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IMPROVING THE METHODOLOGY FOR EVALUATING THE CORPORATE SOCIAL GOVERNANCE SYSTEM IN CONSTRUCTION ENTERPRISES UNDER CONDITIONS OF SUSTAINABLE DEVELOPMENT

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Abstract
This article analyzes existing methods for assessing the corporate social management (CSM) system at construction enterprises, identifies their shortcomings, and proposes an improved integrated assessment methodology. The proposed methodology was developed taking into account ESG criteria (environmental, social, and managerial), local socio-economic conditions, and the specifics of the construction industry. The evaluation system consists of three main criteria and fifteen indicators, each of which is evaluated using a weighted coefficient. The research results demonstrate the potential for developing the PPP system in construction enterprises and increasing transparency for investors.

Keywords: Corporate social management, ESG criteria, construction enterprise, integrated assessment, KIB methodology.

Introduction

In the global economic system, the concept of corporate social management (CSM) has emerged as one of the important institutional mechanisms for increasing the economic efficiency of enterprise activities, strengthening social responsibility, and ensuring environmental sustainability. In recent years, as a result of the widespread global implementation of ESG (Environmental, Social, Governance) principles, the investment attractiveness, market value, and long-term competitiveness of enterprises are being evaluated in direct connection with their level of social and environmental responsibility. International research

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indicates that enterprises with an effectively established corporate social management system achieve high results in terms of financial performance, employee motivation, quality of risk management, and stakeholder relations [1].
The construction industry is one of the most complex and multi-factor sectors of the economy, and its activities are closely linked to labor safety, environmental impact, resource efficiency, local community interests, and state control. The large financial volume of construction projects, the participation of a large number of contractors and subcontractors, the high share of labor resources, and the significant impact on the environment increase the need to implement a corporate social management system in this industry and evaluate its effectiveness. Therefore, a comprehensive assessment of the efficiency of PPPs in construction enterprises is relevant not only at the enterprise level but also from the perspective of the sustainable development of the entire industry.
Institutional reforms aimed at developing corporate governance and social responsibility are being consistently implemented in the Republic of Uzbekistan. In the "Development Strategy of New Uzbekistan for 2022-2026," approved by Decree of the President of the Republic of Uzbekistan No. UP-60 dated January 28, 2022, increasing the social responsibility of the private sector, creating decent working conditions, ensuring environmental sustainability, and implementing modern corporate governance standards are identified as priority areas [2]. These tasks require the development and practical implementation of a scientifically grounded methodology for assessing the KIB system at construction enterprises.
In this regard, an important scientific task is the development of an improved methodology for assessing the corporate social management system, taking into account the operational characteristics of construction enterprises, national institutional conditions, and ESG principles. This methodology allows for the assessment of social, environmental, and management indicators based on an integral index, the identification of enterprises' strengths and weaknesses, the enhancement of their investment attractiveness, and ensures the effectiveness of strategic decision-making.

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LITERATURE ANALYSIS

The concept of corporate social management (CSM) is interpreted differently in scientific literature. In his work "Strategic Management: A Stakeholder Approach," R. Edward Freeman theoretically substantiated the responsibility of an enterprise to all stakeholders: shareholders, employees, customers, the public, and the state. This approach serves as the theoretical foundation of the CIB concept [3].

Archie B. Carroll (1991) proposed a four-tiered pyramid of CIBs, consisting of economic, legal, ethical, and charitable responsibilities.[4] Rupert J. Baumgartner (2014) justified the need to integrate SMEs into the sustainable development strategy of the enterprise [5].

In the construction industry, research by Martin Loosemore and Lim (2017) showed that CIB activities were often formal in nature and were not fully integrated into strategic management [6]. Yarraket and Loosemore (2016) noted that there is no single standard methodology for assessing CPI in construction companies [10].

In the works of Nazarov (2021) and Rashidova (2022) in the countries of Uzbekistan and Central Asia, issues of CIB were studied, and insufficient development of the institutional environment, limited financial resources, and weak corporate reporting practices were noted as the main problems in the implementation of CIB standards at local enterprises [7; 8].

Currently, the following international standards and methodologies are widely used in the assessment of CID:

- Global Reporting Initiative **GRI Standards** - the most common system for preparing social and ESG reports. However, its indicators are primarily targeted at large companies [9].
- International Organization for Standardization **ISO 26000** is an international manual on social responsibility that is advisory in nature and does not provide for certification [10].
- Social Accountability International **SA8000** - a standard specializing in the assessment of labor rights and working conditions.
- MSCI Inc. **MSCI ESG Ratings** is a rating system designed for investors, primarily applied to large companies in the stock market.

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The analysis shows that existing methodologies do not fully account for the specific characteristics of the construction industry, such as labor safety, subcontracting relations, environmental impact, and interaction with local communities. Therefore, the development of a comprehensive assessment methodology adapted to national conditions and ESG criteria for construction enterprises is a pressing scientific task.

RESEARCH METHODOLOGY

The study employed methods of comparative analysis, expert evaluation, monographic analysis, and testing. Through comparative analysis, the advantages and disadvantages of the GRI Standards, ISO 26000, SA8000, and ESG rating systems were studied. The significance level of corporate social management evaluation criteria was determined using the expert assessment method. Based on the monographic analysis, domestic and foreign scientific literature, regulatory legal acts, and statistical data were analyzed. The developed methodology was tested using construction enterprises as an example, and its practical effectiveness was evaluated.

ANALYSIS AND RESULTS

Assessing the corporate social management system at construction enterprises requires a comprehensive analysis of the enterprise's activities in the environmental, social, and managerial spheres. Although the international standards and rating systems used in practice provide a general approach, they do not fully account for the specific characteristics of the construction industry, such as labor safety, subcontracting relations, resource efficiency, and interaction with local communities.

Therefore, in this study, an integrated methodology based on ESG (Environmental, Social, Governance) principles was developed to assess the level of corporate social management at construction enterprises. This methodology allows for a comprehensive assessment of the enterprise's activities in the environmental, social, and managerial spheres, identifying existing problems, and defining priority development directions.

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The proposed assessment system consists of three main blocks:

- Environmental (E) - energy and resource efficiency, waste management, atmospheric impact, and compliance with environmental standards;
- Social (S) - occupational safety, employee rights, professional development, and relationships with local communities;
- Governance (G) - transparency of corporate governance, internal control, adherence to ethical standards, and relations with stakeholders.

Each block includes 5 indicators, and a total of 15 indicators are evaluated. Indicators are evaluated from 0 to 10 points, and weighting coefficients are applied in accordance with their level of significance.

The integral assessment is calculated using the following formula:

$$KIB = \frac{\sum_{i=1}^{15} W_i S_i}{\sum_{i=1}^{15} W_i}$$

here:

- W_i- weight coefficient of the i-th indicator;
- S_i- the score obtained according to the i-th indicator;
- $i = 1,2, ldots, 15.$

The proposed methodology was tested using the example of construction enterprises in the Tashkent region. The results showed that there is a relatively good situation regarding environmental and social indicators, but a number of problems remain in the areas of corporate governance, ESG reporting, and systematic communication with stakeholders.

In general, this methodology is an effective analytical tool for identifying the strengths and weaknesses of corporate social management in construction enterprises, monitoring ESG indicators, and making strategic decisions.

In order to comprehensively assess the level of corporate social management at construction enterprises, a system of criteria and indicators has been formed based on ESG principles. This system covers environmental, social, and managerial areas, and within each block, 5 indicators were selected that reflect the most important aspects of the enterprise's activities. The weighting coefficients of the indicators were determined based on the expert assessment method, and their total sum is 100 percent. The following table presents the

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criteria for evaluating corporate social management, their measurement indicators, and weighting coefficients.

Table 1 System of criteria and indicators for evaluating corporate social management at construction enterprises

No	Criterion	Measurement indicators	Weight (%)
BLOCK I: ENVIRONMENTAL CRITERIA (E)			
E1	Waste management	Emission reduction %, certificates	7.
E2	Energy efficiency	Energy consumption per m2	6.
E3	Carbon footprint	CO2 emissions ton/year	7.
E4	Water resource conservation	Water consumption and recycling %	5.
E5	Green certification	LEED, BREEAM, GOST R ISO certificates	5.
BLOCK II: SOCIAL CRITERIA (S)			
S1	Occupational safety	Injury rate, fatalities	10
S2	Personnel development	Expenditure on training, staff turnover %	8.
S3	Social guarantees	Average salary, system of benefits	7.
S4	Working with the local community	Share of local employees, social projects	6.
S5	Compliance with human rights	Number of complaints, no child labour	7.
BLOCK III: MANAGEMENT CRITERIA (G)			
G1	Supervisory board effectiveness	Composition, degree of independence	8.
G2	Financial transparency	Audit quality, transparent reporting	9.
G3	Anti-corruption measures	Anti-corruption policy, no fines	8.
G4	Risk management	Availability of a risk management system	7.
G5	Shareholders' rights	Dividend policy, voting system	5.
TOTAL			**100%**

As can be seen from the table data, the largest share in the corporate social management assessment system corresponds to social criteria (38%). This indicates that occupational safety, social protection of employees, and personnel development are priorities in the construction industry. The share of management criteria is 37%, reflecting the importance of corporate transparency, risk

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management, and anti-corruption measures. The share of environmental criteria is 30 percent, aimed at the rational use of resources and reducing the negative impact on the environment. This system of indicators allows for a comprehensive assessment of the level of corporate social management at construction enterprises and the identification of priority development directions.

To accurately assess the overall state of corporate social management at construction enterprises and to apply the results obtained in the practical decision-making process, an integral index interpretation scale was developed. This scale allows for the division of enterprises into four categories based on the calculated KIB score and establishes appropriate management recommendations for each category.

Table 2. KIB integral score assessment scale and management recommendations

Point range	Degree	Recommendations
8.0 - 10.0	**High (A)**	Attractive to investors; ready for international ranking
6.0 - 7.9	**Medium (B)**	Needs improvement in key areas
4.0 - 5.9	**Low (C)**	A comprehensive reform plan is required.
0 - 3.9	**Critical (D)**	Rapid and compulsory reform; state control is necessary

As seen from the table data, the integral assessment scale allows for the classification of the level of corporate social management into specific categories and the development of appropriate management decisions for each case. In particular, a result above 8.0 points means that the enterprise has effectively implemented ESG principles and has high investment attractiveness. Low and critical levels indicate the presence of systemic problems at the enterprise and require comprehensive reforms and control measures. In practice, this scale serves as an important analytical tool in shaping the sustainable development strategy of enterprises.

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To verify the practical significance of the proposed integrated assessment methodology, it was tested in 2023–2024 using 12 construction enterprises operating in the Tashkent region as examples. Large, medium, and small enterprises were involved in the study, and their level of corporate social management was assessed based on ESG criteria.

Table 3. Results of the approbation of corporate social management assessment at construction enterprises (2023–2024)

Business type	Quantity	Average KIB score	Degree
Large enterprises (500+ employees)	4.	**7.4**	Medium (B)
Medium enterprises (100-499 employees)	5.	**5.8**	Low (C)
Small businesses (<100 employees)	3.	**4.2**	Low (C)

Analysis of the table data shows that the level of corporate social management is directly related to the scale of the enterprise. At large construction enterprises, the average KIB score is 7.4, indicating that ESG principles are being implemented relatively systematically. In medium-sized enterprises, this indicator was 5.8 points, and in small enterprises, it was 4.2 points. This situation indicates that the corporate social management system in small and medium-sized enterprises is insufficiently formed and requires improvement. Overall, the approbation results confirmed that the level of CIB at construction enterprises significantly depends on financial resources, institutional capacity, and management experience.

DISCUSSIONS AND PROPOSALS

The main advantage of the proposed methodology is that it comprehensively accounts for the specific characteristics of the construction industry, including labor safety, subcontracting relations, resource efficiency, and environmental impact factors. Additionally, the methodology is adapted to Uzbekistan's

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regulatory framework and local statistical data, making it convenient for small and medium-sized enterprises to apply in practice.

Based on the research results, the following proposals were developed:

1. Implementation of a unified national methodology for assessing corporate social management at construction industry enterprises;
2. Application of the SIB rating as an evaluation criterion in state tenders, subsidies, and investment programs;
3. Preparation of ESG reports at enterprises and introduction of the position of a special responsible employee (ESG manager);
4. Formation and regular publication of the national KIB rating system for the construction industry.

CONCLUSION

This study developed an improved integrated methodology for evaluating the corporate social management system at construction enterprises based on ESG principles. The proposed approach allows for a comprehensive assessment of the environmental, social, and managerial activities of enterprises based on 15 indicators.

The results of the approbation of the methodology showed that its practical significance and possibility of application are high. The analysis confirmed that the level of corporate social management at construction enterprises is not yet sufficiently formed, and systemic measures for its improvement are necessary.

The proposed methodology serves to increase the investment attractiveness of construction enterprises, effectively implement ESG principles, and ensure sustainable development. In the future, it is advisable to conduct an expanded approbation of this methodology at the national level and adapt it to other sectors.

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