

# Opportunities for improving the corporate social responsibility programs for metallurgical companies in the Arctic

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A comparative analysis is carried out on the programs of corporate social responsibility (CSR) of the largest mineral- and raw-materials-processing metallurgical companies operating in the Arctic region, such as PJSC "Norilsk Nickel MMC" and PJSC "Severstal". The diagnosing methodology of the internal and external trends in the development of CSR, developed by Dambovskaya A. A., was selected to conduct the analysis. The following results were obtained according to the criteria (PJSC "Norilsk Nickel MMC" / PJSC "Severstal"): for remuneration and motivation it is 4/3; for professional training, development and adaptation of staff it is 3/1; for labor protection it is 3/3; for social programs and social infrastructure it is 3/2; for implementation of charitable programs it is 4/2; for the realization of sponsorship programs it is 4/3; for the development of the region's infrastructure it is 3/2; for the investments in environmental activities it is 2/2. The results of the final evaluation of companies allowed making the conclusion that PJSC "Norilsk Nickel MMC" has higher level of development and better implementation of CSR programs if compared to PJSC "Severstal" in terms of both external and internal directions (13 points against 9 points). According to the results obtained from the analysis, the most vulnerable and less-developed areas of CSR for both companies have been identified. These are the external directions of the program of "Development of the regional infrastructure" and "Investments in environmental measures". The results of the analysis can be applied by metallurgical companies in order to adjust and improve the CSR programs. In the future, it is planned to conduct a comparative analysis of both the corporate social responsibility programs of the largest companies in the Arctic, as well as the evaluation methods, in order to identify the most objective methods of research, and develop recommendations.

**Key words:** corporate social responsibility, the Arctic, human resources, metallurgy, mineral and raw materials complex, Norilsk Nickel, Severstal.

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## Introduction

The demand to evaluate the corporate social responsibility programs for companies operating in the Arctic is conditioned by the need to address the problem of attracting and securing human resources in this region. The state strategy for the development of the Arctic requires the attraction of human resources; the areal situation indicates the outflow of population from the northern regions [1].

Severe climatic conditions, a shortage of key infrastructural elements in the Arctic region and imperfection of the legislative norms and government programs to support personnel implementing projects for the development of Arctic facilities require companies to inde-

pendently engage qualified personnel [2]. Currently, the region is experiencing an acute shortage of manpower, which is ready to work not only on an ongoing basis, but also through a shift method [3–4]. However, for companies, such as PJSC "Norilsk Nickel MMC" and PJSC "Severstal", the latter method is unacceptable. In addition, compliance with CSR requirements has long been the rule for these companies [5].

The paper compares CSR programs of the largest companies of the metallurgical complex operating in the Arctic – PJSC "Norilsk Nickel MMC" and PJSC "Severstal". The choice of research objects is due to the great influence these companies have on the regions of their presence, as well as their recognition as leaders in achieving sustainable development goals based on CSR [5].

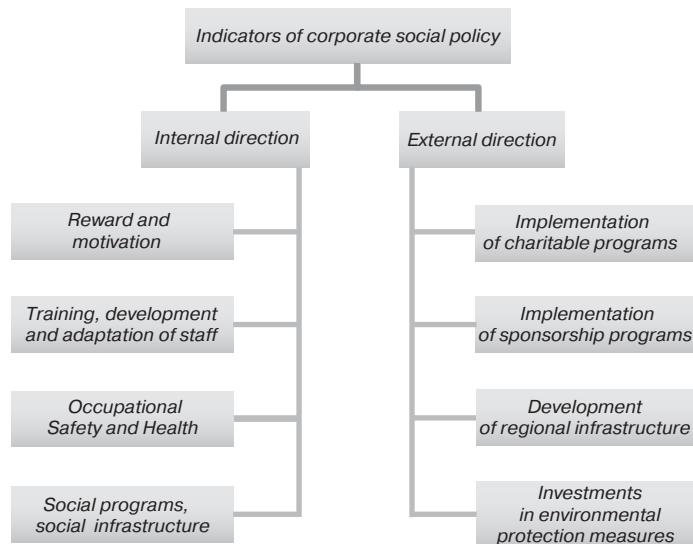


Fig. 1. Characteristics of the evaluation of CSR programs

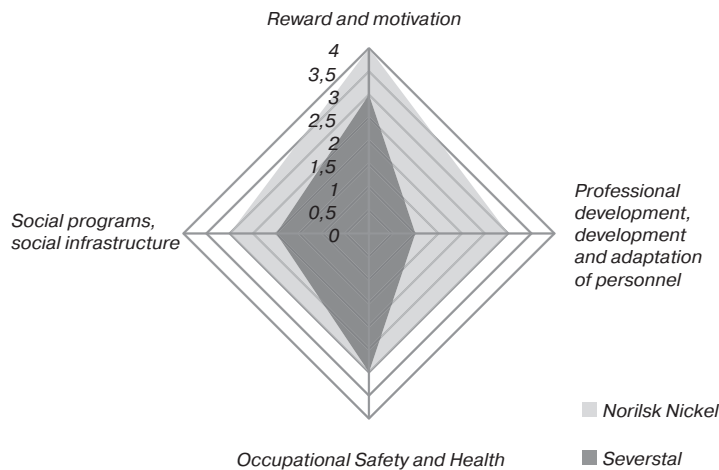


Fig. 2. Results of Diagnostics. Internal direction for company

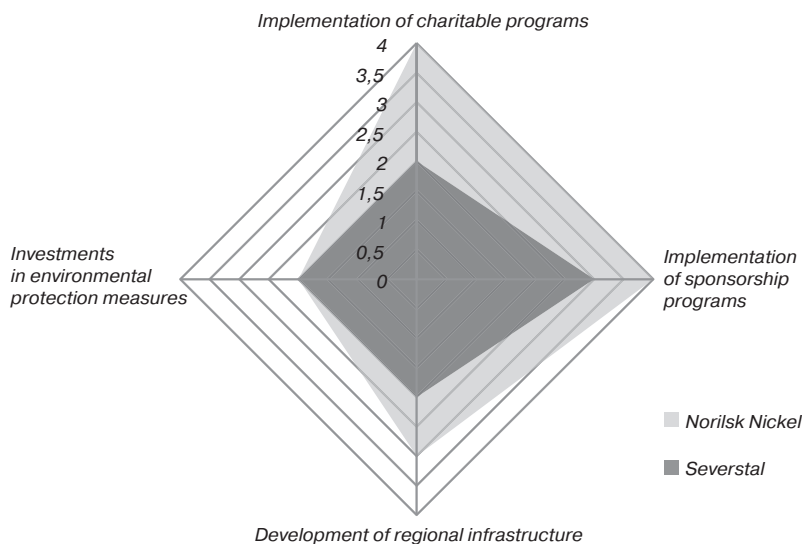


Fig. 3. Results of Diagnostics. External direction for company.

## Methodology

To select the method of research, the existing domestic and foreign sources of literature were analyzed [6–12]. In order to conduct a qualitative analysis of the CSR programs of metallurgical companies, a new method was developed by Dambovskaya A. A. for diagnosing internal and external trends in the development of corporate social programs [11]. The aim of diagnostic is to determine the satisfaction level in the ongoing CSR programs by company personnel. This method was used to identify the possibility of improving the CSR programs of the analyzed companies. Diagnostic directions (internal and external) and within the framework of these directions, the characteristics for which the assessment is given are highlighted. When diagnosing the internal direction of corporate social policy, such indicators as “Remuneration and motivation”, “Professional training, development and adaptation of personnel”, “Labor protection”, “Social programs, social infrastructure” were used. For the diagnosis of external directions of CSR programs, evaluations are given using the following characteristics: “Implementation of charitable programs”, “Implementation of sponsorship programs”, “Development of the infrastructure of the region”, “Investments in environmental protection measures”. Fig. 1 shows the indicators for which the analysis was performed.

## Results and discussion

A comparative analysis was performed on the basis of the publicly available information related to the CSR of the PJSC “Norilsk Nickel MMC” and PJSC “Severstal” companies and the results are presented in the form of an information map (Table 1).

The resulting information map was analyzed using a diagnostic map [10]. According to the methodology, companies were awarded points (from 1 to 4) for each evaluation criterion. Fig. 2 and Fig. 3 show the results obtained from the external and internal areas, respectively, allowing to assess the effectiveness of corporate social programs for each of the directions.

The final evaluation of the CSR programs of PJSC “Norilsk Nickel MMC” was 13, while that of PJSC “Severstal” was 9.

Table 1

## Corporate Social Policy Information Card [13–15]

	Indicators	PJSC “Norilsk Nickel MMC”	PJSC “Severstal”
Internal direction of CSR	Reward and motivation	<ol style="list-style-type: none"> <li>1. The average salary is 94.2 thousand rubles.</li> <li>2. Application of the progressive approach in the personnel remuneration system based on grades.</li> <li>3. Fixed and bonus part of salaries.</li> </ol>	<ol style="list-style-type: none"> <li>1. The average salary is 64.49 thousand rubles.</li> <li>2. The system of incentives and bonuses to employees is documented.</li> <li>3. Raising the level of salaries and employee involvement.</li> </ol>
	Professional training, development and adaptation of personnel	The program for the development of human capital identified priority areas: continuous training throughout the work life; strengthening of the personnel reserve; targeted approach to social packages, etc. Corporate training centers have been set up in Norilsk and Monchegorsk.	Complex system of personnel development and training. Program of adaptation and development of new employees.
	Occupational Safety and Health	The workplace is certified. Training of personnel on OSH in the organization is conducted on regular basis.	The workplace is certified. Training of personnel on labor protection in the organization is regularly conducted.
	Social programs, social infrastructure	<ol style="list-style-type: none"> <li>1. Holiday in the sanatorium of “Zapolyarye”, which belongs to the company;</li> <li>3. Support of sports, sections on mini-football, volleyball, hockey, etc., as well as family sports (“Polar Olympics”);</li> <li>4. Housing programs for employees (“Our houses”, “My house”);</li> <li>5. Pension programs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Voluntary health insurance.</li> <li>2. The health program for the employees of the company of “Zdorovye Severstali”.</li> <li>3. Corporate housing programs.</li> <li>4. The program of pension provision and support of pensioners.</li> </ol>
External direction of CSR	Implementation of charitable programs	<ol style="list-style-type: none"> <li>1. Resettlement program.</li> <li>2. Support for indigenous peoples of the North.</li> <li>3. The program of “The World of Good Opportunities” (development of social competencies of representatives of the local community, demonstration and introduction of new social technologies).</li> <li>4. Maintaining and stimulating public initiatives, creating conditions for the development of intersectoral partnerships).</li> <li>5. Sponsorship programs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Support of children’s creative projects</li> <li>2. Assistance and support for children with disabilities.</li> <li>3. Charity programs for the prevention of orphanhood, support for social institutions, NGOs, community social initiatives.</li> </ol>
	Implementation of sponsorship programs	<ol style="list-style-type: none"> <li>1. Sponsoring the mountain resort of “Rosa Khutor”.</li> <li>2. Assistance in the implementation of the Olympic educational programs of the Russian International Olympic University.</li> <li>3. Support of the International Federation of Student Sport.</li> <li>4. Support for the TsSKA basketball club.</li> <li>5. Support for the mini-football club “Norilsk Nickel”.</li> <li>6. Assistance in conducting the XXIX World Winter Universiade in Krasnoyarsk.</li> </ol>	<ol style="list-style-type: none"> <li>1. Support of culture and art, sponsorship of leading theaters / museums / exhibitions.</li> <li>2. Support and development of sports, regional sports and mass events.</li> <li>3. Cooperation with leading universities of the country, conducting profile programs.</li> </ol>
	Development of regional infrastructure	Participation in the development of the region’s infrastructure is regular, on its own initiative, within the limits of the funds provided for by the social budget.	Agreement with regional authorities and a number of municipalities on cooperation in the social and economic sphere. Programs to support small and medium-sized businesses, the development of social entrepreneurship in the regions of presence.
	Investments in environmental protection measures	Environmental management system. In 2016, the cost of environmental protection amounted to 25.7 billion rubles. (+ 8.9% by 2015)	The program of energy saving, increasing the energy efficiency of the Cherepovets Metallurgical Plant for 2015–2019. Environmental management company complies with ISO standards.

### Conclusions

Comparative analysis of CSR programs, according to the authors, showed that the company PJSC “Norilsk Nickel MMC” has better performance compared to that of PJSC “Severstal”. The higher result of PJSC “Norilsk

Nickel MMC” in the internal direction of corporate social policy in terms of indicators characterizing the direction of “Remuneration and motivation” is determined by the use of the grant system. Note: the higher average wage is connected with the regional ratio (1.8) and Northern increments. In the external direction, the best indicators

such directions as “Implementation of charitable programs” due to a well-thought-out system of programs to support various socially unprotected groups and “Realization of sponsorship program”, through a variety of sport occasions. However, in the direction of “Investments for environmental protection”, the environment in Norilsk requires further efforts of the company and to increase investment in the realization of environmental programs.

PJSC “Severstal” received a high score for its performance in the “Implementation of sponsorship programs”, considering the versatility of the implemented projects (sports, cultural, educational).

According to the authors, there are opportunities for improving activities in such external areas, such as “Development of the infrastructure of the region” and “Investments in environmental measures”. The attraction of labor resources to the Arctic regions requires the creation of a full-fledged infrastructure suitable for human life and objects of culture and life. Therefore, companies can be encouraged to increase the investment of CSR programs in these areas.

The authors outline further studies on the study of various methods and approaches for evaluating corporate social responsibility programs of companies and their improvement using the electronic library of corporate practices of the Russian Union of Industrialists and Entrepreneurs, with the identification of companies operating in the Arctic region of the Russian Federation.

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