

# SOCIAL RESPONSIBILITY AND MODERN BUSINESS DURING THE GLOBAL CRISIS: THREAT OR OPPORTUNITY FOR THE GUAM MEMBER COUNTRIES

**Alona Tiurina**

National University of Life and Environmental Sciences of Ukraine, Ukraine  
Taras Shevchenko National University of Kyiv, Ukraine

**Iaroslav Petrunenko**

State organization «V. Mamutov Institute of Economic and Legal Research of the National Academy of Sciences of Ukraine», Ukraine

**Shafa Guliyeva**

Azerbaijan State University of Economics (UNEC), Azerbaijan

**Elnara Qazizade**

Western Caspian University, Azerbaijan

**Tahmina Aliyeva**

Azerbaijan State University of Economics (UNEC), Azerbaijan

## ABSTRACT

The article aims to substantiate the relationship between the components of corporate social responsibility in business (CSR) during the economic integration of the GUAM member countries on the principles of sustainable development. We used the questioning to determine the structural elements of CSR of the GUAM member countries and econometrically analyzed the level of development of CSR for each country. The GUAM countries' hierarchical structure of CSR business was established using the Granger causality test and the graph method. This study proves that in times of crisis, along with economic responsibility, a fundamental role is played by national responsibility in ensuring justice, equality, and peace (for Georgia, Azerbaijan, and Moldova). And in the conditions of a full-scale war (in the example of Ukraine), national responsibility, responsibility in ensuring justice and equality, and peace are more significant than economic responsibility. The conclusions obtained are practical and may help develop strategies for effective economic cooperation between countries within the framework of GUAM.

**Keywords:** GUAM; CSR; business; sustainable development; economic cooperation

DOI: <http://dx.doi.org/10.15549/jeeecar.v10i2.1276>

## INTRODUCTION

Since 2017, the beginning of the revival of the Organization for Democracy and Economic Development of GUAM was laid based on an economic corporation, not a political alliance. (Efendiev, 2022). The effectiveness of the country's interaction within GUAM depends on the correctness of the chosen priorities. Undoubtedly, the energy and political aspects have led the GUAM agenda for a long time. Because in the future, the GUAM countries can contribute to the diversification of hydrocarbon supplies to the EU countries. And also seems beneficial to create a transport corridor, "Europe-Caucasus-Asia," connecting two parts of the Eurasian continent (Asia Regional Integration Center, 2023). But the Organization's activities will not be limited only to cooperation in the energy sector. While maintaining continuity in critical areas and projects, the countries have stepped up in implementing large-scale projects to create a standard economic zone and a transport corridor (Ukraine Media Group, 2022). The priority of the Organization's activity was economic cooperation based on the principles of project organization and the complementarity of all participating countries.

The persistence of social, geopolitical, and economic instability in the member countries of the Organization characterizes the current environment for economic cooperation. As a result, the risk of uncertainty has reached the highest level in the last decade. In 2020-2022 alone, businesses experienced global shocks from the spread of the COVID-19 pandemic and the transformation of international security and energy policy caused by Russian aggression against Ukraine (United Nations, 2022a; Guénette, Kenworthy & Wheeler, 2022). At the same time, the problem of environmental degradation has not disappeared but is only exacerbated, which threatens to have comprehensive and irreversible consequences for humanity.

All Heads of the GUAM Member States support the achievement of the Sustainable Development Goals and the results of their adaptation, taking into account the specifics of economic cooperation within the Organization (GUAM, 2023). It is established at the legislative level to achieve sustainable development goals, which are considered in the formation and implementation of the state policy of each GUAM

country. Thus, the Sustainable Development Goals are fixed at the state as guidelines for developing program and forecast documents (United Nations in Georgia, 2023; Government portal, 2023; United Nations in Azerbaijan, 2023; United Nations in Moldova, 2023). Within the combination of the development of economic cooperation between the countries of the GUAM organization and the achievement of sustainable development goals, maximizing the positive social result of business activity becomes an inseparable problem.

Social responsibility (CSR) is the voluntary participation of businesses in developing society on the principles of balanced interaction of its three components: ecology, economy, and culture (Achyldurdyeva, Jaw & Wang, 2019). Over the past decade, CSR has become a traditional business practice in advanced economies. All parties reap long-term benefits: increased business profitability and a qualitative improvement in the external environment (Li, Trinh & Elnahass, 2022; Okafor, Adeleye & Adusei, 2021). CSR successfully solves social problems by reducing poverty and social tension by reducing financial pressure on the state budget through business initiatives, etc. (Achyldurdyeva, Jaw & Wang, 2019). Business' positive social results have become a key issue in achieving Sustainable Development Goals (Fallah Shayan et al., 2022).

The development of CSR in the GUAM countries is very uneven because, for the post-socialist countries, the formation of CSR is not due to the internal need to resolve social problems (unemployment, corruption, discrimination, etc.) but to the external requirement of globalization and international organizations. Positive social results of business have become one of the key issues in achieving Sustainable Development Goals (United Nations, 2022b). Having a significant impact on the country's authority, they predetermine the competitiveness of national companies in international economic relations.

Today, the GUAM countries reflect a positive trend in sustainable development for business. According to The Business Sustainability Ranking 2022 presented by SolAbility, one can judge the gap in CSR by country. The leading positions are occupied by Ukraine, which meets the requirements for the sustainability of the national business by almost 48%, and ranks 43rd

out of 180 countries worldwide. Not far behind Ukraine was Moldova, which ranks 56th in the ranking. A significant gap in business stability in GUAM characterizes Georgia (100th place) and Azerbaijan. Especially Azerbaijan, which only meets the sustainability requirements by 34% and occupies 154 sites worldwide (SolAbility, 2023). Given the significant gap in business sustainability, the level of CSR development within GUAM is conditional and limited to any considerable achievements, which creates an additional burden on the prospects for achieving the goals of sustainable development and economic integration.

Business functioning in the GUAM member countries has a different development and priority in business strategies and other political views. In turn, CSR is the area of activity that (despite the increase in the standardization of the conceptualization of approaches to its development, the impact on business efficiency) is characterized by dependence on regional and national conditions, CSR components, methods of intensification, and priorities in implementation (United Nations, 2022b). Therefore, the GUAM countries have their fundamental differences in the goals and methods of implementing CSR, the justification of which can help the productive economic integration of the participating countries and sustainable development. The search for answers to these questions will ultimately determine the degree of competition, the quality of corporate governance, the investment climate, and the prospects for long-term economic cooperation.

In our article, we attempted to clarify the concept of CSR research, focusing on substantiating the CSR components in the GUAM member countries. Our task was to determine the nature of the interaction between all spheres of social responsibility in business. As well as to identify the most priority aspects of CSR to promote the economic integration of the countries within the framework of GUAM on sustainable development principles.

## LITERATURE REVIEW

In recent decades, the topic of CSR has become one of the most discussed scientific studies on the sustainable development of society. Numerous debates unfolded, which, despite conceptual differences, consolidated the consensus of a fundamental understanding of the

need for the active participation of businesses in solving society's problems (Li, Trinh & Elnahass, 2022; Okafor, Adeleye & Adusei, 2021). First, those related to social justice, environmental and economic sustainability.

Earlier concepts of positive social business outcomes were considered a combination of two components: corporate social performance and corporate social responsibility management (Latapí Agudelo, Jóhannsdóttir & Davídsdóttir, 2019). This approach somewhat limited the understanding of CSR, and later scientific works went beyond the previous concept, exploring CSR within the framework of the multifaceted social activity in a corporation. The real work is the article by Carroll (1979), in which the scientist proposed a three-dimensional model of business responsibility. The first level of CSR presented the components of the social effect of business: ethical, legal, economic, and discretionary. The second level is represented by the reaction of society (rejection, protection, acceptance, and proactivity). In the third dimension, there is a range of social problems for which business takes responsibility (Carroll, 1979). Wartick and Cochran (1985) extended Carroll's model by justifying the need to include in the CSR model the factor of institutional orientation related to managing social problems. Swanson refocused the CSR model from being a socially responsible business to exploring its social responsibilities. The Swanson model formed the basis for formulating fundamental CSR principles, values, and expectations (Swanson & Zhang, 2012).

Despite the variability of the components, most scientists singled out: the economic part of social responsibility, legal, ethical, and philanthropy. As knowledge about the content of each deepened, the scientific discussion about the acceptability of corporation resources and the distribution between different areas (components) of social activity grew increasingly.

The leading concept is Carroll's CSR pyramid, which reflects the subordinated nature of various areas of social responsibility (Carroll, 2016). The pyramid shows the importance of the elements of corporate responsibility in order of importance. The economic sphere of social responsibility is considered the most critical component, and philanthropy is classified as secondary.

But the evolution of studies of the relationship between CSR components has shown deep interpenetrating links between them. Therefore, Schwartz and Carroll (2003) have proposed an alternative model for the dynamic interrelationships of different areas of social responsibility. The so-called intersecting circles model is based on the idea that all elements of CSR are designed to interact harmoniously with each other and contribute to mutual development (Schwartz & Carroll, 2003). All components are equally crucial for creating a positive social impact by the business. This model allows us to indicate the intersection of the correspondence between the values of society and business, reflecting the current socio-economic development priorities, depending on the cultural and organizational context.

The third critical conceptual model in CSR is based on the principles of the normative obligations of corporations concerning social responsibility and represents the interaction of CSR elements in the form of concentric circles (Kanji & Agrawal, 2016). It can be said that this model was aimed at interpreting the subordinated relationships between the components of various areas of social responsibility. Which, in turn, is analogous to the concept of the CSR pyramid (Carroll, 2016). But the concentric model of CSR significantly reduces the role of the economic component of the corporation's social obligations, prioritizing philanthropy in the CSR structure. Attention is focused on the mandatory nature of providing a wide range of social responsibilities by corporations, regardless of economic benefit (Kanji & Agrawal, 2016). But many scientists have proven a direct correlation between profitability and the development of CSR, which to some extent may indicate a curved linearity of relationships between CSR components. This, in turn, can depend on the market conditions in which the corporation operates. Imperfect competition, typical for most industries in post-Soviet countries, neutralizes the significant impact of social expectations to enhance the social activity of the business (Gahramanova, 2020; Valishvili & Lukhutashvili, 2020). Conversely, the responsible behavior of the corporation becomes a key criterion for increasing competitiveness in a highly competitive market and the problems of generating demand.

In general, based on the analysis of scientific literature, it can be argued that CSR is a multi-component and comprehensive concept, the components of which may vary depending on the external and internal conditions for the functioning of a business. (Achyldurdyeva, Jaw & Wang, 2019; Sahiti et al., 2022; Fallah Shayan et al., 2022; Okafor, Adeleye & Adusei, 2021). The main ones are the level of economic development in the country, the ease of doing business, the level of business integration into the global economic environment, the level of spending on social obligations, how the story of profit changes depending on the increase in expenditures for socially valuable activities, etc. (Achyldurdyeva, Jaw & Wang, 2019; Okafor, Adeleye & Adusei, 2021). In this aspect, scientists have long concluded that CSR has its specific content in each case and should be studied on the example of each particular country, company, and business entity.

## METHODOLOGY

The study was based on a survey conducted in December 2022 among the heads of companies registered in Georgia, Ukraine, Azerbaijan, and Moldova, in the management of which foreigners do not have a decisive vote. The survey included the leaders of large, according to the EU classification, companies with 250 employees and more (Eurostat, 2022). The choice of only large companies for this study is because they are mainly oriented toward CSR (United Nations, 2022b). The survey has covered all administrative-territorial units (except for the occupied ones) of the countries under study, all sectors of the economy. The number of companies: 603 in Georgia, 682 in Ukraine, 701 in Azerbaijan, and 526 in Moldova. The survey was conducted remotely and in person.

Company executives were asked to evaluate the degree of CSR manifestation of their company through their contribution to achieving the SDGs on a 9-point scale. The score "1" corresponds to the absence of the company's contribution to the implementation of the SDGs, and "9" - to the company's significant contribution (Google Forms, 2023). The managers were given three days for grading so that there was an opportunity to discuss the ratings with the heads of departments to ensure the objectivity of the survey results. The representativeness of the survey results is also

evidenced by voluntary participation and anonymity. The reliability of the questionnaire was evidenced by the calculated coefficient of Cronbach's alpha, and the value was 0.83 (Hair et al., 2017).

The method of principal components in the Statistica 10 program was used to process the survey results, with the help of which the companies' CSR elements were determined. In the sample, we included scores for all questionnaire questions, companies, and all countries studied. The number of elements is determined by the Kaiser criterion, according to which the CSR components are selected, the eigenvalues of which are not lower than "1" (Menke, 2018). Factor loadings were used to interpret the principal components (CSR elements), and variance was used to confirm the completeness of factorization.

The indicators of CSR elements were calculated using the formula (1). According to the Fibonacci rule, the levels of CSR elements by country have been determined based on these values.

$$R_k = \sum_{i=1}^n \frac{l_i}{\sum l} \times b_i, \tag{1}$$

where  $R_k$  – the value of the indicator for the k-th element of CSR,  $R_k = [1; 9]$ ;

$l_i$  – the weight of the factor load between the k-th CSR element and the i-th variable (question of the questionnaire) formed this CSR component. Элементы КСО сформированы на основе переменных, для которых значения  $l_i \geq 0.7$  (Menke, 2018);

$\sum l$  – the sum of factor loadings for all variables that formed the k-th element of the CSR. The positive values of factor loadings allowed using their sum for calculations;

$b_i$  – the score of the i-th variable (question in the questionnaire),  $b_i = [1; 9]$ ;

$n$  – the number of variables that formed the k-th CSR element.

Using the extended Dickey-Fuller test, we proved the stationarity for indicators of CRS elements that we calculated with the formula (1). The probability that the indicators are non-stationary does not exceed 0.05 at 0 integration level (Table 1). We used the Granger test to establish causal relationships between CSR elements (Rajbhandari & Zhang, 2021). The calculations have been made in the EViews 10 program.

**Table 1:** Stationarity for indicators of CSR business in the GUAM countries for 2022

Indicator	Integration level	Prob*	Indicator	Integration level	Prob
<i>Econ</i>	0	0.02	<i>Nat</i>	0	0.03
<i>Ecol</i>	0	0.01	<i>Eq</i>	0	0.01
<i>Pov</i>	0	0.04	<i>Heal</i>	0	0.02
<i>Cult</i>	0	0.02	<i>Peace</i>	0	0.02
<i>Educ</i>	0	0.00	-	-	-

\* - the probability that the time series is non-stationary; *Econ* - economic responsibility; *Ecol* - environmental responsibility; *Pov* - responsibility for the fight against poverty; *Cult* - responsibility for culture and sports; *Educ* - responsibility for education; *Nat* - national responsibility; *Eq* - responsibility for justice and equality; *Heal* - responsibility for ensuring epidemic safety and health protection; *Peace* - responsibility for peace

Source: Authors' finding

A hierarchical CSR structure for the GUAM countries was built based on the established cause-and-effect relationships between CSR elements. For this, the graph method we used (formula 2):

$$\begin{aligned} Lev = 1, & \quad \text{if } [S(z_i) \cap P(z_i)] = [P(z_i)], \\ Lev = 2, & \quad \text{if } [S(z_i) \cap P(z_i)] \setminus X = [P(z_i) \setminus X], \\ Lev = n, & \quad \text{if } [S(z_i) \cap P(z_i)] \setminus Y = [P(z_i) \setminus Y], \end{aligned}$$

where  $Lev$  – hierarchy level;

$S(z_i)$  – reachable set of a vertex  $z_i$  of a directed

graph – CSR elements, which are directly or indirectly (through other elements) affected by the  $i$ -th element of the CSR

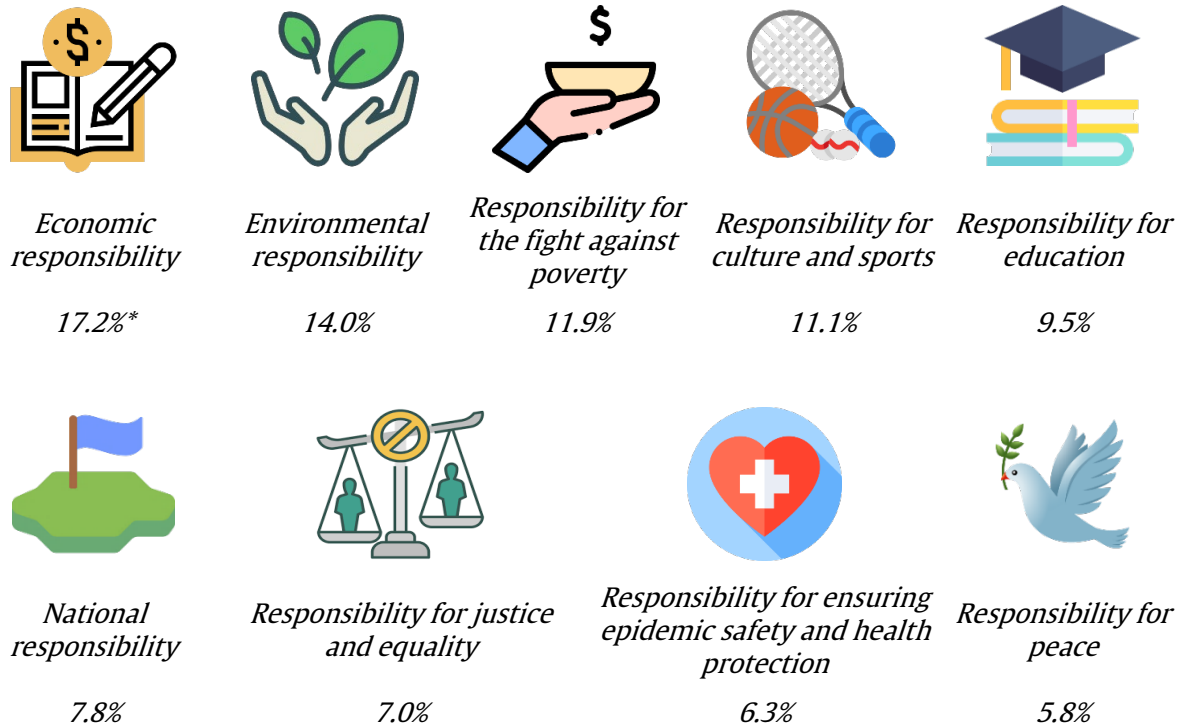
$P(z_i)$  – a set of vertices-predecessors of a directed graph - elements of the CSR that directly or indirectly affect the  $i$ -th components of the CSR;

$X$  – a set of CSR elements that formed the 1st level of the hierarchy (for which  $Lev=1$ );

$Y$  - set of CSR elements that formed the hierarchy levels  $Lev=1, Lev=2, \dots, Lev= n-1$ .

**RESULTS**

Applying the principal component method made it possible to determine the structure of the components for the CSR for the companies in the GUAM countries (Figure 1).



**Figure 1:** CSR elements in GUAM countries

\* - the variance of principal components

Source: Authors' finding

Economic responsibility implies businesses contributing to the country's economic development by paying taxes, creating new jobs, financing start-ups and other activities, and industrial cooperation with the state.

Environmental responsibility is focused on the preservation of the ecosystem, the fight against climate change, implementing measures to switch to renewable energy sources, and energy-saving technologies, controlling emissions into the atmosphere, and pollution of water and soil.

Responsibility in the fight against poverty provides for the financing of measures to combat poverty, hunger, and humanitarian assistance to

needy sections of the population.

Responsibility for culture and sports is manifested through the Organization and financing of sports and cultural events, the construction of sports grounds, financial assistance to cultural institutions, the provision of sports equipment to schools, institutions of professional and higher education, and the improvement of settlements.

Responsibility for education lies in financial assistance to institutions of preschool, secondary, vocational, and higher education, in cooperation with the admission of vocational and higher education graduates for practice, for

work.

National responsibility ensures the state's territorial integrity, social unity, independence, and freedom. Manifested through the provision of intellectual capital, labor resources, and financial and material assistance to the country's armed forces to fight the invaders.

Responsibility to ensure fairness and equality provides for the participation of businesses in the fight against gender and other types of inequality: ensuring equal employment opportunities for men and women, for segments of the population with different incomes, ensuring equal access to company products/services, financing measures to combat inequality and corruption.

Responsibility for ensuring epidemic safety and health protection consists of arranging workplaces in compliance with sanitary and hygienic standards, participation of companies in providing the population with drinking water, and hygiene products, and financial assistance to

medical institutions.

Responsibility for ensuring peace is manifested in the prevention of provocations by the company, the incitement of a military conflict, and the termination of cooperation with aggressor countries.

The statistical significance of the deterministic elements of CSR is evidenced by the following:

- normal law of variables distribution (scores on the questions in the questionnaire);
- the number of observations, which is 65.5 times greater than the variables number;
- the reliability of the questionnaire, confirmed by Cronbach's alpha coefficient;
- cumulative percentage of dispersion in 90.6% (Menke, 2018).

Quantitative characteristics of CSR development per structural components by GUAM member countries are presented in Table 2.

**Table 2:** Quantitative parameters of CSR components by GUAM countries, December 31, 2022

CSR components	Georgia	Ukraine	Azerbaijan	Moldova
	<i>Indicators</i>			
Economic responsibility ( <i>Econ</i> )	5.2*/ M**	5.1/ M	6.1/ H	5.6/ M
Environmental responsibility ( <i>Ecol</i> )	3.1/ L	2.8/ L	3.0/ L	3.9/ L
Responsibility for the fight against poverty ( <i>Pov</i> )	3.7/ L	7.7/ H	3.2/ L	3.9/ L
Responsibility for culture and sports ( <i>Cult</i> )	1.9/ L	1.9/ L	1.5/ L	2.1/ L
Responsibility for education ( <i>Educ</i> )	2.1/ L	1.8/ L	1.7/ L	2.7/ L
National responsibility ( <i>Nat</i> )	1.8/ L	8.1/ H	1.8/ L	2.6/ L
Responsibility for justice and equality ( <i>Eq</i> )	1.6/ L	1.9/ L	1.5/ L	1.8/ L
Responsibility for ensuring epidemic safety and health protection ( <i>Heal</i> )	3.3/ L	6.1/ H	3.1/ L	3.8/ L
Responsibility for peace ( <i>Peace</i> )	2.7/ L	8.0/ H	3.8/ L	3.6/ L

\* - the value of the element development, calculated by the formula (1), \*\* - level of CSR element development: L - low, M - average, H - high

Source: Authors' finding

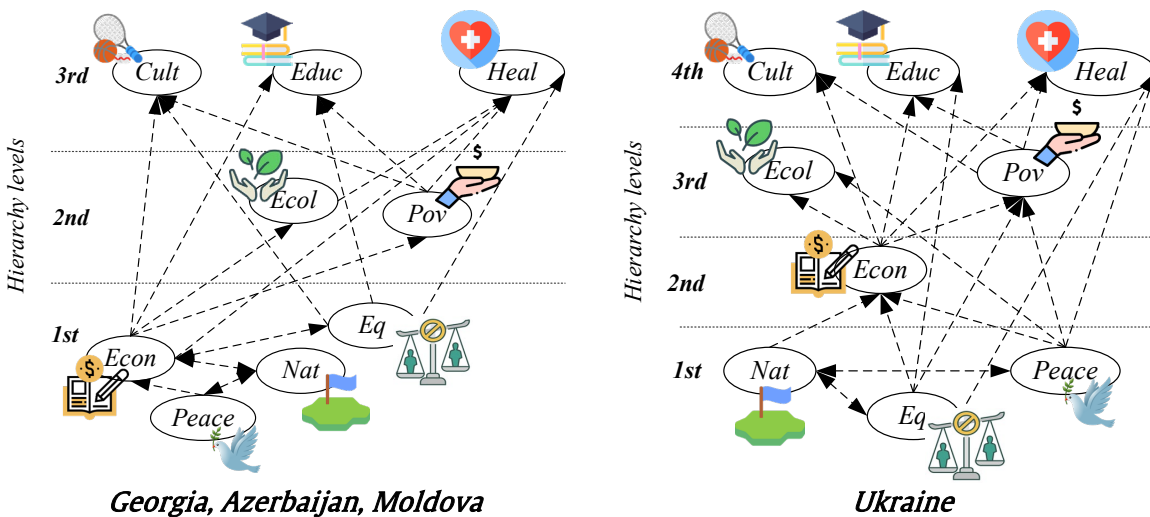
The Granger test was used to determine the relationship between the CSR components and their possible priority in ensuring sustainable development (Table 3). The table shows statistically significant associations between CSR elements.

**Table 3:** Relationships between CSR elements for business in GUAM countries

Influencing element of CSR	Dependent element of CSR	Probability of Static Insignificance	Influencing element of CSR	Dependent element of CSR	Probability of Static Insignificance
<i>Georgia, Azerbaijan, Moldova</i>			<i>Ukraine</i>		
<i>Econ</i>	<i>Ecol</i>	0.03	<i>Econ</i>	<i>Ecol</i>	0.03
<i>Econ</i>	<i>Pov</i>	0.01	<i>Econ</i>	<i>Pov</i>	0.01
<i>Econ</i>	<i>Cult</i>	0.01	<i>Econ</i>	<i>Cult</i>	0.01
<i>Econ</i>	<i>Educ</i>	0.00	<i>Econ</i>	<i>Educ</i>	0.02
<i>Econ</i>	<i>Nat</i>	0.04	<i>Econ</i>	<i>Heal</i>	0.02
<i>Econ</i>	<i>Eq</i>	0.04	<i>Pov</i>	<i>Cult</i>	0.04
<i>Econ</i>	<i>Heal</i>	0.00	<i>Pov</i>	<i>Educ</i>	0.03
<i>Ecol</i>	<i>Heal</i>	0.02	<i>Pov</i>	<i>Heal</i>	0.01
<i>Pov</i>	<i>Cult</i>	0.03	<i>Nat</i>	<i>Econ</i>	0.02
<i>Pov</i>	<i>Educ</i>	0.03	<i>Nat</i>	<i>Eq</i>	0.01
<i>Pov</i>	<i>Heal</i>	0.03	<i>Nat</i>	<i>Peace</i>	0.00
<i>Nat</i>	<i>Econ</i>	0.02	<i>Eq</i>	<i>Econ</i>	0.02
<i>Nat</i>	<i>Peace</i>	0.02	<i>Eq</i>	<i>Pov</i>	0.00
<i>Eq</i>	<i>Econ</i>	0.00	<i>Eq</i>	<i>Educ</i>	0.01
<i>Eq</i>	<i>Cult</i>	0.01	<i>Eq</i>	<i>Nat</i>	0.02
<i>Eq</i>	<i>Educ</i>	0.00	<i>Eq</i>	<i>Heal</i>	0.04
<i>Eq</i>	<i>Heal</i>	0.00	<i>Peace</i>	<i>Econ</i>	0.00
<i>Peace</i>	<i>Nat</i>	0.00	<i>Peace</i>	<i>Ecol</i>	0.01
<i>Peace</i>	<i>Econ</i>	0.01	<i>Peace</i>	<i>Pov</i>	0.00
-	-	-	<i>Peace</i>	<i>Nat</i>	0.00
-	-	-	<i>Peace</i>	<i>Heal</i>	0.00

Source: Authors' finding

Using the data from Table 3 and the graph method, the hierarchical structure of CSR in the GUAM countries was established (Figure 2).



**Figure 2:** Hierarchical structure of CSR business by GUAM countries

Source: Authors' finding



## DISCUSSION AND CONCLUSION

Economic responsibility is most developed among the GUAM countries (except for Ukraine). The development of this responsibility is because, in addition to helping the state, it also provides for the economic development of the business itself. Creating jobs increases the volume of trade and profits of the company, finance start-ups - to find partners and, in the long term, get economic benefits, and industrial cooperation with the state - to get mutual benefits. Economic responsibility in Azerbaijan is developed at a high level (6.1 points out of 9 maximum) for other countries - at an average level (Georgia - 5.2 points, Ukraine - 5.1 points, Moldova - 5.6 points).

The development of CSR elements is significantly different from other countries due to the war in Ukraine. The war and the threat of loss of nationality, physical destruction of business, and death of the population provoked the development of national responsibility and responsibility for ensuring peace (these CSR elements are highly developed). Other countries, although characterized by political instability and military conflicts in the past, have not been victims of full-scale war in modern history. Therefore, the national responsibility and responsibility for ensuring peace is characterized by a low level of development.

Due to the significant casualties in Ukraine, the responsibility for ensuring epidemic safety and protecting health is high. This is explained by injuries, diseases of the civilian population provoked by the war, the need for medical care for the military and volunteers, the lack of drinking water, and the necessary sanitary conditions in the temporarily occupied territories in 2022. In addition to the damage to health, the war increased poverty in the country: the destruction of residential buildings, job cuts, non-payment of wages, the inability to harvest, and the export of food and things from the temporarily occupied territories. The responsibility of big businesses for poverty was high (7.7 points).

Other CSR elements in Ukraine are developed at a low level and are aimed mainly at eliminating the consequences of the war.

In Georgia, Azerbaijan, and Moldova, in addition to economic responsibility, also developed accountability for poverty (3.2-3.9 points for countries), responsibility for ensuring

epidemic safety and health protection (3.1-3.8 points), and environmental responsibility (3.0 - 3.9 points). The interest of companies in developing environmental responsibility (besides the positive effect on the state) is also due to economic benefits in the future. For instance, reduced energy costs and the absence of fines that companies must pay if they are a violation of environmental standards.

The structure of CSR business for Georgia, Azerbaijan, and Moldova have a 3-level system, and for Ukraine - a 4-level one. The 1st level of the hierarchy includes the fundamental elements of CSR, which influence the development of others. This is a national responsibility and responsibility for ensuring peace, justice, and equality. These SCR elements aim to preserve statehood, forming the trust that underlies the business CSR and on which the effectiveness of CSR depends.

In addition to the above elements of CSR, for Georgia, Azerbaijan, and Moldova, the 1st level of the hierarchy is also represented by economic responsibility. For Ukraine, this is the 2nd level of the order. Economic development determines the possibility of financing educational, cultural, sports, and healthcare institutions, environmental costs, financial assistance to vulnerable population segments, and wage value.

For Georgia, Azerbaijan, and Moldova, the threats to sustainable development are mainly the low development of the fundamental CSR elements:

Shared responsibility for ensuring justice and equality;

Underestimation of national responsibility and responsibility for ensuring peace for sustainable development is especially relevant in connection with the precedents in modern history in the encroachment on the territorial integrity of these countries.

The prospects for sustainable development for Georgia, Azerbaijan, and Moldova is a business orientation towards economic responsibility.

For Ukraine, the key to victory in the war and the prospects for military reconstruction is a high development of national responsibility and responsibility for ensuring peace. Threats to action are a low responsibility in ensuring justice and equality. Corruption in the country and discrimination based on social status cause

distrust of business and hinder the growth of other elements of CSR.

The identified fundamental elements of CSR (except for economic responsibility) do not imply direct financial benefits for companies. The indirect economic benefit arises from improving the corporate reputation of companies involved in CSR, investor interest growth, and buyers' and partners' trust (Okafor, Adeleye & Adusei, 2021). But in a crisis, the financial capabilities of investors, buyers, and businesses are limited. In conditions of uncertainty, investors prefer reliable and developed markets and financially stable companies (Ismawati, Neskrodieva & Pustovhar, 2023; Kearney, 2022). CSR development is possible in such situations due to government subsidies and tax incentives (Georgaraki, 2011; Wenqi et al., 2022).

A high level of corruption characterizes the GUAM countries. In 2022, Georgia ranked 41st out of 180 countries in the corruption perceptions index, with an index value of 56 points out of 100 maximum possible (the higher the score, the higher the rating, the lower corruption). In Ukraine, the index value was 33 points (116th place), and in Azerbaijan, 23 points (157th location). In Moldova, 39 points (91st place) (Transparency International, 2023). In addition to financial incentives, the development of CSR requires forming a non-corrupt environment in the state to increase business confidence.

According to the most common approach, social responsibility involves economic, social, and environmental development (Achyldurdyeva, Jaw & Wang, 2019). In contrast to this approach, this study considered such elements of social responsibility as economic, environmental, and national responsibility, responsibility for poverty, ensuring justice and equity, epidemic safety and health protection, peace, culture, and sports, and for education. The obtained results correlate with those (Carroll, 2016). Still, the structure of CSR is adapted to the conditions of the global crisis and political instability in which the GUAM countries are today. It has been empirically proven that CSR during the crisis has a hierarchical structure in contrast to follow-ups (Schwartz & Carroll, 2003; Kanji & Agrawal, 2016). The hierarchical structure has been explored in studies (Carroll, 2016; Achyldurdyeva, Jaw & Wang, 2019), which have proven the fundamental role of

economic responsibility.

This study does not assess in the future the impact of CSR and the development level of its elements on the sustainable development of countries due to unprecedented political conditions in modern history. These aspects will form the basis for our future scientific research.

## REFERENCES

- Achyldurdyeva, J., Jaw, B.-S., & Wang, C. Y.-P. (2019). Foreign companies' CSR themes and objectives in Central Asia. *Journal of Eastern European and Central Asian Research (JEECAR)*, 6(2), 331-343.  
<https://doi.org/10.15549/jeecar.v6i2.279>
- Asia Regional Integration Center. (2023). *Transport Corridor Europe Caucasus Asia*.  
<https://aric.adb.org/initiative/transport-corridor-europe-caucasus-asia>
- Carroll, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *The Academy of Management Review*, 4(4), 497-505.  
<https://doi.org/10.2307/257850>
- Carroll, A. B. (2016). Carroll's pyramid of CSR: taking another look. *Int J Corporate Soc Responsibility* 1, 3.  
<https://doi.org/10.1186/s40991-016-0004-6>
- Efendiev, A. (2022). GUAM and Modern Realities: 23rd Issue of the Scientific Yearbook 'Ukraine Diplomatic.'  
<https://bit.ly/3jr32Al>
- Eurostat. (2022). Structural business statistics overview. <http://bit.ly/3I9ZkLV>
- Fallah Shayan, N., Mohabbati-Kalejahi, N., Alavi, S., & Zahed, M.A. (2022). Sustainable Development Goals (SDGs) as a Framework for Corporate Social Responsibility (CSR). *Sustainability*, 14, 1222.  
<https://doi.org/10.3390/su14031222>
- Gahramanova, Sh. (2020). The Role of the Corporate Social Responsibility in Sustainable Development of Small and Medium Enterprises in Azerbaijan. 37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development." Baku, 1254-1260.
- Georgaraki, D. (2011). Tax incentives in corporate social responsibility. *Global*

- Conference on Innovations in Management, 142-163.
- Google Forms. (2023). Business Corporate Social Responsibility Assessment. <https://bit.ly/3YcHlml>
- Government portal. (2023). Sustainable Development Goals and Ukraine. <https://www.kmu.gov.ua/en/cili-stalogo-rozvitku-ta-ukrayina-eu>
- Organization for Democracy and Economic Development-GUAM. (2023). About Guam. <http://bit.ly/3X2xGgV>
- Guénette, J.-D., Kenworthy, P., & Wheeler, C. (2022). Implications of the War in Ukraine for the Global Economy. <https://bit.ly/3JCXvBg>
- Hair, J. F., Hult, G. M., Ringle, C. M., & Sarstedt, M. (2017). A primer on partial least squares structural equation modeling (PLS-SEM). Thousand Oaks, CA: Sage Publications.
- Ismawati, L., Neskorodieva, I., & Pustovhar, S. (2023). Influence of economic factors on the share's value through the concepts of the life cycle: The case of Indonesia. *Journal of Eastern European and Central Asian Research (JEECAR)*, 10(1), 114-124. <https://doi.org/10.15549/jeecar.v10i1.1049>
- Kanji, R., & Agrawal, R. (2016). Models of corporate social responsibility: Comparison, evolution, and convergence. *Kozhikode Soc. Manag. Rev.*, 5, 141-155
- Kearney. (2022). Optimism dashed. The 2022 FDI Confidence Index. <https://www.kearney.com/foreign-direct-investment-confidence-index/2022-full-report>
- Latapí Agudelo, M.A., Jóhannsdóttir, L., & Davídsdóttir, B. (2019). A literature review of the history and evolution of corporate social responsibility. *Int J Corporate Soc Responsibility*, 4, 1. <https://doi.org/10.1186/s40991-018-0039-y>
- Li, T., Trinh, V., & Elnahass, M. (2022). Drivers of Global Banking Stability in Times of Crisis: The Role of Corporate Social Responsibility. Wiley Online Library. <https://doi.org/10.1111/1467-8551.12631>
- Menke, W. (2018). Factor Analysis. *Geophysical Data Analysis (Fourth Edition)*. New York: Academic Press, 207-222.
- Okafor, A., Adeleye, B. N., & Adusei, M. (2021). Corporate social responsibility and financial performance: Evidence from U.S tech firms. *Journal of Cleaner Production*, 292, 126078. <https://doi.org/10.1016/j.jclepro.2021.126078>
- Rajbhandari, A., & Zhang, F. (2021). Does Energy Efficiency Promote Economic Growth? Evidence from a Multi-Country and Multi-Sector Panel Data Set. World Bank Group. <https://documents1.worldbank.org/curated/en/957991496167336779/pdf/WPS8077.pdf>
- Sahiti, A., Alshiqi, S., Neskorodieva, I., Sahiti, A., & Bekteshi, X. (2022). Managing Credit Risk Strategies for Commercial Banks: The Case of Kosovo. *Journal of Eastern European and Central Asian Research (JEECAR)*, 9(2), 309-318. <https://doi.org/10.15549/jeecar.v9i2.847>
- Schwartz, M.S., & Carroll, A.B. (2003). Corporate Social Responsibility: A Three-Domain Approach. *Business Ethics Quarterly*, 13(4), 503-530. <http://www.jstor.org/stable/3857969>
- SolAbility. (2023). 2022 Business Sustainability Ranking. <https://bit.ly/3HE7nIt>
- Swanson, L.A., & Zhang, D.D. (2012). Perspectives on corporate responsibility and sustainable development. *Management of Environmental Quality: An International Journal*, 23(6), 630-639
- Transparency International. (2023). Corruption Perceptions Index. <https://www.transparency.org/en/cpi/2022>
- Ukraine Media Group. (2022). Ukraine, Georgia, Azerbaijan, and Moldova will create a free trade zone. <http://bit.ly/3Hx5Jlx>
- United Nations in Azerbaijan. (2023). Our Work on the Sustainable Development Goals in Azerbaijan. <https://azerbaijan.un.org/en/sdgs>
- United Nations in Georgia. (2023). Our Work on the Sustainable Development Goals in Georgia. <https://georgia.un.org/en/sdgs>
- United Nations in Moldova. (2023). Our Work on the Sustainable Development Goals in Moldova. <https://moldova.un.org/en/sdgs>
- United Nations. (2022a). Impact of the Covid-19 Pandemic on Trade and Development. [https://unctad.org/system/files/official-document/osg2022d1\\_en.pdf](https://unctad.org/system/files/official-document/osg2022d1_en.pdf)

- United Nations. (2022b). The Sustainable Development Goals Report 2022. <https://bit.ly/3DDHpmT>
- Valishvili, T., & Lukhutashvili, N. (2020). Corporate Social Responsibility in Georgia. Public communication in science: philosophical, cultural, political, economic and IT context, 1, 12-14. 10.36074/15.05.2020.v1.03.
- Wartick, S.L., & Cochran, P.L. (1985). The evolution of the corporate social performance model. *Academy of Management Review*, 10, 4, 758–769.
- Wenqi, D., Khurshid, A., Rauf, A., & Cantemir Calin, A. (2022). Government subsidies' influence on corporate social responsibility of private firms in a competitive environment. *Journal of Innovation & Knowledge*, 7, 2, 100189. <https://doi.org/10.1016/j.jik.2022.100189>
- World Bank Group (2022). Implications of the War in Ukraine for the Global Economy <https://bit.ly/3YsBN6W>

## ABOUT THE AUTHORS

Alona Tiurina, e-mail:

[aagrebennikova@gmail.com](mailto:aagrebennikova@gmail.com)

**Alona Tiurina**, Ph.D. in Economics, Associate Professor, Department of Administrative Management and Foreign Economic Activity, National University of Life and Environmental Sciences of Ukraine; Department of Environmental Management and Entrepreneurship, Taras Shevchenko National University of Kyiv, Ukraine.

**Iaroslav Petrunenko**, Doctor of Juridical Science, Professor, Senior Researcher, State organization «V. Mamutov Institute of Economic and Legal Research of the National Academy of Sciences of Ukraine», Ukraine.

**Shafa Guliyeva**, Professor, Azerbaijan State University of Economics (UNEC), Azerbaijan.

**Elnara Qazizade**, Associate professor, Deputy Dean of the School of Political and Social Sciences, Western Caspian University, Azerbaijan.

**Tahmina Aliyeva**, Ph.D. in Economics, Associate Professor, Department of Finance and Audit, Azerbaijan State University of Economics (UNEC), Azerbaijan.