impact on stakeholders and the overall performance (Scherer et al., 2016, p. 281). This helps companies identify the most effective tools and improve their strategies.

The success of many transnational corporations in the area of corporate social responsibility is also due to their active cooperation with international organizations concerned with sustainable development. By combining the efforts of companies and international institutions, greater results can be achieved on global issues such as environmental protection, poverty alleviation, or human rights (Jamali & Karam, 2018, p. 51). Such initiatives significantly increase not only the effectiveness of CSR programs, but also the overall image of companies in the international arena.

In the context of globalization, companies need to constantly review their strategies, especially those related to social responsibility. The introduction of new technologies, such as blockchain and artificial intelligence, helps to improve the transparency of business processes, track the implementation of CSR initiatives and ensure communication with key stakeholders. For example, the use of blockchain enables the tracking of the origin of goods and provides guarantees of ethical production (Suprun, 2009, p. 69). This helps to increase consumer and government trust in companies.

Successful implementation of corporate social responsibility also requires flexibility and innovative approaches to business management. International companies that integrate CSR into their business strategies tend to have more stable market positions and are better able to respond to the challenges of the global economy. They are also better able to adapt to changing regulatory requirements and rising societal expectations (Kuzmin et al., 2011, p. 167).

At the same time, the role of corporate social responsibility goes beyond business. It has a significant impact on economic development and stability on a global scale. Effective CSR initiatives can contribute to the development of regional markets, reduce social tensions and improve the quality of life of populations (Crane et al., 2013, p. 238). This makes international businesses important actors in addressing global sustainability challenges.

Corporate social responsibility also helps companies avoid reputational risks. In today's world, information travels extremely fast, and any instances of unethical behavior by a company can cause significant damage to both its reputation and financial results. Thanks to transparent and ethical corporate social responsibility strategies, companies can avoid such risks and ensure the stability of their development (Scherer et al., 2016, p. 277).

Thus, in the context of globalization, multinational companies are increasingly responsible for the social, environmental and economic impacts of their activities. Corporate social responsibility is becoming a key element of their strategies, not only to reduce negative impacts on the environment or society, but also to ensure long-term business success and sustainability in the face of increasing competition and changing public expectations (Scherer et al., 2016, p. 282).

Globalization has led to a significant increase in the interdependence of countries, companies and societies. In such an environment, international companies need to adapt their CSR strategies to balance global and local needs. A key challenge for international companies is to integrate socially responsible practices across cultures and regions, as companies operate in contexts where social, economic and cultural norms can vary significantly.

Globalization has created new opportunities for companies seeking to expand their business, but it also creates additional responsibilities to meet ethical standards in different countries. For example, a company operating in countries with different legal frameworks and social norms may be faced with the need to simultaneously comply with international ethical standards and adapt to local requirements. This is particularly relevant in cases where national laws on labor rights, environmental responsibility or consumer rights are weaker than international standards.

The importance of ethics and corporate social responsibility in doing business in a globalized world cannot be underestimated. Failure to comply with ethical standards can lead to damage to a company's reputation, significant financial losses and a loss of consumer confidence. On the contrary, effective integration of CSR helps to strengthen a company's position in the international marketplace and ensure its long-term success.

Corporate Social Responsibility (CSR) has undergone a significant transformation from mere charity to a strategy that is integrated into all areas of a company's operations. In the past, CSR was often seen as an additional activity or even a marketing tool to improve a company's image. However, with the spread of globalization and rising public expectations of business, the concept of CSR has shifted towards sustainable development and long-term strategies aimed at ensuring social and environmental responsibility.

Today's international companies are integrating CSR into their core business strategies, recognizing that a socially responsible approach not only enhances their reputation but also improves their financial performance. Companies that have successfully integrated CSR into their operations often gain competitive advantage by increasing customer loyalty, reducing operational risks, and improving resource efficiency.

In a global context, corporate social responsibility goes beyond individual initiatives such as environmental projects or charitable giving. It encompasses a wide range of issues, including human rights, working conditions, environmental responsibility, consumer rights and anti-corruption. One of the most important aspects of CSR is its adaptability to cultural and regional differences, enabling companies to respond effectively to social challenges in different countries. Fig. 2 illustrates the main ethical challenges that multinational companies may face when entering new markets where cultural differences exist.

One of the key challenges faced by multinational companies in implementing CSR is cultural differences. In the context of globalization, companies often operate in markets with different cultural traditions and values, which requires an understanding of the specifics of local societies. For example, in countries with a collectivist culture, social initiatives may be aimed at supporting local communities, while in individualistic cultures, more attention is paid to protecting the rights of individual consumers and environmental projects.

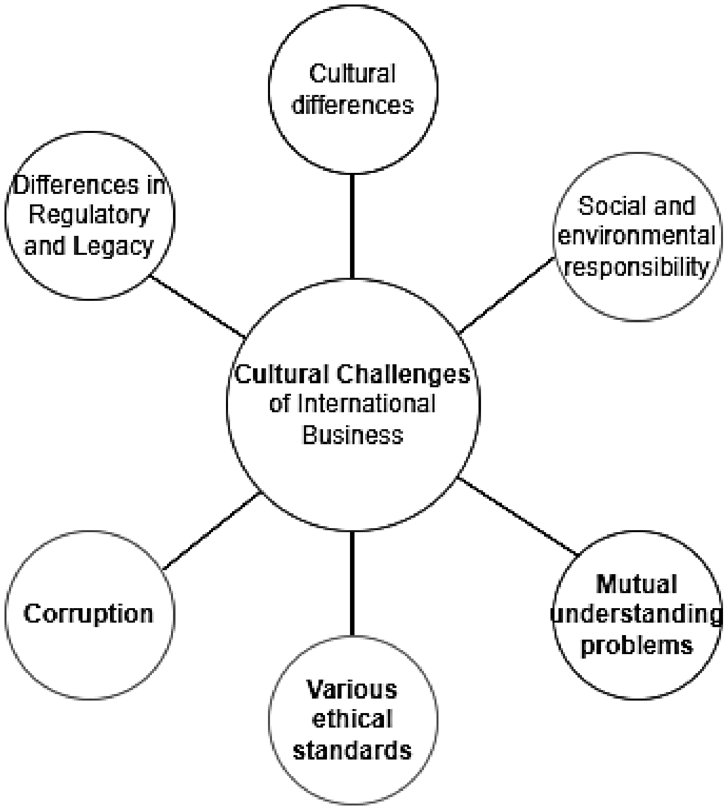

Fig. 2: Cultural challenges faced by international companies as they expand their market.
Source: compiled by the author based on (FasterCapital, 2023).

In addition to cultural differences, multinationals face different legal requirements for CSR in different countries. For example, some countries have strict environmental laws, while others have less stringent requirements. This challenges companies to maintain high ethical standards even in countries where the legal framework is not sufficiently developed.

Another challenge for international companies is integrating CSR into global supply chains. Companies need to ensure compliance with social and environmental standards at all stages of the production process, from raw material suppliers to end consumers. This requires the development of transparent control systems and cooperation with partners who share CSR values.

Cultural differences play an important role in the process of implementing CSR internationally. Each country has unique social, cultural and economic conditions that affect how ethical standards and social initiatives are perceived and implemented. For example, in countries with a high degree of collectivism, more attention is paid to supporting social groups and communities, while in countries with an individualistic culture, the focus is on the rights of individuals and consumers.

Significant differences between cultures are also evident in approaches to environmental responsibility. In some countries, environmental initiatives are an integral part of corporate culture, while in other countries, society may prioritize economic growth over environmental issues. This creates certain challenges for international companies, which must adapt their CSR strategies to local conditions without losing the integrity of their values and global goals.

In addition, international companies have to take into account the different levels of economic development and social needs in the countries where they operate. For example, in developing countries, the main CSR priorities may be addressing poverty, access to education and healthcare, while in developed countries, the focus may be on environmental initiatives and consumer protection.

Technology is playing an increasingly important role in CSR implementation and monitoring. Innovative technologies, such as blockchain, big data, and artificial intelligence, can increase the transparency of companies' operations and ensure that social and environmental standards are met at all stages of the supply chain. For example, blockchain technologies can track the origin of raw materials and confirm their compliance with ethical standards, which is important in industries such as mining, food and textiles.

In addition, technology is helping to improve communication between companies and their stakeholders. Social media and other digital platforms enable companies to more effectively inform the public about their CSR initiatives and receive feedback from consumers and partners. This allows companies to adapt their strategies to changing public expectations and demands. Technologies are also improving the efficiency of resource use and reducing environmental impact. For example, the Internet of Things (IoT) enables the optimization of production and delivery processes, helping to reduce greenhouse gas emissions and energy consumption.

Conclusions

The research confirms the critical importance of ethics and CSR for the success of international companies in the era of globalization. Key findings include:

1. The need to develop flexible, culturally sensitive CSR strategies that can adapt to different contexts.
2. The importance of integrating CSR with core business strategy to maximize impact.
3. The growing role of technology in implementing and monitoring CSR initiatives.
4. The need to actively involve stakeholders in the development and implementation of CSR programs.
5. Future research perspectives include
6. Exploring the impact of emerging technologies (AI, blockchain) on CSR implementation.
7. Exploring the role of CSR in achieving the UN Sustainable Development Goals.
8. Analyzing the impact of the COVID-19 pandemic on the transformation of CSR practices in international companies.
9. Examine the relationship between CSR and corporate financial performance over the long term.

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