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## THE PRACTICE AND DRIVERS OF CSR DISCLOSURE AMONG THE BLUE-CHIP COMPANIES IN NORTH MACEDONIA

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### **Abstract**

*Non-financial reporting is becoming an increasingly common topic of discussion and is a matter of time before it is regularly implemented around the world. Stakeholders want to see how companies contribute to the common good and what social activities they undertake, and although in the Macedonian practice Corporate Social Responsibility (CSR) disclosure is not mandatory, there is a growing intention to publicly disclose information about social activities. CSR is extremely important for businesses and other stakeholders, and it requires businesses to develop a corporate strategy that balances environmental, social, and ethical concerns. Through this type of activities, companies manage to increase their influence in society, to leave a good impression but also to contribute to the improvement of society and place of living, which is a win-win situation for everyone.*

*The paper aims to examine the level of CSR reporting in domestic practice, through research conducted on the blue-chip companies listed on the Macedonian Stock Exchange. We analyzed the financial and annual reports and official websites of the joint stock companies that were part of the MBI10 index in the period from 2016 to 2020. First, a literature review of the CSR is presented, followed by an empirical framework on the CSR's indicators and the state of the CSR in the Macedonian practice. Our findings from the conducted content analysis and Spearman rank-order correlation coefficient, show that larger and more profitable companies show a greater propensity for social responsibility and disclose more information about their undertaken social related activities.*

*Keywords: CSR, non-financial disclosure, North Macedonia*

*JEL Classification: M14, M40*

## Introduction

Corporate Social Responsibility (CSR) is a voluntary commitment to sustainable development by a firm that goes beyond regulatory obligations (Carroll, 2006; Gamerschlag et al., 2011) and may be thought of as a cross linkage between business and society or collectivity. In response to demands that businesses be more accountable for their behavior, the scope of voluntary CSR reports has been increased in recent years (KPMG, 2020). Large corporations now devote a significant amount of time and money to release information on their social and environmental performance, because social responsibility is a way for a company to express its philanthropy and goodwill to contribute to the betterment of society. Social responsibility is increasingly imposed by the environment due to the growing interest of stakeholders in non-financial information that describes the performance and way of working of an organization. On the other hand, companies see social responsibility as a marketing tool to attract investors.

The concept of corporate social responsibility aims to provide each company with greater capabilities to create sustainable development. The basic perspective and essence of the existence of the CSR is primarily aimed at stakeholders, who are defined as all those with a critical eye of corporate actors (Bowmann-Larsen & Wiggen, 2004).

One of the most important aspects in the process of social evaluation of businesses is to distinguish between legal responsibility in terms of compliance with laws and regulations and social responsibility, which, contrary to the law, means a voluntary response and proactivity in solving social problems in society (Terziev, 2012). Social expectations for companies are increasing over time and the need and pressure for non-financial reporting in which companies would state what they have done for the common good of all is becoming more active. All this is confirmed by the topicality, established directives and guidelines for non-financial reporting, the pressure for increased transparency from stakeholders, the number of journal articles, etc.

In the past period, in North Macedonia it was determined that the concept of social responsibility was insufficiently and incompletely understood by companies, hence there is a need for additional research in this area. Namely, the topic covered in this paper is current, relevant, and insufficiently researched in North Macedonia, and the paper contributes for existing literature in a way that establishes the relationship between the CSR reporting and the size and profitability of the analyzed companies.

By referring to existing literature, the paper points to the level of CSR reporting in North Macedonia, through analysis of CSR reporting of twelve blue-chip companies listed on the Macedonian Stock Exchange for the period of five years.

Content analysis, Descriptive statistics, and Spearman rank-order correlation coefficient were used to analyse the collected data. The analysis was done using the SPSS software.

The paper is conceived in the sections as follows i.e., Introduction, Literature Review on the popularity and significance of CSR, Empirical Framework in which the methodologies and results of previous research are included, CSR Disclosure in Macedonian Practice, Research Methodology, Results and Discussion, and finally, Conclusion that summarizes all the findings of the research, discloses research limitations, and provides recommendations for future research.

## Literature review

Corporate Social Responsibility (CSR) means the voluntary contribution of companies to the sustainable development and improvement of society as a whole through activities that are primarily voluntary (Gamerschlag et al., 2011). CSR reporting is the systematic disclosure of information on the environmental and social performance of companies. The term social performance is widely used and refers to social, environmental, and business issues that are not normally included in financial performance indicators.

Social responsibility as one of the most popular world topics today, and the growing number of self-initiated philanthropic activities is of utmost importance for the long-term success of companies. CSR is one of the key factors for the competitiveness of companies, better market consolidation and trust among stakeholders by improving the overall corporate image and reputation of the company (Gardiner et al., 2003; Worcester, 2009). In other words, it can be said that the CSR is a kind of marketing and strategic activity (McWilliams et al., 2006). There are differing views on the need to establish a legal framework for publishing non-financial data in annual reports or transparency reports that would describe the company's role in improving society (Mies & Neergaard, 2020). Some claim that regulation has a positive impact on CSR reporting, while others believe that the voluntary nature of CSR reporting is crucial (Romolini et al., 2014). If the regulation is analyzed from two different perspectives, i.e., strict regulation or complete voluntariness, positive and negative results emerge from both aspects. In the case of strict government regulation, all companies fall within the mandatory scope, because the legislation generally establishes uniform requirements for all companies within the jurisdiction or categories defined by law (Jackson et al., 2020). These regulations aim to increase transparency, thus reducing information asymmetry between companies and stakeholders. The European Union approved a non-financial reporting Directive (2014/95/EU) in 2014 to regulate the non-financial information of large, listed companies. The directive requires reporting on policies, actions taken, and results related to their impact on society, in terms of the environment, employees, society, human rights and corruption. Supporters of voluntary CSR argue that there is no need for the government to participate in CSR activities because the market provides sufficient incentives for companies to get involved in CSR programs (Dave, 2017), but on the other hand, whether CSR remains voluntary or CSR becomes mandatory, the role of government in CSR is not deniable because they can stimulate voluntary CSR through preferential treatments, permits, monitoring, and subsidies or deregulation (Halkos & Nomikos, 2021). Social responsibility by its very essence and nature indicates the voluntary activities and philanthropy of the company to participate in the betterment of society, which means that it is associated with ethics and values, and not with laws and penalties (Dave, 2017). Social responsibility should be embraced because it is wanted, not because it is necessary, the essence of the deeds will be lost, and the laws can be fulfilled but deceived. Dave (2017) points out that if the company decides not to be socially responsible, it is the stakeholders who will change their view of the company and punish its behavior.

The practical implication of CSR activities indicates the character and attitude of the company and the people in charge of what environment they want to live and work in. The reward or the sleigh from the society will always come in accordance with the behavior and care in the operation of the companies. Competition and reputation among stakeholders are one of the biggest drivers and motivators for companies to take an active part in the improvement of the society (Yu et al., 2017).

Global Reporting Initiative (GRI) is one of the largest independent organizations that sets standards and strives for a sustainable future through transparency and open dialogue on the impact of companies on society. It maintains the world's most comprehensive sustainability reporting standards and most widely used sustainability disclosure standards that form a framework for what transparency reports look like so that they can be comprehensive, consistent, and comparable around the world. Non-financial reporting is

becoming more and more relevant and it is only a matter of time before it will be completely normal and present in all companies around the world, regardless of the development of the countries.

One of the last active initiatives is the proposal from the European Commission that complements the existing CSR requirements which are part of the Non-Financial Reporting Directive (NFRD) where requires the audit of reported information, introduces more detailed reporting requirements and a requirement to report according to mandatory EU Sustainability Reporting Standards and requires companies to digitally 'tag' the reported information, so it is machine-readable and feeds into the European single access point envisaged in the capital markets union action plan (European Commission, 2021). Companies are created and work with the help of other people, related parties, use of natural resources and use the potential of society, which means that part of the profits they make must be reciprocated in order to ensure continuous growth and sustainability in the future (Beck et al., 2018).

The results from the KPMG's (2020) survey of sustainability reporting show that 96% of the world's 250 largest firms (the G250) and 80% of the N100 — 5,200 firms composed of the 100 largest corporations in 52 countries reported on their sustainability performance.

Murray et al. (2006) found that there is a long-term relationship between economic performance and high levels of CSR disclosure. In the same direction and with an extended scope, De Klerk et al. (2015) studied the relationship between CSR disclosure and the share price behavior, where it concluded that a higher level of disclosure is associated with a higher share price.

Beck et al. (2018), based on a research sample of 116 large public companies across three reporting jurisdictions i.e., Australia, United Kingdom and Hong Kong identify results which hint that more profitable and larger firms perform more CSR activities, and consequently show higher level of CSR disclosure.

## Empirical framework

According to Ali et al. (2017) most of the CSR disclosure studies used the content analysis research method in determining the factors influencing CSR disclosure instead of interviews and surveys. The conducted research shows that highly socially visible companies in terms of the size, profitability and high-profile industries pay more attention and become more active in solving social and environmental issues. When comparing the factors that influence, i.e. determine the CSR disclosure in companies from developed and developing countries, they identify certain significant differences. Thus, for developed countries, specific stakeholders, such as regulators, creditors, shareholders, investors, environmentalists, and the media are considered as determinants for disseminating CSR information. Whereas for developing countries as determinants are considered powerful external forces/stakeholders, such as foreign investors, international buyers, international media attention, and international regulatory agencies.

Several meta-analyses of the CSR-CFP relationship show that there is a positive correlation between CSR and Corporate Finance Performance (CFP).

Orlitzky et al. (2003) in a review of 30 years of empirical research identifies that there is a universal positive relationship between CSR and financial performance, where for various reasons in terms of country development, market size, competitiveness and reputation this relationship ranges from strong to less significant.

Gamerschlag et al. (2011) conducted research on the determinants of voluntary CSR disclosure by the 130 largest German companies listed on Deutsche Aktienindex (DAX), Mid Cap Dax (MDAX) and SmallcapDAX (SDAX) in 2008. Using content analysis method for quantifying the amount of CSR information and ordinary

least squares regression method show CSR disclosure of German companies is affected by company size, shareholder value, popularity, relationship with US stakeholders, and industry membership. Going deeper into the CSR reporting individual segments, it identifies that higher levels of profitability are more relevant for environmental than social disclosure.

Habbash (2016) investigated the impact of firm characteristics, ownership structure and corporate governance on the level of CSR disclosure based on a sample of 267 companies from Saudi Arabia during 2007-2011. The research was based on content analysis and multiple regression form which the results indicate that the size and age of the company, as well as family ownership and government ownership improves CSR disclosure, while the company leverage has the opposite effect and reduces it.

Giannarakis (2014) aims to examine the factors that influence the level of CSR disclosure among Fortune 500 companies in the US. The study shows that the size of the company has a very significant positive explanatory power when it comes to the degree of CSR disclosure, implying that larger US firms disclose more CSR data. The rest of the analyzed explanatory variables, such as the presence of women on the board of directors, the board's average age and even financial leverage coefficient are not statistically significant to the extent of CSR disclosure, except board size which has positive relationship with CSR disclosure, implying that larger boards generate substantial supervision and bigger pressure for CSR activities.

Using statistical regression analysis with the level of CSR reporting set as a dependent variable, Rogošić (2014) confirmed that there is a positive correlation between asset value and profits and the CSR reporting levels of banks from Croatia, Bosnia and Herzegovina, and Montenegro.

Mijoković et al. (2020) examining the companies listed on the Belgrade Stock Exchange come to results which confirm that the financial performance and the size of the company expressed through the value of total assets have a better quality of CSR reporting. They also identify that an audit firm has an impact on CSR reporting, namely companies that select external auditors from the BIG 4 have more information and pay more attention to non-financial corporate responsibility information. While the size of the M score, i.e. the companies that are closer to the bankruptcy do not put emphasis on CSR activities.

Corporate sustainability generally refers to the triple bottom line approach, in which business performance is linked to the economic viability of the business, minimizing negative environmental impacts, and acting in accordance with societal expectations (Branco & Rodrigues, 2006). They point out that there is a reciprocal relationship between profit and CSR activities. In fact, larger and more profitable companies are more socially responsible, but on the other hand, they suggest that a firm that is considered socially responsible can greatly benefit from its reputation in the business community with increased ability to attract capital and trading partners as well as new customers.

Finally, following the research model used by Branco & Rodrigues (2006) and Hinson et al. (2010) and relevant literature on CSR disclosure, the following several key segments have been identified i.e.,

1. *Environment* - care and activities for a cleaner and healthier environment.
2. *Employees* - taking care of the conditions, health, and happiness of its employees.
3. *Customers* - providing the best products and services to all customers.
4. *Community* - improving the entertainment, cultural, sports and social life in the community.

## CSR disclosure in Macedonian practice

Companies in developed countries show much greater initiative and greater participation in social responsibility compared to companies in underdeveloped or developing countries (Ali et al., 2017). In North Macedonia, CSR as a concept was first introduced in 2002 through the activities of international organizations, such as the World Bank Institute of the World Bank Group, UNDP, and USAID (Stamenkova, 2011). The first published study on the state of social responsibility in North Macedonia was the “Baseline Study” in 2007, in which the conclusion was that the concept of social responsibility was insufficiently and incompletely understood by companies, so that little proactivity in CSR activities was due to insufficient knowledge and tools and low awareness (Baseline Study, 2007). About the beginnings of the CSR in North Macedonia, NCT-CSR (2008) has published a document which states that in December 2007 the Ministry of Economy of R. Macedonia, established the National Coordination Body for Corporate Social Responsibility (NCT CSR) as a permanent working group within the Economic and Social Council of the Government. NCT-CSR is a cross-sectorial body responsible for developing multiple dialogues and identifying joint actions to promote and implement CSR, which in June 2008 prepared the National Agenda for Corporate Social Responsibility. The goals of the Agenda are to raise CSR awareness, develop capacities and competencies to help establish CSR and provide a favorable environment. From the perspective of the Macedonian Government, besides already mentioned goals, it is important to implement and support corporate social responsibility for two reasons i.e., to harmonize the laws and accept EU rules and practices which will bring Macedonia closer to European Union, and to attract foreign direct investment (FDI) (NCT - CSR, 2008).

The companies listed on the Macedonian Stock Exchange (MSE) have an obligation to publish annual reports and consolidated and non-consolidated financial statements together with the audit report which lists the financial and some non-financial information about the company, but there is still no obligation for mandatory disclosure of social responsibility. All reports are integrated and fully available on the official MSE website. The last available survey on whether the companies listed on the Macedonian Stock Exchange report on social responsibility was conducted by Music & Kostovski (2015), where the survey covers the period from 2011 to 2014 and the results are disappointing. Namely, according to the results, as many as 93.3% of the analyzed companies (15 in total companies, of which 14 are listed on the Macedonian Stock Exchange and 10 of them as part of the MBI10 index) do not report on their social responsibility. From the results obtained by the Baseline Study, Stamenkova (2011) and Mrsik & Kostovski (2015) research on the domestic market, we can see that CSR is often seen as an obligation of the most profitable companies, which consider it as a solidarity activity or philanthropy, but CSR is much more than that, i.e. companies are “guests” in society and use available resources for which they have an moral obligation to return, renew and leave something better for future generations.

## Research methodology

Based on the empirical framework and numerous studies that used content analysis to research CSR reporting, in our paper we apply the same methodology of content analysis to determine the level and trend of CSR disclosure in the blue-chip companies in North Macedonia. Hence, our analysis aims to answer the following research question i.e.,

- *Is CSR reporting related to companies' size and profitability?*

We use Spearman's Rank-Order Correlation Coefficient as a nonparametric measure of the strength and direction of association that exists between the variables, to test the relationship of CSR reporting with

companies' profitability measured through return of assets (ROA) indicator and the companies' size, measured through total assets as indicators on the level of CSR disclosure.

The blue-chip companies in the domestic practice are the companies listed on the Macedonian Stock Exchange and are part of the MBI10 index, i.e., the companies that are a representative sample and give a clear picture of the movements of capital market (Bankarstvo, 2020). The sample used for this research is composed of 12 companies, i.e., all companies that were part of the MBI10 index in the analyzed period, from 2016 to 2020. The data are taken from the annual reports of the Macedonian Stock Exchange available at the following link: <https://www.mse.mk/mk/reports>.

Based on the content analysis and the empirical framework with which the four categories of CSR reporting were identified, the binary scoring method was applied in order to generate the CSR disclosure points (see Table 1).

**Table 1: Research Methodology for Generating CSR Disclosure Points**

Description	“Yes” Max points	“No” Min points
<b>1. CSR data availability</b> (Whether published in financial statements, annual reports, or as a separate section of a website) - CSR Information exists and is qualitative - CSR Information exists and is quantitative	1 1	0 0
<b>2. CSR reporting referring to the environment?</b> (Company's environmental concern, energy conservation, harmful particle emission protection and other activities for a cleaner and ecological environment)	1	0
<b>3. CSR reporting referring to employees?</b> (Working conditions, staff health and safety, team-building exercises, and training)	1	0
<b>4. CSR reporting referring to customers?</b> (Quality of the products and services, customer satisfaction, services provided to physically disabled consumers etc.)	1	0
<b>5. CSR reporting referring to the community?</b> (Donations and supportive activities, sponsorships, recreational and community projects)	1	0
<u>Total points per company for 1 year</u>	<u>6</u>	<u>0</u>
<b><u>Total points for the observed period of 5 years (2016-2020)</u></b>	<b><u>30</u></b>	<b><u>0</u></b>

Source: Authors' Calculation

In order to be able to provide the necessary data for the activities related to social responsibility, we analyzed the Annual and Financial Reports of the companies that are published by SEI-NET and available through the following link: <https://seinet.com.mk/>, Independent CSR Reports, and website via all headings and hyperlinks that result in CSR data of the company. Namely, the analysis took place in the following way i.e., first, each company receives one or two points if it has any information about CSR reporting available (for qualitative or quantitative information the company receive one point each). Furthermore, the company receives additional one point for each separate reporting category determined in the Table 1, namely for CSR reporting that refers to the environment, employees, customers and community. The total number of points that a company can score in one year is six, i.e. a total of thirty points for the whole analyzed period of five years (2016-2020).

In the research, we also include the variables of company size and profitability in order to determine whether they have a correlation with the level of CSR reporting. In addition, Table 2 provides an overview of the variables together with their abbreviations and the measurement type.

**Table 2: Description of the Variables**

Variable	Abbreviation	Measurement
CSR Reporting	CSR	CSR disclosure points from the content analysis
Company's Size	SIZE	The values of total assets for the period from 2016 to 2020
Company's Profitability	ROA	Return of Assets (ROA) indicator for the period from 2016 to 2020

*Source: Authors' Calculation*

To measure the variable related to company's size, we use the total value of assets reported in the Balance Sheet for each year individually. To measure the variable referring to the profitability of the company, we use the ROA Indicator, which indicates how profitable a company is relative to its assets or the resources it owns or controls.

After the data was collected and the CSR points were formulated, two statistical tests were performed to test the hypotheses through the SPSS software i.e.,

- **Descriptive and Trend Analysis** for summarizing the basic characteristics of the CSR points in the selected companies and changes in the total number of points in the period from 2016 to 2020, as well as the individual segments of the CSR disclosure.
- **Spearman's Rank-Order Correlation Coefficient** to indicate whether there exists positive or negative monotonic relationship between the variables.

## Results and discussion

As previously stated, the base of companies selected for further research are the companies that were part of the MBI10 index. A total of 12 companies were identified that in the period from 2016 to 2020 were part of the list of 10 companies that are a representative example of movements in the capital market on an annual basis.

After a detailed manual search of all annual and financial reports, official websites and links related to the selected companies and their socially responsible activities, the following results were obtained i.e.,

**Table 3: Descriptive Analysis for CSR Disclosure Points**

Sectorial Affiliation	No. of companies	Total CSR points	Average CSR score	Max points	Min points	No. of companies with max points	No. of companies with min points
<i>Financial Sector (Banks)</i>	6	97	16,2	25	8	1	1
<i>Real Business Sector (pharmacy; engineering and construction; telecommunications; oil and gas; hospitality and tourism)</i>	6	65	10,8	25	0	1	2
<b>Total</b>	12	162	13,5	-	-	0*	2**

\*No company has scored a maximum of 30 points

\*\*Two companies have scored 0 points.

Source: Authors' Calculation

Table 3 summarizes the basic characteristics and baseline results for CSR reporting among the 12 blue-chip companies in North Macedonia. Out of the total of maximum 360 points that would be achieved in a perfect scenario, where all selected companies would report on all segments of the CSR in the past 5 years through financial and non-financial data, the conducted content analysis shows that a total of 162 points were identified. On average, one company has reached 13,5 points in 5 years or 45% out of the possible 30 points, which indicates that the CSR is still not sufficiently represented in the reporting of big companies listed on MSE. No company has scored maximum points due to the unavailability of financial data for CSR activities. It is worth noting that only two companies, one from financial and one from real business sector (pharmacy) have reached the nearly maximum points, i.e. have presented non-financial data for all covered segments. On the other hand, there are two companies that, despite their size and influence, do not report at all on their socially responsible actions. It does not mean that these companies did not undertake any social activities, but in the eyes of the general public who want to see which company something did for the good of all, based on the available information will conclude that they are not active at all. As it can be seen in the Table above, the companies covered are 6 banks, 2 pharmaceutical companies and one company each from the sectors of engineering and construction, telecommunications, oil and gas and hospitality and tourism. Since half of the sample are companies belonging to the financial sector and half of the real business sector, from the obtained results it can be said that the banks have a higher number of CSR points, i.e., an average of 16.2 points compared to the companies from the real business sector with 10.8 average CSR points.

Eleven of the twelve blue-chip companies are large in size, while only one is medium-sized and therefore the results focus only by sectorial affiliation.

**Table 4: CSR Disclosure of Blue-chip Domestic Companies in North Macedonia**

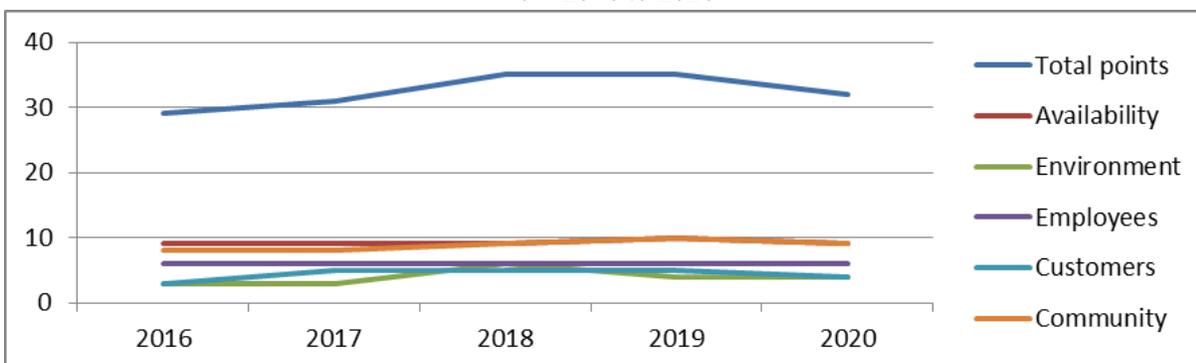
<b>Blue-chip Companies</b>	<b>CSR Data Availability</b>	<b>Environment</b>	<b>Employees</b>	<b>Customers</b>	<b>Community</b>	<b>Total</b>
<i>Financial Sector</i>	29	11	19	9	29	97
<i>Real Business Sector</i>	17	9	11	13	15	65
<b>Total</b>	46	20	30	22	44	162

Source: Authors' Calculation

The data presented in Table 4 was gathered based on the four indicators as a factor in whether or not they are included in the reporting, the four factors being Environment 20 points (33%), Employees 30 points (50%), Customers 22 points (37%), and Community 44 points (73%). Hence, it can be stated that the majority of big companies participate in community-oriented initiatives, while least in environmental activities. Companies in the financial sector (banks) have more CSR points compared to companies in the real sector in each segment, except for the customers.

The trend of 5 indicators for generating CSR points during the five-year period is summarized in Graphic 1.

**Graphic 1** Trend Analysis of CSR Points of the Blue-Chip Domestic Companies from 2016 to 2020



Source: Authors' Calculation

It can be noticed very slight but still significant growth compared to 2016 and 2020. 2018 and 2019 stand out as the most active years in which the number of CSR points received is the highest. In 2020, there is a stagnation or a slight decline in the curves, which shows that there is less available information on social responsibility compared to the previous two. This decline is most likely due to the COVID-19 pandemic, in which companies had to make drastic changes and adjustments to ensure market survival and continues operation. It is expected that in the future non-financial reporting will become part of the companies' reports and more and more companies will participate in the betterment of the society.

Furthermore, quantitative data analysis was performed using nonparametric test, Spearman's Rank-Order Correlation Coefficient, given the sample size in the research consisting of 60 observations. For interpretation of Spearman  $r$  values generated by correlations, standard convention was used (see Table 5).

**Table 5** Interpretation Table of Spearman's Rank-Order Correlation Coefficients

Spearman's rho	Correlation
$\geq 0.70$	Very strong relationship
0.40-0.69	Strong relationship
0.30-0.39	Moderate relationship
0.20-0.29	Weak relationship
0.01-0.19	No or negligible relationship

Source: Adapted from Dancey and Reidy, 2004

From the test performed and the result obtained, it could be observed that exists significant positive correlation between the CSR reporting and the companies' size,  $r(60) = .746$ ,  $p=.000$ , and profitability,  $r(60) = .684$ ,  $p=.000$  (see Table 6).

**Table 6 Spearman's Rank-Order Correlation Coefficient for CSR Reporting and Companies' Size and Profitability**

Correlations					
			CSR	SIZE	ROA
Spearman's rho	CSR	Correlation Coefficient	1.000	.746**	.684**
		Sig. (2-tailed)		.000	.000
		N	60	60	60
	SIZE	Correlation Coefficient	.746**	1.000	.706**
		Sig. (2-tailed)	.000		.000
		N	60	60	60
	ROA	Correlation Coefficient	.684**	.706**	1.000
		Sig. (2-tailed)	.000	.000	
		N	60	60	60

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' Calculation

A very strong relationship determined by the result means that as one variable increases, the other variable also tends to increase. From the conducted research and the obtained results, we can conclude that there is a very strong relationship between the size of the company expressed through the values of total assets and the CSR reporting, and a strong relationship (almost very strong) between the profitability expressed through the ROA indicator and the CSR reporting. In other words, the larger and more profitable the company, the more it discloses non-financial information in its reports on undertaken CSR activities during the year.

## Conclusion

Social responsibility is much more than philanthropy or certain donations in order to promote companies and make a good impression in the eyes of the general public. Significant and positive are the insights that an increasing number of companies report on their activities aimed at improving society, but also the increasing number of initiatives, events, and declarations for the promotion of social responsibility. Undoubtedly, the role of particularly large companies is exceptional because it has a greater commitment to a wider range of related stakeholders, an impact on the entire industry and is an example for smaller companies.

From the conducted research of 12 blue-chip companies listed on the Macedonian Stock Exchange, it is noticed that the concept of CSR reporting is not sufficiently developed yet. The results show that CSR is part of the commercial activities of most companies, but is generally not sufficiently developed and related to the corporate strategy. It is a concept that should be implemented in the management of companies to continuously strive to contribute and improve all aspects of sustainable development. The trend of small but very significant growth for the available information over the years is identified, which leads to the

expectation that in the future the number of companies and available information about the CSR will increase continuously. The profitability and size of the companies are identified as variables that have a strong relationship with the level of CSR disclosure, which suggests that larger and more profitable companies stand out compared to smaller and less profitable ones.

However, our research is only the basis, and this are early results that will be analyzed more deeply and much more widely due to the huge potential of other factors that influence CSR practices. Our intention is to increase the number of analyzed companies and to include other factors such as the participation of foreigners in the board of directors, affiliation by industry, the number of stakeholders and the like. Restrictions on access to data are a serious limitation, but due to the urgency of the issue by conducting survey questionnaires, interviews and discussions through workshops can be overcome and generate more useful and detailed information about the attitude and perception of companies.

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