

# **Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Diploma Thesis**

**Corporate Social Responsibility as marketing tools and their  
application in Russian Far East**

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## DIPLOMA THESIS ASSIGNMENT

Vladimir Kashtanov

Economics and Management

Thesis title

**Corporate Social Responsibility (CSR) as a marketing tool and their application in Russian Far East**

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### Objectives of thesis

The general aim of the diploma thesis is to examine the development of CSR worldwide, find out what is the best practice there. Furthermore, we do research for Russia – general overview and further investigation of CSR implementation for the particular company VSC (one of the biggest container terminal in Russia), the company is situated in the Russian Far East. As the final step of research, we will create recommendation of what can be implemented or changed in Russia and in particular company VSC.

### Methodology

In order to study implementation CSR in VSC, a qualitative research method was chosen as the most suitable approach.

The qualitative method is combined with illustrative analysis of a national and multinational legal framework, review of the existing literature in this area, analysis of internal company documentation, rules and policies is planned, and Internet, media content analysis, observation, open resources.

Our research is planned as mono-method research and the data is collected through several interviews. More accurately, a semi-structural data gathering method is utilized for primary data. This type of method is especially valuable in emphasizing the interviewee's own interpretations and meaning by themselves give to a specific issue.

## **The proposed extent of the thesis**

Approx 60 – 70 pages

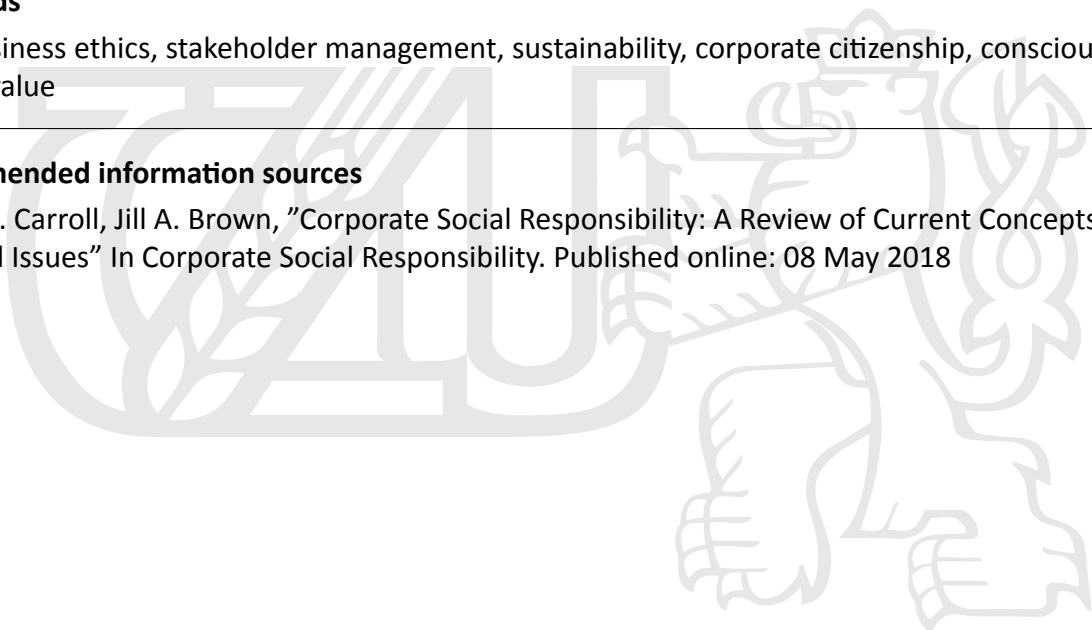
## **Keywords**

CSR, business ethics, stakeholder management, sustainability, corporate citizenship, conscious capitalism, shared value

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## **Recommended information sources**

Archie B. Carroll, Jill A. Brown, "Corporate Social Responsibility: A Review of Current Concepts, Research, and Issues" In Corporate Social Responsibility. Published online: 08 May 2018



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## **Declaration**

I declare that I have worked on my diploma thesis entitled “Corporate Social Responsibility and their Application in Russian Far East” by myself” and I have used only the sources mentioned at the end of this thesis.

In Prague on 20.03.2019

\_\_\_\_\_ Vladimir Kashtanov

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Corporate Social Responsibility as marketing tools and their  
application in Russian Far East

Společenská odpovědnost podniků a její uplatnění v Russian Far  
East 2

## **Abstract**

### **Aims of the DT**

It is important to perform the analyses of the practice of CSR in a country and of an individual company, because of the general significance of Corporate Social responsibility (CSR) and sustainability for the national economy, country development and environment. The general aim of the diploma thesis is to examine the development of CSR worldwide, find out what is the best practice there. Furthermore, we do research for Russia - general overview and further investigation of CSR implementation for the particular company VSC, it is one of the biggest container terminal in Russia. As the final step of research, we will create recommendation of what can be implemented or changed in Russia and in particular company VSC.

Several key objectives have been identified and are set out below:

- Provide a definition of corporate social responsibility, and existing theories and CSR development.
- Evaluate who are worldwide leaders of CSR implementation and what is the current role of CSR
- To identify what contextual elements for understanding a country's CSR and why do CSR systems differ?
- To analyze the role of government of CSR implementation and practice, how the national differences in CSR can be explained
- Evaluate what is a practice of CSR in the Russian Federation, find out who are leaders there among country and in the Russian Far East.
- Evaluate what is a practice of CSR implementation in VSC, identify the impact of VSC business activity on local social communities and the environment, to analyze who are main partners and stakeholders that can be involved into implementation and practice of CSR in VSC including marketing tools

Indeed, the relationship between the profits of a business and the consideration what they can give to the environment, communities and to their employees, how they can encourage and motivate them to share the same values is seeing as extremely important.

Key words: CSR, business ethics, stakeholder management, sustainability, corporate citizenship, conscious capitalism, shared value.

## **Abstract**

### **Cíle DT**

Je důležité provést analýzy praxe CSR v zemi a jednotlivých společnostech, a to z důvodu obecného významu sociální odpovědnosti podniků a udržitelnosti pro národní hospodářství, rozvoj země a životní prostředí.

Obecným cílem diplomové práce je prozkoumat vývoj CSR na celém světě a zjistit, co je světové nejlepší praxe. Další fází je výzkum pro Rusko – obecný přehled a další zkoumání implementace CSR pro konkrétní společnost VSC (jeden z největších kontejnerových terminálů v Rusku), která se nachází na ruském Dálném východě. Posledním krokem výzkumu je doporučení, co lze v Rusku a zejména ve společnosti VSC implementovat nebo změnit.

Bylo stanoveno několik klíčových cílů, které jsou uvedeny níže:

- Definovat sociální odpovědnosti podniků, existující teorie a rozvoj CSR.
- Vyhodnotit, kdo jsou vedoucími představiteli implementace CSR na celém světě (podle regionů, zemí a společností) a co je současná úloha CSR – trendy, problémy, motivace, marketingové nástroje
- Identifikovat, jaké kontextové prvky pro porozumění CSR země liší a proč se systémy CSR liší?
- Analyzovat úlohu vlády v implementaci CSR a následné praxi, jak lze vysvětlit národní rozdíly v sociální odpovědnosti podniků
- Zhodnotit, jaká je praxe CSR v Ruské federaci, zjistěte, kdo je vedoucím v zemi a na ruském Dálném východě.
- Zhodnotit, jaká je praxe implementace CSR ve VSC, identifikovat dopad podnikatelské aktivity VSC na místní sociální komunity a životní prostředí, analyzovat, kdo jsou hlavními partnery a zúčastněnými stranami, které mohou být zapojeny do implementace a praxe CSR ve VSC včetně marketingových nástrojů

Ve skutečnosti je velmi důležitý vztah mezi zisky podniku a úvahami, které dávají životnímu prostředí, komunitám a míří k celkové spokojenosti, povzbuzování a motivování zaměstnanců ke sdílení stejných hodnot.

Klíčová slova: CSR, obchodní etika, řízení zainteresovaných stran, udržitelnost, firemní občanství, vědomý kapitalismus, sdílená hodnota.



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## 1. Introduction

Most of the theories of CSR are however focused on explaining as a whole, in contrast, the one of the famous CSR scientist Carroll (2018, p.5) pointed out that the one way to start to think about CSR linked to investigation constantly, part by part, each of words for which CSR stands. It could be said that the corporate not only treats corporate forms of the business organizations, advised Carroll (2018, p.5) but also has evolved to include all business- large, medium, or small, moreover the social refers to the welfare of the community.

It is important to highlight the fact that the concept of society cover communities, states, nations, and the world as applicable mentioned Carroll (2018, p.5) thus responsibility is countable for what is the issue of their power, control, or management. It might be said, that responsibility means "obligation", moreover, it could be stated is being held too accountable by society explained Carroll (2018, p.6). Furthermore, the definition created by Howard Bowen (1953, p. 6), who was considered a pioneer in this field, indicated as follows: "It refers to obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable from the terms of view of the objectives and values of our society".

It could be said, that while many definitions can be provided, the general concept of CSR published by the World Business Council on Sustainable Development (1998, p.11) - "The ethical behavior of a company towards society – acting responsibly in its relationships with all stakeholders who have a legitimate interest in the business, not just the shareholders. Additionally, the Commission of the EU (2001, p.3) describes CSR as “a conception whereby companies incorporate social and environmental approach in the business processes and in their interactions with their stakeholders on a voluntary basis”.

It is necessary to highlight that the impulse for business assuming responsibilities beyond that owed to their shareholders took off in the 1960s, pointed out Carroll (2018, p.3) thus, four public concerns which focused on: civil human rights, environment, clients and females, was established

Bearing in mind the previous points of view on the specific phenomenon, the theoretical point of view on the one hand and the practical application in another hand have to be considered in our research. Moreover, the interesting ideas come from Tomas Piketty about wealth distribution among countries, how are acting top managers from large companies and how it is connected to CSR will be considered as well.

It is interesting to emphasize, that for many years, especially since 1950 was a hard competition between two systems – capitalism and socialism, on the base our research we can consider is there any cause of this competition linked to CSR phenomena.

CSR communications within stakeholders including community around a company have seen by many scientists as a very important factor, in our research, this phenomenon more precisely will be considered.

## **2. Objectives of the DT and research questions**

Several key objectives have been identified and are set out below:

- Provide a definition of corporate social responsibility, and existing theories and CSR development
- Evaluate who are worldwide leaders of CSR implementation (by regions, by countries, and companies) and what is the current role of CSR- trends, issues
- To identify what contextual elements for understanding a country's CSR and why do CSR systems differ?
- To analyze how the national differences in CSR can be explained.
- Evaluate what is a practice of CSR in Russia, find out who are leaders there among country and in the Russian Far East
- Evaluate what is a practice of CSR implementation in VSC, and identify the impact of VSC business activity on local social communities, to analyze who are stakeholders

### **2.1 Research questions**

For the purpose of this thesis, it is assumed necessary to put forward research questions which should support us with our investigations.

Question 1: What are contextual elements, concepts, and practice of CSR in countries

Question 2: Who are leaders of implementations of CSR in worldwide and why they consider CSR as important

Question 3: What is the practice of implementation of CSR and sustainability in Russia, the Russian Far East region and particular company VSC, how stakeholders are affecting by CSR.

### **2.2 The structure of the thesis**

The thesis study is divided into five main chapters.

The thesis extends to five main chapters. In the first chapter, there is an overall introduction to corporate social responsibility, and an introduction to the aims and objectives followed by the hypothesis raised.

The second chapter gives theoretical approaches to CSR and an explanation of the key concepts of corporate social responsibility. It also gives a proper definition of CSR. The whole chapter is structured in a way that gives a theoretical understanding based on the literature review for CSR and also broader explanations of the theories that exist regarding CSR.

The third chapter makes an explanation on CSR trends, issues and motivations within countries and companies.

The fourth chapter provides an assessment of CSR application in Russia and the Russian Far East particular.

Chapter five summarizes the conclusions and recommendations arising from research questions, it gives the conclusions based on the results gained from the interviews given by respondents. Based on the conclusions, the thesis gives recommendations for CSR implementation in Russia and for a particular company –Vostochnaya Stevedoring Company.

### **3. Methodology**

This chapter focused on the actual research process. It starts with the research methodology which comprehends the research approach and research philosophy. Second, a justification is provided to the case company chosen and the introduction of the case company is offered. Third, data gathering and data investigation methods are presented. Finally, the conclusions of the research are discussed.

#### **3.1 Research methodology**

This subchapter introduces the methodology employed in the research. The purpose of this thesis is to provide thoughtful what is CSR and what its connection to marketing tools, who are leaders thereby CSR initiative and implementation, what is a practice of CSR in Russia, their implementation in Russian Far East and in particular company VSC. In order to study implementation CSR in VSC a qualitative research method was chosen as the most suitable approach. In the following subchapter, the methodological choices are justified in more details.

#### **3.2 Research approach**

##### **3.2.1 Deductive approach**

The researcher who choose the deductive approach base their research on existing literature and theory, based on different methods when examining the theories, conclusions can be drawn, mentioned Eriksson (2008, p.4). This study has deductive research because it is based partly on existing literature and theories.

##### **3.2.2 Qualitative approach**

When only qualitative data is used - it is mono-method research according to Saunders (2009, p.151). This study is mono-method research and the data is collected through several interviews. More accurately, a semi-structural data gathering method is utilized for primary data. This type of method is especially valuable in emphasizing the interviewee's own interpretations and meaning by themselves give to a specific issue.

The subjects covered during the interviews are less the same for every interviewee, but it is typical that when a free discussion between researcher and interviewee is likely possible as pointed Eriksson (2008, p.82). This type of method is appropriate for this study, as the purpose is to understand the phenomenon and prospects, without guiding the interviewee with too straightforward questions. It is essential to bargain the interviewee a possibility to consider the theme from different directions in order to perceive if the interviewee

highlights a specific theme. Indeed, it is crucial to take into consideration all small tinges in the dialogue, and evaluate the data from various perspectives, thus it is necessary to take notice according to (Eriksson 2008, p.84) that interviewee’s understanding of a topic is very subjective and limited. It should be taken into consideration when analyzing the data. In our situation when we analyzing CSR it is important to remember that CSR is “essentially contested concept and having relatively open rules of application” as pointed out Matten (2008, p.2).

According to Eriksson (2008, p.116) of the greatest benefits in a qualitative business-related case study research is that it enables to present some complicated business issues in an accessible and down-to-earth format. It is typical that these case studies are frequently practical in nature and aim at enhancing the performance of for example one organization in a specific business context. There are commonly two categories of case studies: intensive case study research and extensive case study research. Intensive case study aims is grasping one case from the inside and develop a deep understanding from the perspectives of the people involved, for example in an organization. Extensive case study, on the other hand, aims is elaboration or generation of generalizable theoretical constructs by comparing several cases. This study is an intensive case study, as the purpose is to focus on one company and therefore the key interest is the case itself.

### 3.3 Data collection method

Date	Interviewee representation	Position	Interviewee duration, min	Interviewee number
6.08.18	employee	Commercial director	55	1
15.08.18	employee	HR&S Director	50	2
24.08.18	employee	PR manager	64	3
29.08.18	customer	Branch manager of shipping line	45	4
31.08.18	customer	Director of forwarder	42	5

In the finding part of this study, the interviewees are presented and quoted in this consecutive order, for example Commercial director of VSC cited as respondent 1, Director for HR and Safety of VSC as respondent 2, Manager for PR of VSC as respondent 3, Branch manager of shipping line as respondent 4, Director of forwarding company as respondent 5. The language for the interviews was Russian because all interviewees were Russians. The Russian language was chosen, as the answers were expected to be richer and more fluent in the respondent native language. The researcher

translated the comments of the interviewees from Russian to English. The purpose of this translation was, that they would be as accurate as possible, in order to avoid misunderstanding in the words meanings. In order to keep confidential for respondent family names of a respondent is not opened. Researcher and respondents agreed that interviewees will be used on this diploma thesis only.

### **3.4 Data analysis method**

Saunders (2009, p.485) mentioned that in qualitative research, there is not essentially some standardized methods on how the data analysis should be piloted.

The qualitative method was combined with illustrative analysis of a national and multinational legal framework, review of the existing literature in this area, analysis of internal company documentation, rules and policies is planned, and Internet, media content analysis, observation, open resources.

According to Saunders (2009, p.486), information and data were generally taken from two sources. First, (primary sources) it utilized data from interviews in a selected company, government institutions, NGOs, business associations, and other informants. Secondly, (secondary sources) it also utilized data taken from written documents, such as company documents and rules, reports (annual reports, sustainability reports, etc.) company web site and owners web sites, company printed information (brochures, working papers, and internal communications), and online information -Internet. As the final step of our research within-case analysis and cross-case are planned. In within-case analysis collected info will be compared with theories connected to the topic, in the cross-case analysis the collected info from different cases compared to each other.



## **4. Literature Review**

### **4.1 Definition of CSR**

With regard to CSR, this has been discussed by a great number of authors in literature but defining of CSR it is not an easy phenomenon mentioned Matten (2008, p.2), thus, this is because CSR is an “essentially disputed concept and had relatively open rules of application on the one hand, furthermore, in another hand CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations; moreover, it has clearly been a dynamic phenomenon.

There are some potentially open questions of CSR, for example, Theodor Levitt (1958, p.12), emphasized businesses’ primary goal of long-run profit maximization and he argued that government should take care of the general welfare, so business could address material aspects of welfare. Furthermore, the one of the strongest opponent of CSR was the famous economist Milton Friedman, advised Carroll (2018, p.6), thus, it was an argument that social problems weren't a concern of business people, but that they should be handled by the unrestrained workings of the free market system.

It is useful to emphasize that for a better understanding of CSR phenomenon mentioned Carroll, 1995, p 331) the best five attributes of social responsibility have to be indicated: don't pollute air or water; obey to the law in all aspects of business; promote honest/ethical employee behavior; are committed to safe workplaces policies.

It is necessary to highlight mentioned Carroll, 1995, p.332) that many businesses encourages linked to their voluntary or philanthropic actions as a profile of their CSR, rather than these five factors, In sum, safe products and workplaces clean environment, legal compliance and honesty more urgent to the general public, pointed out mentioned Carroll (1995, p.334) than the multitude of giveaway programs used by business to advance their CSR. Hence we can write an important cause that despite what was indicated above, many observers still think of CSR as about activities that are of an ethically justified or discretionary, voluntary or for example, philanthropy nature.

Turning now to the question of CSR it should be mentioned that a subject of corporate social responsibility (CSR), sometimes linked to corporate responsibility (CR), pointed out Carroll (2018, p.30) which has a rich and various history.

It is important to highlight the fact that in Russia, at the present time, among companies the name of corporate responsibility is more visible compared to CSR.

As has been previously reported in the literature, mentioned Wood (1991, p.695) stretched the ideas proposed by Bowen (1953) in his book “Social Responsibility of Businessmen” - where three driving principles of CSR was established: businesses are social institutions and therefore obliged to use their power responsibly; businesses are responsible for the outcomes of their involvement with society; individual managers are also moral agents, who should exercise discretion in the decision -making process.

In contrast, Friedman (1962, p.126) provided an argument that businesses have only one social responsibility which is to maximize the profit of their owners. It could be said, that according to this economic model, a manager who uses a firm’s assets for nonprofit social purposes, pointed out Friedman (1962, p.127) it could be considered as diverting economic efficiency and levying an “illegal tax” on the organization. In contrast, some scholars such as Frederick (1992, p.9) and Freeman (1984, p.12) had idea that the role specialization of institutions is not working as the economic model, due to the split-up of ownership and management, furthermore, the rise of oligopolies and the collaborations and influence of governments and the society.

From this standpoint of view, businesses can be considered as not only as private institutions on the one hand but as social institutions instead of in another hand. Another relevant point is that companies should be considered accountable for any of their engagements that distress people, communities and the environment, described Carroll (1979, p.495).

Bearing in mind the previous points, Elkington (1999, p.12) coined the term of “triple bottom line” (TBL) to represent the idea that businesses don’t have the addition of economic value as one single goal, but they also aim at adding environmental and social value, in order to achieve sustainability. It is interesting to note that Crane (2004, p.130) pointed out that such triple bottom line was formed by the following impressions: the environmental perceptions; the economic perceptions; the social perceptions.

The most crucial point made so far by Carroll (1999, p.268), thus one of the most a well-known models of CSR was created, according to this model the corporations have four responsibilities to be rewarded in order to be good corporate citizens: economic, legal, ethical and philanthropic. Furthermore, Carroll (1991, p.41) described these responsibilities as consecutive layers within a pyramid- see Figure 1. It is necessary to emphasize that in an attempt to categorize available definitions of CSR, Dahlsrud (2006, p.6) defined five

categories of CSR definitions: environmental, social, economic, stakeholders and voluntariness - see Table 1.

## **4.2 CSR Communication**

It is important to highlight the fact that Nielsen (2009, p. 89) mentioned that in the modern economy it is no longer sufficient for companies to answer to only those stakeholders who have either legal or financial stakes in the organization. Stakeholder communication is significant for companies because it makes the company reputation growth but also defends it.

From this point of view, we can consider this approach as marketing tools.

According to Nielsen (2009, p. 89) managers have an essential mission in deciding how to deliberately deal with stakeholder communication, thus, to map the stakeholders to groups by authority and interest it is important to decide the goal of the communication and employ a suitable communication approach.

Suggest this idea is very important, especially for Russia at the present time, as it mentioned respondent during our interviews and on the base knowledge from open sources.

Cornelissen (2011, p. 50) allocated stakeholder communication to three strategies: the information strategy, the persuasive strategy, and the dialogue strategy. This strategy indicated in Figure 2.

.According to Cornelissen (2011, p.23), the information strategy is a one - way communication strategy intended to inform the stakeholders on a certain issue, thus the media used for this kind of communication are for instance press releases or newsletters and the goal of this strategy is to raise the stakeholder's awareness on the issue in question. It is important to emphasize the aim of the persuasive strategy is to increase stakeholder understanding and usually the communication strategies used for this are discussions and meeting, pointed out Cornelissen (2011, p.23), in which a company can try to influence the opinions or change the attitudes of the stakeholders.

The communication is two-way disproportionate as in the company transfers a message and receives feedback from the stakeholders, advised (Cornelissen, 2011, p.24), moreover the third strategy is called a dialog strategy, which emphasizes two-way communication, thus the goal of this kind of strategy is to involve and commit stakeholders to the company's issues, for instance by engaging them in collective problem solving

The persuasive dialogue strategies are keys to success as mentioned (Cornelissen, 2011, p.24). Indeed if a company implements and support it's correctly, as we can see later in our research we have a lack of communication in Russia at the present time.

Tench (2014, p.6) described the importance of communication in CSR strategy, as can be seen in Figures 3, it might be said that CSR actions that are practiced but not communicated are considered as information lost. Thus, one can say that when CSR practices, which are not communicated properly to stakeholders, pointed out Tench (2014, p.6) it could be considered a waste of time.

It is important to highlight the fact that according to Du (2010, p.10), the effect of CSR activities has on the company's profit creation is directly linked to CSR communication. The key aspect of this argument is because the only way a company benefits from investing in CSR is if stakeholders are aware of it as mentioned Tench (2014, p.4), and the traditional reports are not sufficient, but in circumstance, several communication frequencies should be employed, moreover this way it is more self-confident that the CSR information attracted as many stakeholder groups as probable. Additionally, Du (2010, p.11) pointed out in their framework on CSR communication that more detail on the matter has to be decided and studied before communicating CSR. As can be realized from Figure 4, their framework is divided into three sections: CSR communication, contingency factors, and communication outcomes.

Bearing in mind the previous points when CSR is communicated, Tench (2014, p.8) specified two circumstances on the effect the message has: either positive or negative, in the one hand the first one occurs when the CSR information is true, in another hand trustworthy and transparent of the message well received by a public that understands the message as it is meant to be understood. Consequently, the getting of CSR information could also end up having a negative impact on the receiver, advised Tench (2014, p.8), thus this can happen when a company communicates incorrect or unfair information or even when stakeholder receiving the message misunderstood it. It is important to note this is why Tench (2014, p.9) mentioned that it is important to not only pay attention to the planning of CSR communication but also to its outcomes. As can be seen in Figures 4, the communicative content is allocated into four sets: a perspective of CSR, CSR programs and initiatives, strategic implementation of CSR and stakeholder or public concerns.

Du (2010, p.11) allocated the outcomes of CSR communications to internal and external outcomes, thus the internal outcomes include the changes in awareness, attitudes, and trust,

moreover, the external outcomes of CSR communication are divided into three groups according to different stakeholders: customers, employees, and investors. According to Du (2010, p.11), the outcomes of CSR communication for the customers can be for instance a change in their purchasing behavior, loyalty for the company or the consumer may perhaps feel like acting as an advocate for the corporation, furthermore for employees, CSR communication is expected to increase loyalty and productivity.

### **4.3 Existing theories of CSR and development**

A series of recent studies mentioned Carroll (2018, p. 82) has indicated that among the primary nominees to capture the attention of scholars and practitioners have been the following major theories or thematic frameworks: business ethics, stakeholder management, sustainability, corporate citizenship, conscious capitalism, creating shared value, corporate purpose-driven business. Carroll (2018, p. 82) described a brief consideration of each will point out why they have contended to be substitute concepts related to CSR.

- **Business ethics**

It could be said that ethical problems in society and business have been around for centuries, of course, but a beginning in the 1980s the field of business ethics began to take shape. The most crucial point made so far that the main reason for this was an explosion of ethical scandals that began to appear in the news and realization on the part of both philosophers and academicians of business management.

- **Stakeholder Management**

It is interesting to note that the stakeholder theory, or its more applied form, stakeholder management, is constructed upon the idea that there are multiple constituencies — stakeholder advised Freeman, (1984, p.21) to whom business owe responsibilities because they hold legal, ethical, or other types of shares in an operation of the organization

From this standpoint, an important level of strategy can be considered as it is of the enterprise strategy implementation when firms have asked the question "what do we stand for?", thus in answering that question, Freeman supposed that a values analysis and social problems analysis had to be conducted and that provided the links with both CSR and business ethics (Freeman, 1984, p.22).

Another relevant point is that using stakeholder nomenclature as point departure, five key questions have been identified as important, pointed out (Freeman, 1984, p.22) for capturing the vital information needed for effective stakeholder management: who are our

organization's stakeholders; what are our stakeholder's stakes; what opportunities and challenges do stakeholder present to firm; (4) that responsibilities (i.e., economic, legal, ethical, and philanthropic) does the firm have to its stakeholders; what strategy or actions should management take to best address stakeholder challenges and opportunities. It might be said that the question (4) highlights the obvious CSR mentioned Carroll (2018, p.86) and ethics of this stakeholder management approach of an interested party.

➤ Sustainability

It could be said that several studies suggest that the term sustainability has a multidisciplinary use and meaning advised Carroll (2018, p.33), thus for example in dictionaries, sustainability is typically explained as a competence of a system to sustain and maintain itself. The majority of prior research has applied this term differently, advised Carroll (2018, p.13), thus, sustainable development involves environmental, economic, and social aspects, furthermore for a particular process to be sustainable, means that it should not cause irreversible change to the environment, have to be economically viable, and should benefit society. It is important to emphasize that sustainability is represented as the synergy between society, economics, and environment as indicated in Figures 8.

It could be said mentioned (Carter, 2001. p 14), the understanding of sustainable development is beyond common sense: poverty and unequal distribution of resources is identified as the major causes of environmental degradation

➤ Corporate Citizenship

Another relevant point is that Altman (1998, p 18) introduced the concept of corporate citizenship as a narrow way which has limited the attention to "corporate community relations", furthermore in this vein, to embrace the roles and activities through which business interacted with non-profit organizations, groups of citizens and other interested party groups at the level of local community. It is useful to know that Wood (2006, p.40) created a definition of a global business citizen which described as a business enterprise (including its managers) that responsibly exercises its rights and implements its duties to entities, stakeholders, and citizens within and across national and cultural boundaries".

The most crucial point made so far and other competing concepts presented in Figure 8. There are the following concepts: creation shared value (CSV), conscious capitalism, and purpose-driven businesses.

Additionally, Schwartz (2008, p.148) pointed out that there were three core concepts central in each framework, thus these three core concepts included: value, balance, accountability.

The important element which is the cornerstone of business-and-society field is the generation of value advised (Schwartz 2008, p.149) as it is opposed with mere long-term value maximizing of the enterprise, however, the idea of value proposed here suggest all firms have an obligation to work towards generating net social values. To put it briefly, business firms are expected to improve the general welfare of society mentioned Schwartz 2008, p.149).

### **4.3.1 CSR as marketing tools**

It is important to highlight the fact that Kotler (2005, p.3) mentioned about six major initiative in the field of CSR, and that most of companies CSR activities falls into one of these initiatives. These initiatives have different potential benefits and concerns. It could be said that can be seen the Table 13 briefly describes the six CSR initiatives called cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices and their potential benefits and concerns, which can be considered as marketing tools of CSR.

### **4.4 CSR-another point of view**

Contrasting theories specified the above Friedman (1970, p.125) in his "Capitalism and Freedom" argues businesses have only one social responsibility which is to maximize the profit of their owners. Friedman (1970, p.127) pointed out what does it means to say that "business" has responsibilities? Thus, only people have responsibilities. In a free firm, private property system, the corporate CEO is acting as the employee of owners of the business, pointed out Friedman (1970, p.128) this person has direct responsibility to the employers, thus that responsibility is to conduct the business according to their desires which generally will be to make money as much as possible.

The most crucial point made so far Friedman (1970, p.127) when mentioned that the corporate CEO is also the person in his own right and this person may have many other responsibilities which this person may recognize or accept voluntarily - to his family, his conscience, its feelings of charity, its church, its clubs, its city, and its country.

Another relevant point is that "essentially revolutionary guideline" in a free society, mentioned Friedman (1970, p.128) thus, have said that in such society, "there is one and

only one social obligation of business - to use its possessions and employ in actions designed to increase its profits.

Additionally mentioned Friedman, 1970, p.128) that the head of a corporation - also the person act independently, if we wish, we can describe some of these duties as "social responsibility". It could be said that these relations he acts as the head, not as the agent, advised Friedman, 1970, p.128) moreover it spends own money or time or energy, not the money of his employers or time or energy which it reduced to devote them to the purposes, thus if it "social responsibility", the social responsibility of people, not business. For example, Levitt (1958, p.) described that the efforts to increase the social responsibilities of companies result in the destruction of the capitalist system. Moreover, Henderson (2001, p.4) considers social responsibility to be an idiom which is incapable of understanding the rationality of capitalism, furthermore, it was mentioned that a socially responsible stance in never free and once it provokes costs for the company it can bring the consequences of raising prices and get less profit.

#### **4.5 Evaluation who is worldwide leader of CSR implementation**

It is important to highlight the fact that Scandinavia is usually mentioned as the world leader in CSR and sustainability, mentioned Strand (2014, p.1), thus, possibly, but not surprisingly, global attention to CSR and sustainability activities from Scandinavia, apparently, increases. Historically speaking, advised Strand (2014, p. 3) it is useful to know that Scandinavia linked to the following countries: Denmark, Norway, and Sweden, and later Finland often join a part of Scandinavia, moreover, expressions about Scandinavian and Nordic are used interchangeably.

The most crucial point made so far that the Scandinavian countries and the companies which are in Scandinavia act extremely well in CSR and executive measurements of stability advised Strand (2014, p. 3) furthermore this includes the Dow Jones Sustainability Index (DJSI) and Global 100 indexes. It is important to understand the triple-bottom-line performance by country cluster, like Scandinavian and the Anglo-Saxon, described by Gupta (2008, p.178) - see Table 2, thus in it, a suite of commonly used country-level indicators for economic performance (gross national income per capita and the Global Competitiveness index), environmental efficiency (the index of Environmental efficiency) and societal performance (The UN Index of Human Development) were collected during 2005-2006 and consolidated by each the triple-bottom-line grouping, environmental and social, advised Strand (2014, p. 3).



Another relevant point is that as we can see in Table 2 the Western grouping of countries the Scandinavian cluster performs best and thus merits attention.

Furthermore, Strand (2014, p.4) specified that the Global Sustainability Competitiveness Index pulls together a huge number of the measurements connected with sustainability from many credible organizations, including the World Bank and various UN agencies. It is necessary to highlight in its 2013 rating, pointed out Strand (2014, p.4) where 176 countries were included, the Scandinavian countries is faired it is remarkably perfect, with the rank of Denmark at number 1, Sweden - number 2, Finland and Norway –both number 4, thus for example, the rank of the USA is 27, moreover the best 30 countries are listed in Table 3.

Moreover, the Scandinavian countries consistently are staying on the top positions of annual Transparency International Corruption Perceptions Index (see Table 4), where very low levels perceived corruption among Scandinavians countries is indicated, mentioned Strand (2014, p.5).

According to Strand, 2014, p.4) while each of these researches has used various methodology and approaches of CSR and sustainability from its own turn, all of them speciously sharped the same thing: by pretty much any measurement, Scandinavian countries lead the world in strong CSR and sustainability performance. Within this special concern, Strand pointed (2014, p.6) out that trajectory the long history of stakeholder commitment by Scandinavian companies and provide some useful comparisons with US business context throughout.

It might be said emphasized Strand (2014, p.6) that ongoing stakeholder engagement, driven by societal expectation and an early role of the government was a part of business consciousness in Norway for a very long period of time. It is characterized as a key difference from the US business context: business in Norway is considered “one of many institutes functioning in society, and not always seen as most significant.”

Thus, Strand mentioned (2014, p.7) that this expenditure of business in society, as different to business and society is a key quality of the Scandinavian model in which business interest and societal interests are steadily considered in tandem. Theory of shared value which was described in theory has Scandinavian roots, mentioned Porter (2011, p.64)

Furthermore, Porter (2011, p.65) advised that: “Shared value offers corporations the opportunities to utilize their skills, resources and management capability to lead social development in a way that even the best-intentioned government and social sector

organizations can rarely match, during this process, a business can earn respect of society again". This point of view can be considered in contrast with a vision of Freeman (1962, p.127) who advised, that the sole purpose of the corporation is to maximize profits and thereby stakeholders wealth.

For better understanding phenomena why Scandinavian countries are leaders in CSR implementation several video programs created by famous Russian journalist Vladimir Pozner about Finland, Sweden, Norway, and Denmark were rewired.

[https://www.youtube.com/results?search\\_query=vladimir+pozner+scandinavia](https://www.youtube.com/results?search_query=vladimir+pozner+scandinavia)

#### **4.5.1 Knowledge management and practical implementation in Xerox**

This is an important finding in the understanding of what business can get from society and from employers when we can consider an example from company Xerox calls Eureka.

This analysis found evidence for one of the big concepts of knowledge management (KM) known as Eureka pointed out Barth (2000, p.2), which wasn't the first attempt to get thousands of Xerox services technicians, the company largest community of practice to share knowledge with colleagues, thus like most service organization, Xerox repair technicians have own language and culture.

Our results cast a new light on fact which we can consider it a good case of community inside of the organization. Indeed, mentioned Barth (2000, p.2), technicians constantly have to deal with impossible problems because, over time, machine erodes in ways that aren't covered in the manual document formed by company, it is necessary to indicate that they are so loyal to their customers that they would often rather look bad in front of their managers than disappoint a customer. Indeed, as a mobile workforce, they can avoid their manager but not their customer" described Barth (2000, p.2) and above all, they take pride in their work, especially in solving intractable problems that have stymied their peers.

It is useful to highlight that when the problem usually was solved that "war" history would get told around the water cooler within communities, maybe, 10 or 15 people, but it wouldn't get shared among the 24,000 technicians specialists we have globally" mentioned Bart (2000, p.3). It could be said for this stage it was only communication within local technicians as we can see, mentioned Barth (2000, p.4), thus trying to solve this problem Xerox established Palo Alto Research Center (PARC) where Eureka it is the name of a solution when the problem was solved, can be developed.

Bart (2000, p.3) mentioned that "we assumed early on that technology, wasn't the solution that if we did not work on the behavioral party of the equation, it wouldn't be successful,

otherwise, we concentrated on understanding what will force people to want to share solutions and to take their personal time to enter stuff into the system.

The most crucial point made so far that the principle of our strategy was recognizing and rewarding people for their creation, use and - more important -use again obtainable knowledge, not the reinvention of resolutions (Bart, 2000, p.4).

Indeed, what is indicated the above - it is the best way how to implement a knowledge management system in practice.

It is interesting to indicate when techs find a solution that isn't in the service manuals, pointed out (Barth, 2000, p.4) they enter it on their laptop's Eureka system, but in contrast what was indicated earlier in the present time Eureka has been implemented worldwide, it has to cope with the eight languages spoken by Xerox's technicians. Bearing in mind the previous points, it is useful to note that the name of the author and validator remains with the tip Barth (2000, p.4) explained, that this simple recognition turned out to be a much more effective incentive than money for technicians to contribute to Eureka.

According to (Barth, 2000, p.4) technicians' author tips because they believe it will be reciprocal in the long time run, moreover, they take pride in solving the problem that nobody else can solve, thus Eureka stands out as an excellent example of how knowledge management can be applied to a very critical business process

Consequently, what is stated above speaks by itself when we consider good communication with company employers practice.

#### **4.5.2 Outside in and outside out approach to strategic management**

It is important to highlight the fact that described Porter (2011, p.67), who explained phenomena of shared value as "joint company and community value creation" that is "well connected to the goals of all stakeholders," moreover this announcement successfully revised the long-lasting "of win-win interests" principle of stakeholders theory that shapes the company and its stakeholders have joint (i.e., shared) interests.

One of the most important contributions from these stakeholder offering originating from Scandinavia pointed out Strand (2014, p.8), is the perspective of an "outside in" approach to strategic management. It is necessary to note that this may also be where a close connection between the previous stakeholder offering from Scandinavia and more recent creating shared value concept becomes most apparent. Another relevant point is that showed it in Table 8 it could be considered as "inside-out" standpoint of corporate

strategy requires a corporation first bearing in mind its own interest and then its interest interaction with the world.

It is important to highlight, mentioned Strand (2014, p.8) an inside-out perspective means that corporation adopts a strategy to consider how it can sell more of its products and services to the world. Consequently, this inside-out perspective is encouraged in the neoclassical economist view of a corporation in which the sole purpose of the corporation is to maximize profits.

In contrast, advised Strand (2014, p.8), an outside-in perspective of corporate strategy begins with a consideration of the world's needs and then back to consider how the corporation can best meet those needs. In cooperation with the Scandinavian industry, Scandinavian management theorists have established an embracement of the outside – inside approach to corporate strategy – see Figures 8.

It is noticeable, mentioned Thomsen (2012, p. 290) that very important influence on CSR in Scandinavia that merit further investigations have to include mandatory employee representation on firm's board of directors, longer-term shareholders, more consolidation share ownership, and flatter pay structures.

Furthermore, advised Stout (2012, p.15), the mandatory employee representation on board of directors symbolizes institutionalized stakeholder engagement between the corporation and its stakeholder beyond shareholders. Moreover, employees be likely to stay with a company far longer than the typical share of a public company is detained whereby this may also help to encourage longer-term perspectives as mentioned Stout (2012, p.15).

The most crucial point made so far pointed out Thomsen (2012, p. 292) a longer-term perspective is embedded in Scandinavian ownership structures given that ownership of public firms tends to be much more consolidated and where the state and large foundations often hold a large percentage of shares in firms for extended periods of time.

In sum, pointed out Strand (2014, p.11), flatter pay structures in a Scandinavian context are supported by much more modest CEO to average worker pay ratios, for example, in Scandinavia, average CEO to worker ratio is reported to be in the 10-309 range, whereas in the USA this range is 300-500.

It is important to highlight the fact that this proxy of organizational flatness may be measured an indicator of superior like a hood for stakeholder engagement specified the comparatively low power distance between individuals (Strand, 2014, p.11).

Another relevant point is that Piketty (2014, p.21) pointed out that the CEO to worker pay ratio will likely be increasingly drawn into the CSR and sustainability debates as pointed out global attention to increasing income inequality continues to grow. During our research, we will come back into this point provided by Piketty's ideas later.

#### **4.6 Identification of contextual elements for better understanding CSR**

The most crucial point made so far when we considered the point of significant differences among countries in the world of CSR implementation which lead to the natural question: why? To answer this question, Davidson (2018, p.3) used an eight parts analytical framework which is looking at the history, the dominant religious beliefs, the relevant social customs, the geography, the political structures, the level of economic development, civil society institution, and the "safety net" of each country. It is important to emphasize that this framework are contextual elements for understanding a country's CSR development, which indicated in Figures 9. Davidson (2018, p.4) pointed out that the significance of each of the types indicated in Figures 10 will differ decidedly from one country to another. Also, the first four of these categories are mostly unchanging, and the second four categories change over time and with developments in the country.

Davidson (2018, p.6) mentioned that the process of exploring these categories in any given country and their encouragement on the study and practice of CSR within that country is shown in Figure 13.

##### **4.6.1 Different system of CSR-the National Business Systems Approach**

It is useful to note that Whitley (2003, p.19) advised that national differences in CSR can be explained by historically grown institutional frameworks that shape the "national business system" (NBS). Consequently, Matten (2008, p.4) paved the way between "implicit" and "explicit" context of CSR, it was characterized that CSR varies depending on certain, national contexts

This is an important finding in the understanding of the CSR, phenomena which more "explicit" in the USA, mentioned Matten (2008, p.4) and, usually consists of voluntary, the policy of personal interest can be considered there, programs and strategy as it is typical in an understanding of CSR in the USA. Indeed, Matten (2008, p.4) described that implicit CSR as it is observed in Europe embraces the values, norms and the rules evident in the local culture, hence, CSR is more implicitly understood and accepted in Europe because it is the most part of their cultural institutions, especially the governments, than in the USA. From this standpoint, explicit CSR can be considered as a result, which could more

conceivably founded in the liberal market economy in which the collectivism and partnership are more evident, pointed out Matten, 2008, p.8).

Turning now to the question of shifts in the balance of implicit and explicit CSR, therefore, reflect changing features of a corporation's historical national institutional frameworks and their instantaneous organization fields. It could be said that the historically grown of national institutional framework, its corresponding NBS and in its organizational area have influenced the corporation through isomorphic forces in the one hand, mentioned Matten, (2008, p.9), in another hand the consequence is CSR reflecting of a hybrid of implicit and explicit elements, which can be considered as cause of globalization and increasing value of the international trade and cooperation among the countries.

Bearing in mind the previous points, Whitley (1999, p.16) defined several main features of historically grown national institutional framework: the political system, the financial system, the education and labor system, and cultural system, the nature of firms, the organization of market process, both the coordination and control systems, organization of process of the market, coordination and control system. We can describe the designated features with more details as follows:

- Political systems, Matten (2008, p.5) advised that key distinguishing feature of the American and European political systems is the power of the state. This has tended to be bigger in Europe, than in the USA, and the European governments generally have been more involved in economic.

- The financial system, Matten (2008, p.5) pointed out that in the USA the stock market is the central financial source for companies. Most of the larger, publicly owned companies take the capital there, and shareholding is relatively spread among shareholders. With the stock market which is the most important source of the capital, corporations have to provide a high degree of transparency and responsibility to investors. In contrast, mentioned Matten (2008, p.5) in the European model of capitalism, corporations tend to be surrounded in a network of a small number of large investors, corporation, among which banks play a major role, which sometimes even equivalent or above that from shareholders.

It is important to highlight the fact pointed out chairman of Deutsche Bank German Joseph Abs, that "Revenue is good, but not everything", cited Fiss (2004, p.520) as example of European model, in connection with this, the long-standing chairman of Bosch, emphases

that success of the company could not be measured in money alone (both quoted in Der Spiegel-one of the main newspaper in Germany 1997).

- Education and labor system and cultural system, Matten (2008, p.5) specified that there are differences among the countries in correspondingly.

- Nature of firms, the organization of market process, and coordination and control systems, as Whitley (1999, p. 12) described that these institutional factors have shaped the American and European NBSs, and they are different.

It is noticeable that the nature of the firm, pointed out Matten (2008, p.7) indeed, it is useful to know the United States was more certain on market-based forms of contract-based ownership in the one hand, and another hand the European countries, especially Scandinavian, have had a large quantity of direct ownership or alliance ownership banks, most conspicuously through network of banks, insurance companies or even government players.

- Organization of the market process, Whitley (1999, p.14) described a crucial feature of NBS, is how the economic relations between players are prepared and coordinated, the two excesses here being markets and alliances. It could be said that in the U.S. according to Matten (2008, p.7), a larger distinction has been specified to market self-organization, which is carried out by government and courts through the anti-trust law, for example. In contrast, mentioned Matten (2008, p.7) in contrast, the Europe markets have tended to be organized by producer group alliances which either consensual representation or mediation of labor and the capital.

- Coordination and a control system, Whitley (1999, p.15) mentioned that NBSs considerably differ in the way companies are governed, thus, key features of NBSs include degree of integration and interdependence of economic process, anonymity of the employer-employee relationships, degree to which delegation takes place and confidence administrates relationship, the level of discretion in the task environment of employees, and degree of obligation of managers to workforces.

#### **4.7 Analyzes role of government of CSR implementation and practice**

It is important to highlight the fact that the philosophy of CSR activities is based on two models, mentioned Ekpu (2007, p.40) namely the philanthropic or US model and the European model. It could be said that under the philanthropic model (which is prevalent in US), companies are expected to make profits and then pay taxes to the appropriate authorities, as well as donate a certain portion of the profits charity. In contrast the

European model, advised Ekpu (2007, p.40) is more focused on operating the core business in a socially responsible manner, complemented by investment in communities for solid business case reasons in the other hand, furthermore, in another hand it has to be mentioned that the advantage of European model of the social responsibility can be considered an integral part of the wealth creation process that can enhance the competitiveness of business and enhance the value of wealth creation on society at large. It is useful to know that in such a situation, the incentive to practice CSR will remain unhampered whatever happens.

We can describe that the Russian Federation is more close to the European model, but of course, reflected features which implemented the global international companies, thus it might be said that there hybrid of implicit and explicit elements is highly possible moreover indicated earlier the contextual elements influence is large.

#### **4.7.1 EU initiative related to CSR**

Having considered EU initiative related to CSR, it is necessary to emphasize that this idea goes to the sources of strength of character of social responsibility, as it is established by the Commission of the European Communities (COM, 2001, p.4) as a conception whereby enterprises incorporate social and environmental concern in their business operations and in their interaction with their stakeholders on a voluntary basis.

The key aspect of this argument is about the enterprises deciding to go beyond minimum legal condition and commitments approaching from collective agreements in order to address social needs.

It is important to highlight the fact that through the CSR enterprises of all sizes, in cooperation with their stakeholders can support to reconcile economic, social and environmental ambitions. It could be said that CSR has become more and increasingly significant concept both globally and within the EU and is a part of a dispute about globalization, competitiveness, and sustainability (COM, 2006, p.10).

The most crucial point made so far since the end of the Cold War period the market economy has prevailed in the most part of the world. Another relevant point is that while it has opened new opportunities for business, it also creates the corresponding need for self-restriction and mobilization on the part of the business community, for the benefit of social stability and well-being of modern democratic societies (COM, 2006, p.12).



Bearing in mind the previous points, it is useful to emphasize that it is a very important part of this document and EU strategy as the hole and very good corresponding with idea described by Pikkety in Capital on 21 century.

Sustainable growth and more of the best jobs are the twin challenges the EU has to address in the face of the global competition and the aging population now to protect our model for the European society ... enterprises as engines for economic growth, creations of jobs, and innovations, are key players in providing of Lisbon and sustainable development goals (COM, 2006, p.15).

It was interesting to find what was mentioned in (COM, 2006, p.18) that the international measurement of CSR the Commission will continue to endorse CSR globally for increase in a contribution of the enterprise to achievement of the goals of development of the Millennium of the UN, the ILO the Tripartite Declaration of the Principles is relative MNEs and Social policy, the Recommendations of OECD from MNE and the Global contract of the UN. It is noticeable that there are several global initiatives connected with CSR according to (COM, 2006, p.18) are designated as follows:

- United Nations (UN) Global Compact was originated in 2000 by the Secretary-General Kofi Annan and there are more than 4,000 memberships including large corporations from the government and civil society at present time. Participants agree for support of ten principles on the basis of the international agreement on human right, the environment, labor rights and fight against corruption and also "to catalyze actions in support of the commitments of the UN", such as Millennium Development Goals.

- Global Reporting Inventiveness is a "long-standing, multilateral, international process which mission consists in developing and distributing globally applicable Sustainability Reporting Guidelines .... for voluntary use by the organizations for reporting about economic, ecological and social factors of their actions, products, and services. It was established in 1997 in the UN Environment Program - [www.globalreporting.org](http://www.globalreporting.org).

- ISO 14000 series: this successions of standards focuses on the corporate systems of environmental control, promoting continuous improvement, without defining the actual standards of struggle.

- ISO 26000 series: this sequence is the designation of future indications of the giving International standard of social responsibility. The standard for management is intended for use of all types by the organizations, and in the public and private sectors, non-governmental organization and in labor unions.

- OECD Guidelines OECD on Multinational Corporations: these are the recommendations at first developed in 1976 and revised in 2000, be relevant to disclosure of information, the employment relationships, environmental control, bribery, a competition, consumer interest and distribution of science and technology.

On the base the above we can see a sense of what the fundamental phases are when we consider the anatomy of EU and worldwide initiative related to CSR.

#### **4.8 What is reality of CSR worldwide and is it always good**

It is interesting to illuminate an alternative point of view about CSR. thus it could be said that trying to find an answer on question, where does CSR come from, Aid (2014, p.4) pointed out that while the subject of business ethics has a long history, CSR has become a distinctive topic recently, to be more precise during the 1980s, when the United Nations struggled with International Code of Conducts on multinational corporations, covering areas such as labor standards, consumer's rights, women's rights, the environment, corruption, and restrictive business practices.

Furthermore, it must also be noted that the indicated above code was never approved, mentioned Aid (2014, p.5), it might be said largely, because of U.S. government and multinational corporates disagreement to its range and legitimate standing.

It is important to highlight the fact that modern CSR was born during the 1992 Earth Summit in Rio de Janeiro, pointed out Aid (2014, p.6), it is useful to know the fact which showed evidence that the UN-sponsored recommendations on regulations were rejected in favor of a statement for voluntary self-regulation placed by a coalition of companies called the World Business Council for Sustainable Development, thus its version of events was endorsed by U.S. and UK and other Western government.

The most critical point made so far advised Aid (2008, p.6) when the key events happened such as Shell's handling of the Brent Spar oil platform incident in 1995 and oil exploitation in Nigeria marked. It could be said that these damages have changed the British public's attitude towards corporate behavior and people began expecting a corporation to act in a far more ethical way, hence we can understand an important cause of CSR, which became more and more popular after indicated above event

It is necessary to note that in May 1996, advised Aid (2014, p.7), six months on from oil disaster in Nigeria, suffering a falling share price, Shell decided on an urgent change of direction, thus the company employed a Shandwick, which was one of the world's largest

PR firms in that time, the main reason of this invitation was reason that the Shandwick have to repair Shell's public image and ability to lobby more effectively.

Bearing in mind previous points, we must to know that in July 1996, Shell employed four senior PR executives, mentioned Aid (2014, p.8) and three months later awarded the company Shandwick a contract to developed the web site [www.shell.com](http://www.shell.com), it might be said that altogether this helped to Shell's cornerstone foundation, the declaration of general business philosophies, which was implemented in March 1997.

Another relevant point is that the Shell also actively constructed the audience with NGOs, pointed out Aid (2014, p.9), thus it has to be mentioned that he led to constructive "dialogues" with some of these NGOs and refinement of Shell's thinking and policies that drew on NGOs development and human right expertise. It is interesting to emphasize the point that other companies quickly followed Shell's lead, and a new CSR industry grew up to support their efforts. To return to an earlier point it could be said that the London city a lot of PR consultants, social auditors could be founded, moreover, the number of firms providing verifications for companies' social and environmental reports are increased rapidly.

In might be said this ever-growing focus on social responsibility in business is to be welcomed, mentioned Aid (2008, p.10), but it has been founded that there is an important distinction between this rapidly increasing CSR industry and the delivery of tangible benefits to communities especially in developing countries, whose lives are still, in too many cases, damaged by the activities of multinational corporations.

Another relevant point was indicated by the World Bank "Despite widespread rhetoric, an impact is still patchy, thus in practice, many companies' implementation of CSR strategies is shallow and fragmented", advised Aid (2008, p.13).

Bearing in mind the previous points influence of multinational corporation on the world global trade is increased rapidly pointed out Aid (2008, p.12), thus it is highly possible a reflection of the changing nature of international trade, the increased mobility of capital and relaxation of regulation. It is interesting to know point of view of Aid (2008, p.12), it was mentioned that many examples were founded that increasingly, corporations' headquarters are located in one country, where they are registered, with sourcing or production network linking them to subsidiaries in another country or countries, while they have share listing on several stock exchanges in one hand. Furthermore, in another hand indicated corporation has transferred money around within organization, changed a place

of their headquarters and subsidiaries in response to changing legal and social environments, and have paid the one government off against another to take favorable tax and regulatory treatment.

It is necessary to highlight mentioned Aid (2008, p.11), there has been a huge rise in the number of multinational corporations in both developing and developed countries, thus, in 1970 there were 7000 while in 2003 there were an estimated 63 parent companies operating around 69 000 subsidiaries in almost all sectors, countries and industries in the world.

It have to be indicated advised Aid (2008, p.13), this has led to a steady rise in foreign direct investment (FDI), partly because of liberal policies towards multinationals, moreover increasing FDI also reflected companies' growing tendency to relocate parts of their production process to developing countries, which offer cheaper labor costs. Another interesting point is that companies have also moved between countries in response to changing tariff regimes to gain the cheapest access to their major markets, mentioned Aid (2008, p.13), , thus multinational corporations can bring many benefits to developing countries, but despite their size, growing influence, and importance, the presence of multinationals does not guarantee a better standard of living for peoples in communities which they operate, or the alleviation of poverty.

Having considered the CSR implementation by multinational companies pointed out Aid (2008, p.4) - "we can't be so bad" would go a company's clichéd CSR backed response, furthermore "look at the all nice things we do", thus the CSR, in other words, can become merely a branch of PR.

It is important to highlight the fact that on base the above CSR we can create conclusion that very often CSR can be considered as part of PR strategy which heavily linked to marketing tools.

According to Aid (2008, p.4), the problem with CSR is that it is unable to deliver on its grand promises and that CSR is a completely inadequate response to the sometimes devastating impact that multinational companies can have in an ever-more globalized world and that it is actually used to mask that impact.

Furthermore, Christian Aid (2008, p.59) pointed out that adherence to international human rights and environmental standards must be fundamental to a company's license to operate and that applying such standards to its subsidiaries and affiliates, and throughout its supply chain, is part of a company's social responsibility.

The most crucial point made so far, it is useful to know mentioned Aid (2008, p.60) thus, with an increasingly globalized economy must come increasingly global responsibilities, it have to be mentioned that the multinational corporations as some of the primary beneficiaries of globalization must be required to promote and protect social values.

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Bearing in mind the previous points influence of multinational corporation on the world global trade is increased rapidly pointed out Aid (2008, p.12), thus it is highly possible a reflection of the changing nature of international trade, the increased mobility of capital and relaxation of regulation. It is interesting to know the point of view of Aid (2008, p.12), it was mentioned that many examples were founded that increasingly, corporations’ headquarters are located in one country, where they are registered, with sourcing or production network linking them to subsidiaries in another country or countries, while they have share listing on several stock exchanges in one hand. Furthermore, in another hand indicated corporation has transferred money around within organization, changed a place of their headquarters and subsidiaries in response to changing legal and social environments, and have paid the one government off against another to take favorable tax and regulatory treatment.

It is necessary to highlight mentioned Aid (2008, p.11), there has been a huge rise in the number of multinational corporations in both developing and developed countries, thus, in 1970 there were 7000 while in 2003 there were an estimated 63 parent companies operating around 69 000 subsidiaries in almost all sectors, countries and industries in the world.

It has to be indicated advised Aid (2008, p.13), this has led to a steady rise in foreign direct investment (FDI), partly because of liberal policies towards multinationals, moreover increasing FDI also reflected companies’ growing tendency to relocate parts of their production process to developing countries, which offer cheaper labor costs. Another interesting point is that companies have also moved between countries in response to changing tariff regimes to gain the cheapest access to their major markets, mentioned Aid (2008, p.13), , thus multinational corporations can bring many benefits to developing countries, but despite their size, growing influence, and importance, the presence of

multinationals does not guarantee a better standard of living for peoples in communities which they operate, or the alleviation of poverty.

Having considered the CSR implementation by multinational companies pointed out Aid (2008, p.4) - “we can’t be so bad” would go a company’s clichéd CSR backed response, furthermore “look at the all nice things we do”, thus the CSR, in other words, can become merely a branch of PR.

It is important to highlight the fact that on base the above CSR we can create a conclusion that very often CSR can be considered as part of PR strategy which heavily linked to marketing tools.

According to Aid (2008, p.4), the problem with CSR is that it is unable to deliver on its grand promises and that CSR is a completely inadequate response to the sometimes devastating impact that multinational companies can have in an ever-more globalized world and that it is actually used to mask that impact.

Furthermore, Christian Aid (2008, p.59) pointed out that adherence to international human rights and environmental standards must be fundamental to a company’s license to operate and that applying such standards to its subsidiaries and affiliates, and throughout its supply chain, is part of a company’s social responsibility.

The most crucial point made so far, it is useful to know mentioned Aid (2008, p.60) thus, with an increasingly globalized economy must come increasingly global responsibilities, it has to be mentioned that the multinational corporations as some of the primary beneficiaries of globalization must be required to promote and protect social values.

#### **4.8 The distribution of wealth as important part of social responsibilities**

It is important to highlight the fact about the history of the distribution of wealth has always been deeply political and it cannot be reduced to purely economic mechanisms, mentioned Thomas Piketty in his publication “Capital in the Twenty-First Century (2014, p 24.). The key aspect of this argument indicated in Figures 11, described Piketty (2014, p 24). thus as can be seen there we are in the same position at the beginning of the 21 century where our forebears were in the early of 19th century. The most critical point made so far the Karl Marx, who indicated the principal conclusion in his books “Capital”, about the “principle of infinite accumulation”. Bearing in mind the previous points it is necessary to highlight very important cause which linked to the unstoppable tendency where the capital accumulated and concentrated in few hands, with no natural limit to the process,

mentioned Piketty (2014, p 24), furthermore, this point is constructed on the base the Marx's prediction of an apocalyptic end to capitalism.

Another relevant point is that additionally Piketty (2014, p 25.) mentioned a very interesting idea about fundamental inequality  $r > g$  that can be considered that the principal destabilizing force has to linked with the fact that private rate of return on capital  $r$  ( stands for the average annual rate of return on capital, including profits, dividends, interest, rents and other income from capital) can be significantly higher for long period of time than the rate of growth of income and output  $g$  (stands for rate of growth of the economy, that is, the annual increase in income or output).

It is necessary to know that in the situation when the amount of return on investment significantly exceeds the growth rate of the economy, described Piketty (2014, p 26.) thus, it logically follows that inherited wealth grows faster than output and income.

It is important to highlight the fact that one of the reasons of infinite accumulation of wealth pointed out Piketty (2014, p 26.) have happened because of spectacular increase in inequality largely reflects an unprecedented explosion of very elevated incomes from labor, a veritable separation of the top managers of the large firms from the rest of the population, one possible explanation of this phenomena is that these top executives have the authority to set their own compensation, in some cases without limit and in many cases without any clear relation to their individual productivity.

It must also be noted that currently, we can see very often such practice among top management in the largest companies in Russia. In contrast, we can consider the opposite practice in Scandinavia, where is normal practice to publish ration of wages top management and workers.

It is necessary to emphasize that such differences in indicated wages are very important when we consider CSR phenomena and its implementation in Russia.

## **5. Practical part**

### **5.1 Practice of CSR in Russian Federation**

In important question associated with social responsibly have linked to the is a point when we considered the Russian business of the second half of the 19th century. It might be said that the evidence was given about the fact that in Imperial Russia was not the market and cost efficiency had determined the value, in contract more importance in the social sphere, science and culture was heavily linked to the cause of successes. The businessman and public figure Mr. Buryshkin in his memories pointed out that the beginning of the XX accusative: "... oddly enough, in old Moscow, the wealth did not play a crucial role. Almost, all families which should be put on the first place in sense of their value and influence were not from those which were famous for the wealth. Sometimes it happens, but only when the wealth was a source for an affair of wide donations, or creation museums, clinics, or development of theatrical activity" (Buryshkin, 1990, p.109).

Having considered situation, which might happen if the socialist revolution was not materialized in Russia in 1917, it could be said that much possible connections and much more similarities perhaps can be founded when we compare the existing CSR model which is an important cause of the Anglo - Saxon countries development in this field.

Turning now to the points which was mentioned in theoretical part of our diploma thesis such as the country history, religion/ideology, social norms, geography position, political structures, level of economic development, civil society institutions and safety net, which can be considered as the contextual elements for the better understanding country itself and CSR in particular.

Consequently, on base the above we can see a sense of what the fundamental elements are influenced the CSR, thus, it is important to point out that a situation with CSR implementation in Russia can be seen as on the same line of CSR development worldwide, probably due to good communication between Russia and the EU in the period in 2000-2015.

An important question associated with CSR implementation in Russia is understanding of point, thus it has led to the fact that the Russian Union of Industrialist and Entrepreneurs (RSPP), which was created by biggest Russian firms as a non-government organization has a zone of responsibility in this field. Furthermore, from this standpoint, the last RSPP report (2018, p.5) can be considered as the main source of the understanding situation in Russia with CSR implementation and development.



The most critical point made so far Mr. Guy Ryder - Director of International Labor Organization (ILO). Consequently, it is necessary to highlight, advised Mr. Guy Ryder ((RSPP, 2018, p.3) that the RSPP commitment of the local and national issues are pretty matched to the Agenda of the Sustainable Development Goals (SDGs) 2030, which indicated as follows: free world, free from poverty, injustice and discrimination, and a healthy planet for existing and future generations.

It is useful to know, that it was indicated in the foreword to the corporative practice collection “Russian Business and Sustainable Development Goals” have prepared by RSPP in 2018 (RSPP, 2018, p.5). Bearing in mind the previous points it is interesting to indicate that the key of success is caused by a condition of good cooperation of the non-profit organization Russian Union of Industrialist and Entrepreneurs (RSPP) with International institutions, one of them is the International Labour Organization (ILO).

This is an important finding in the understanding of the fact that the leaders of 193 countries approved in September 2015 the ambitious comprehensive program “Transforming our World: The 2030 Agenda for Sustainable Development”. It is necessary to highlight that one of the main goals of this program has been supported by the world community in joint effort to generate a better future, indicated in RSPP report (2018, p.8) in the one hand, in another hand another idea indicated in the above program which linked to the point that the scale of the fixed goals have made the possibility to reach them only, if all member has participated in the development.

It might be said, that the Russian Union of Industrialist and Entrepreneurs (RSPP, 2018, p.9) carried out in 2017 survey among members on the subject of sustainable development, within the large, medium and small business enterprises among the various divisions of the economy which have represented all regions of the Russian Federation.

This analysis found evidence that from a total number of the interviewed - 43% have the awareness of the UN SDG, furthermore, indicated in RSPP report (2018, p.9) that the main direction of the companies' activity has supported the achievement of the SDG, in line with the implementation of innovations, new energy, and resource-saving technologies. Bearing in mind the previous point it is useful to know about the second furthestmost widespread which represented by “sustainable profitable development and employment progress” which gained a share of 56.7%, moreover the slightly less -53.3% is the share of another answer - “responsible consumption and production”. Another relevant point of the finding is that the large Russian companies started to integrate the sustainable

developments goals into their strategy, mentioned in RSPP report (2018, p.8). The key aspect of this argument indicated can be founded in Figures 12, where indicated the results of the Russian company's activities have contributed in the line of the achievement of the sustainable development goal (SDG)

It is important to highlight the fact that the Russian Union of Industrialist and Entrepreneurs has been compiling its corporate sustainability, responsibility and transparency indices since 2014, thus, the two interconnected indexes – the Responsibility and Transparency index – indicated in Figure 13 and the Sustainable Development Vector index – indicated in Figure 14, mentioned in RSPP report (2018, p.12), besides, it is noticeable that indicated the above indexes can be considered as a tools of complex assessment of the open company reports (annual reports and sustainable development and CSR reports) created by Russia's largest enterprises.

The present study confirmed the findings of Russian companies, who are leaders of the Sustainable Development Vector Index-2017, which can be considered in the same line with CSR dimension, indicated as follows:

Arosa, Gazprom, Eurochem, Zarubezneft, Inter, Kamaz, Lukoil, Metalloinvest, MTS, NLMK, Nornickel, RZD, Rosatom, Rosneft, Rostelecom, Rusal, Sakhalin Energy, Sberbank, Severstal, Sibur, Systema, SUEK, Transneft, Uralkali.

## **5.2 Company - leader of CSR implementation in Russia-Sakhalin Energy**

It is useful to know which company could be considered as a leader of CSR implementation in Russia. It must be said that according to the RSPP report the company is a leader of CSR implementation in Russia was chosen the Sakhalin Energy [www.sakhalinenergy.ru](http://www.sakhalinenergy.ru), the company is situated in the Eastern part of Russia in Sakhalin Ireland.

It is important to highlight the fact that according to the company web site, the Sakhalin Energy is developing the Piltun-Astokhskoye oil field and Lunskeye gas field in the north-eastern coast of Sakhalin Ireland –Russian Far East (see Figure 15). It is interesting to note that the company's main activities are the production, transportation, processing of natural gas. Sakhalin Energy shareholders include: Gazprom (50% plus one share); Royal Dutch Shell (27.5% minus one share); Mitsui (12.5%); Mitsubishi (10%)

It is necessary to mention the company's major assets included: the three offshore oil and gas platforms; the TransSakhalin pipeline system; the other offshore processing facility;

booster station; the oil export terminal; the liquefied natural gas (LNG) plant; the two gas transfer terminals.

There was some important information that the company's 2015 IFRS financial statement reports the revenue of 6,192 billion USD and net income 1,962 billion USD, as mentioned in the company web site. Moreover, it might be useful to know that Sakhalin oil blend is a new oil grade introduced by Sakhalin Energy to the Asia Pacific region in 2014, it is linked to the light, low-sulphur oil blend. It is notable that the company shipped 5.22 mln tons (approximately 41.01 mln barrels) of this oil in 2015. Furthermore, the company web site mentioned that the first Russian liquefied natural gas plant was built by Sakhalin Energy in 2009. Thus, this LNG plant produced 10.82 mln tons of LNG exported to Japan, South Korea, China, and Taiwan in 2015. Additionally, Sakhalin Energy began supplying natural gas to the Gazprom pipeline system through two gas terminals in 2011. It is necessary to note that the north GTT transfers the Sakhalin-2 gas into Sakhalin-Khabarovsk-Vladivostok pipeline, while South GTT supplies gas to Sakhalin consumers.

According to the company web site, Sakhalin Energy implemented a deliberate Sustainable Development policy.

Turning now to the question about sustainable development and CSR implementation it could be said, that it is constructed on the base the seven principles indicated as follows:

- Respect and support human right
- Identification and reduction of economic, environmental, and social risks
- Efficient use of resources, protection of the environment and biodiversity
- Maximum profitability
- Development of strategic partnerships
- Open and honest interaction with stakeholders
- Provision of benefits to the employees, shareholders, business partners and territory of the company's presence

It is useful to indicate that we can find sustainable the development and CSR implementation programs in Figure 17, which published in the company web site.

Thus, it is important to note using the same source that Sakhalin Energy adheres to the principles and provision of ISO 2600: 2010 Guidance on Social Responsibilities and safety and environment, moreover the Sakhalin Energy struggles to be a leader in the field of sustainable development, taking into account the Sustainable Development Goals set out in the 2030 UN Agenda for Sustainable development.

Thus, it is mentioned in the company web site that most of the company's SCR programmers and practices can be considered as specific activities that contribute to the achievement of the SDGs. It is important to highlight that the Sakhalin Energy is concentrated on reaching SDGs linked to the respect for human rights in its host region, for example the engagement with the local community, the sustainable development partnerships, and grievance resolution, moreover the maintenance of the HSE standards, preservation of biodiversity and many other things should be mentioned.

It might be said that all indicated the above programs the company published in the Sustainable Report which linked to the company web site. With regard to communication with its the stakeholders, it has to be mentioned that the regular dialogues were organized bearing in mind idea how to share the ideas regarding possible ways towards reaching the SGDs.

Having considered the achievement on the field of SCR implementation and sustainable development it might be said, that the Sakhalin Energy becomes the only one the Russian company to have its experience and to be a member of 39 worldwide companies, achieving good results in the UN Sustainable Goals implementation and which were selected to be published in Global Goals Yearbook 2018 – see Figure 16.

### **5.3 Vostochnaya Stevedoring Company (VSC) –implementation of CSR**

This is the field of study that deals with the practical part and the chosen company which name is the Vostochnaya Stevedoring Company. As far as we know, no previous research has investigated CSR implementation in the Russian Far East. Hence we can describe that the VSC is one of the biggest container terminals in Russia and the biggest in the Russian Far East. However, it should be mentioned that the stevedoring business is the main service provided by VSC, according to company web -[www.vscport.ru](http://www.vscport.ru).

In fact, the Vostochnaya Stevedoring Company is part of the “Global Ports” group, as emphasized in the company web site, and the company is situated in Vostochny port area which belongs to Nakhodka city – the Primorsky Krai of Russia (Russian Far East, capital is Vladivostok city) - see Figure 18, 19,20.

Besides of that, the current terminal's throughput capacity amounts to 650 000 TEUs (twenty-foot container equivalent units) indicated in the VSC web site. Subsequently, the VCS provides a full range of stevedoring, forwarding and warehouse services, and be responsible for storage for dry and service, including electricity plugs for refrigerator containers. As can be seen, the company also acts as railway operator providing further

transportation by Trans-Siberian railway to main cities of Russia and CIS countries (Kazakhstan, Uzbekistan, Kirgizstan) using own and third parties rail platforms, as additional service company provides customs checking procedures.

It might be said that the VCS has owner the company Global Ports [www.globalports.com](http://www.globalports.com). To summarize, it should be emphasized that Global Ports, in turn, has two owners: the Delo Group (Russia) [www.delogroup.ru](http://www.delogroup.ru) - 30,75 % share and the APM Terminal (Denmark) [www.amptermial.com](http://www.amptermial.com) - 30,75 % share, which can be considered as main shareholders. Furthermore, as it mentioned in company (the Global ports) web site- the group's operation consist of the following operating segment: Russian port segment, Oil Products terminal segment, Finnish ports segment; Global ports operate five terminals in Russia, and two container terminals in Finland. Finally, we can write that the company's issued share capital consists of 573,179,731 issued ordinary shares, and it has to be mentioned that the Company's Global depositary receipt (GDRs), which represent three ordinary shares each, are listed and traded on the Main Market of the London Stock Exchange under ticker GLPR. JP Morgan Chase Bank, N.A acts as depositary for Global Ports, as is indicated in the Global ports web site.

For this study, it was of interest to investigate CSR implementation in the VCS and we agreed that data is collected through several interviews.

We can apply our algorithm to solve this problem and indicate below interviews with Respondents 1, 4 and 5.

It has been found via conversation with the Respondent (1) that the VSC has following operation results – significant growth from 3182,2 in 2011 to - 5977,1 thousand ton in 2017 - see Figure 21, turning now to the financial results, we can see their weighty growth as well -from 1666105 thousand rub in 2011and 3568675 thousand rub in 2017 - see Figure 22.

The most critical point for every port mentioned the Respondent (1) is the availability of main shipping lines and geography where possible to ship cargo. Thus, the VSC terminal has agreements with main worldwide shipping lines which indicated below. Another relevant point is the system of agreement and payment to the terminal, emphasized the Respondent (1), it has to be mentioned that in our situation shipping lines paid to terminal stevedoring cost for unloading from a vessel and loading containers on railway or truck. It is necessary to highlight what happens further when the container was unloaded from the vessel. Bearing in mind previous operations, mentioned the Respondent (1), when

container arrived at terminal further actions linked to the forwarding company, which has organized customs procedure and decided where and how inland transportation of container can be organized, for example by rail or truck., Usually this procedure takes some time, then storage at the terminal may occur, pointed out the Respondent (1), thus, the payment for storage and other services to VSC terminal usually done by forwarding companies, which also have a direct agreement with the terminal. It is useful to investigate during the interview that there are more than 150 various forwarding companies which worked with the terminal.

Turning now to the question about sea transportation it is necessary to know which shipping lines make a call to Vostochny port. As it illustrated the Respondent (1), there are indicated below shipping lines, which have a direct agreement with the terminal on the one hand, on another hand shipping lines, provided service to its customers, which are mainly forwarding companies or direct customers, it could be a retailer of a factory for example.

The Maersk Line is an integrated container logistics and the global leader in shipping services, as mentioned in the company web site [www.maersk.com](http://www.maersk.com)

To return into an earlier point about geography, emphasized the Respondent (1), there are following services provided by Maersk line:

- Vostochny-Pusan-Hakata-Shanghai—Ningbo-HongKong-Yantian-Singapore-Thiawa-Yangon
- Yangon –Tanjing Pelepas-Singapore-Ho Chi Minh City-Da Nang-Hong Kong-Shanghai-Ningbo-Busan-Vostochny

The AMP Terminal, the company which was mentioned earlier as one of the main owners of the Global ports is part of Maersk Group, described the Respondent (1),

With regard to another important shipping line, advised the Respondent (1), leading Korean company Hyundai Merchant Marine (HMM) [www.hmm21.com](http://www.hmm21.com), should be mentioned and there are following services provided by HMM:

- Shanghai-Ningbo-Busan-Vladivostok-Vostochny-Busan-Shanghai

It is interesting to know, that the third important shipping lines FESCO, which is one of the biggest Russian logistics providers- [www.fesco.ru](http://www.fesco.ru), advised the Respondent (1), during the USSR time before 1993, the FESCO was the state company, moreover, Vladivostok and Vostochny ports were part of FESCO in that time. There are the following services provided by FESCO:

- Vladivostok-Vostochny- Chiwan-Yantian-Xiamen-Ningbo-Shanghai

- Vostochny-Vladivostok-Sendai-Shimizu-Nagoya-Kobe-Toyamashinka-Busan
- Vostochny –Vladivostok –Magadan

Additionally, pointed out the Respondent (1), other shipping lines indicated below, provide service to the VSC: Sinokor Merchant Marine (Korea), CMA-CGM (France) [www.cma-cgm.com](http://www.cma-cgm.com), APL (Singapore) [www.apl.com](http://www.apl.com) , SASCO (Russia) [www.sasco.ru](http://www.sasco.ru).

To our knowledge, mentioned the Respondent (1) it is important to notice that in general the shipping industry is well regulated on the international level. Thus, the International Maritime Organization (IMO) is mainly responsible for regulating the shipping industry, for example, there are about 50 IMO conventions, approximately 30 IMO codes, more than 2500 IMO circular letters and 1700 IMO resolutions, classification rules and other documents that shipping lines must constantly follow., emphasized the Respondent (1).

Furthermore, the Respondent (4), who represents shipping line, added the interesting point that the International Maritime Organization (IMO) together with the International Labour Organization (ILO) is responsible for setting and managing the majority of the international convention and regulation on maritime transport. Thus, as mentioned in IMO web site [www.imo.org](http://www.imo.org) the company is a part of the United Nations family. It is useful to know that IMO is actively working towards the 2030 Agenda for Sustainable Development and the associated SDGs.

Another relevant point indicated the Respondent (5), who represents a forwarding company, it is necessary to highlight the World Customs Organization (WCO) [www.wcoomd.org](http://www.wcoomd.org) and the International Standardization Organization (ISO) [www.iso.org](http://www.iso.org) also have actively involved and developed the maritime industry in the fields of safety and security, which heavily linked to the CSR. It is interesting to find via the WCO web site information, described the Respondent (5), that one of the aims of the WCO is promotion the socio-economic development, creation the conditions for economic growth and providing security for a citizen.

Consequently, what is stated above speaks by itself when we consider the regulation level sea transportation industry and how IMO, ILO, ISO, and WCO have linked to sustainable and CSR development.

The key aspect of this argument is that the shipping lines which have made a call to Vostochny port can be considered as stakeholders and external community, and companies acting as international regulators like ISO, IMO and ILO can be considered as an external community.

For the current work, it is sufficient to point out that each country, including Russia, is responsible for implementation of international regulation in the maritime industry through their own legislation, mentioned the Respondent (4), and each port including port Vostochny also has own specific rules and practices.

Because we were interested in CSR implementation, the Respondent (1) pointed out that Global ports as the owner of VSC supported sustainable development and the CSR implementation, thus, the company has provided annual CSR report and it can be found in the company web site.

According Global port CSR responsibility annual report company strategy embraces five key objectives: operate with integrity; deliver economic and social benefit to the communities we serve; build employee advocacy for the Group and its role in the community; manage the environmental impacts of our business operation; communicate our commitment to corporate responsibility openly and transparently.

For instance, it has led to the fact that in the field of the safety police, the goal of Global ports, as indicated in the annual report, is to build and embed a sustainable safety culture, emphasized the Respondent (1). It is interesting to know that changes of the way how the employers think about health and in the one hand, described the Respondent (1), in another hand, it is easy for employers to understand and simplify how to implement this new strategy, which based on the six core principles:

- Providing a safe working environment
- Providing comprehensive implementation plans built around the best practice of safety and compliance standard
- Offering comprehensive training programmers focused on risk awareness and reduction.
- Improving monitoring, reporting and reviewing of safety, including adopting a more rigorous approach to incident reporting and follow-up
- Implementing a comprehensive behavioral –change package of measures, including increasing the leadership’s involvement in safety initiatives like the annual Safety day
- Implementing our external contractor's safety program to align contractor selection more closely to our internal safety policies

To summarize, with regard to the training, human right and diversity, waste management, environment, open and transparent communication with communities, governance, and



ethics, supply chain management, advised the Respondent (1), is mentioned as priorities as well.

Bearing in mind previous point, mentioned the Respondent (1), consequently the Global Ports Group believes that good community relationships are important the long-term development and sustainability of its operations, the company is committed to supporting the local communities where it operates and improving the quality of life for its employees and their communities through supporting community-driven social investment.

Turning now to the question of CSR implementation in the VCS, it should be mentioned that info about the Vostochnaya Stevedoring Company initiative related to this field, was founded the CSR annual report 2017 in the Global Ports web site.

It could be said, advised the Respondent (4) that the VSC is playing a significant role in the transportation process via port Vostochny with further transportation by Trans-Siberian railway.

Moreover, with regard to the transportation procedure via terminal VSC, it should be mentioned, pointed out the Respondent (5), that multimodal it is current name of a transportation system, where involved a lot of companies in a different location. It might be said that creation “door to door service” service can be considered as one of the main goals in one hand, in contrast, a satisfaction of customer needs in another hand.

The fundamental assumptions of the transportation model are indicated in Figure 23, where the indicated role of the forwarding companies, shipping lines, ports (the VSC in our situation as the port of loading for export from Russia, and port of discharge for import to Russia) and railway operator are main parties. Thus, it makes sense to notes that the indicated companies in Figure 23 can be considered as external stakeholders.

With regard to the best international practice of sustainable port operation which consequently leads to a dialectical approach with a strong stress on historical specificity, in making sense come back to the theory. Thus, it has been found by Pagano (2013, p. 16) that the port can be considered pure, when the public sector owns and operates the port in one hand, in another hand the port can be considered as pure mixed, when public sector acts as landowners and regulator and private company acting as the port operator. To put it in another way, the port can be considered pure private when private actors own and operate the port.

For the current work, it is sufficient to point out that the majority of European ports are variations of the mixed port ownership model, advised the Respondent (4), where the port

is publicly owned and multiple private enterprises are tenants for the port authority and carry out their operations in the port area.

It is interesting to know, that for example, in Finland and Sweden, emphasized the Respondent (4), ports are owned by municipalities, in contract ports in Estonia are owned by the state. This makes a citizen, as taxpayers, shareholders in port companies.

On the base the above we can see a sense of point that the port companies are more or less directly controlled by democratic institutions. Consequently, what is stated above speaks by itself when we consider the communication model between stakeholders, turning now to the question of how the democratic institutions implemented in Russia and in specific port business.

Bearing in mind previous point and for a better understanding of full picture of the stakeholders of VSC, we should describe what does it means port in Russia and particular port Vostochny, which is situated in Nakhodka city, the Primorsky Krai, Russia.

It could be said, advised the Respondent (4) that Vostochny Port is situated in the Vrangeli bay and there are several stevedoring companies operated there, another relevant point is that the main business is related to the container, coal, and b/b cargo fields.

It is necessary to highlight, mentioned the Respondent (4), that the stevedoring companies have got berths for lease from state company Rosmorport ([www.rosmorport.com](http://www.rosmorport.com)), which represent the Government of the Russian Federation. As far as we know, advised the Respondent (4) it is important to emphasize that another state company, which also represents the government of the Russian Federation is the Marine Administration of port Vostochny ([www.morflot.ru](http://www.morflot.ru)), which has a responsibility of safety marine operation in Vrangeli bay.

It might be said pointed out the Respondent (4), that the stevedoring companies have paid a lease fee for berth and charges for tug boat service to the Rosmorport and the Marine Administration, it is interesting to know that charges and fee depends on the size of the vessel and usually paid via its ship agent.

An important question associated with the point of communication with stakeholders is that local municipalities from Nakhodka city or even the governor of the Primorsky Krai, unfortunately, are not the member of shareholders and have no power which helps to change or improve the port activity and operations, thus even taxes and all port duty comes to the federal state to Moscow, pointed out the Respondent (3). On the base the above we

can see a sense of lack of democratic institutions implementation which can be considered as one of the important cause of a problem with CSR communication.

In contrast, it could be said, that if we consider CSR implementation in the European port segment in present time, emphasized the Respondent (5) it can be founded easily that ports created its own codes of practice for societal integration. It can be seen in the example of practices of the European Sea European Organization (ESPO) - [www.espo.be](http://www.espo.be). It might be said that the ESPO is acting as the principal interface between European seaports and the European institution and its democratic institution in one hand, in another hand, we do see the same configuration in Russia, mentioned the Respondent (5).

Bearing in mind the previous points, advised the Respondent (5), which business heavily linked to Europe, it is necessary to note that the ESPO represents the port authorities, port associations and port administration of 23 member states of EU at EU political level. Thus, have received confidence that at the present time ESPO can be considered as a very important part of democratic institution, according to the Respondent (5), indeed it could be said that evidence of point was founded, bearing in mind that serving the interests of the business and the local communities in parallel linked towards to the sustainable operation and CSR implementation in the of port areas.

With regard to this matter Respondent (4) pointed out that main stevedoring companies in the Vostochny port, including the VSC, are not a member of ESPO, but at the same time they are the member of Association of Sea Port of RF - [www.morport.com](http://www.morport.com). Research has shown that there is no indication about sustainable and CSR development, or any type of representation of stakeholders in the Government of Russia and other state institutions. It could be said, mentioned the Respondent (4) that local community Vostochny not involved in the port business at all, in contrast with Scandinavian countries where an owner of port very often are a local municipality.

A critical open question is the IT system, which has used in VCS, pointed out the Respondent (5) and it is interesting to know the point that IT system has played a critical role among companies involved in the transportation procedure. I could be said, there are four the main players: shipping lines, port (VSC), customs and RZD (Russian railway) in the one hand, in another hand each player has used own IT system. Correlation IT system between main players and interaction in this field is very important, advised Respondent (5).

This is an important finding in the understanding of the importance of IT system used in VCS, emphasized the advised Respondent (4), thus, the collaboration between shipping lines and VCS are duly organized on the base international standards and practices, it might be mentioned that information exchange between the IT system works electronically, there is no paper document exchange. Another relevant point is that customs and forwarding companies have discrete accesses into IT system of VSC, but it could be said that there is still a lot of paper document has moved between customs, VSC and forwarding companies mainly on the base order from customs, pointed out the Respondent (5).

The most critical point made so far, advised Respondent (4), is that the IT sector is developing rapidly and these developments are affecting the maritime sector as well. Another relevant point is that although a majority of the information exchange takes place electronically, a paper document is still used on daily basis, according to Respondent (4) in Russia and in particular container transportation procedure via VSC, it is necessary to highlight that movement of paper document especially between customs, brokers, railways still in place, mainly because IT system indicated players are not internationally standardized.

It is necessary to highlights with regard to system, where used a lot of paper documents and which are heavily time-consuming, pointed out the Respondent (4), having considered existing customs procedure in Vostochny port for a container which at least takes from 2 to 5 days, in contract with most developed countries, where it takes a few hours.

Bearing in mind the previous point it is useful to know another example, described the Respondent (4), it is customs procedure for the vessel, it could be said that the same vessel completed all operation including customs formalities with 6 hours in S. Korean's seaport in one hand, in contrast, it takes 24 hours in Vostochny port for the same vessel, as we can see the four times more.

Moreover, it must be noted, pointed out the Respondent (5), that containers unloaded from a vessel and loaded on truck or rail immediately in Korean or Chinese ports because forwarding companies submitted all information to customs electronically, in contrast with the current procedure in VSC which it takes 2-5 days as it was mentioned above.

To return to an earlier point about CSR communication with stakeholders and how they understood CSR, the Respondents (4) and (5) mentioned that result is consistent with the correct interpretation, but it might be said that it has to be very similar to company social

policy, which occurs during USSR time. Briefly, we can say, pointed out the Respondent (4), it is necessary to note that during that time it was much more comprehensive, and to sum up, few examples should be mentioned as follows:

- a wide network of milk kitchen, which supported food for children's till 2 years old
- a wide network of a kinder garden from 1 till 7-year-old children's
- summer vacation in various type of camps for children from 1 till 16 years old
- wide work of sports, musical, vocal and so sections for children
- various types of groups which organized leisure for children in school
- pioneer's centers which organized the various type of circles on interests for children's
- culture centers which organized the various type of circles on interests for adults
- a wide network of sanatorium where an adult can medical examination and treatment
- a wide network of tourist centers where an adult can get rest
- a wide network of free educations for children's and adults –professional and technical school, various type of university, coalification courses
- the company gave flat for employee and if the size of the family increased –the size of the flat also increased
- social support from the company, there was no big gap between wages of top management and middle level or workers

It is important to emphasize, mentioned the Respondent (5) that safety and environment fields since the USSR time, linked to the serious government control via various institutions and have been inspected on a regular basis

With regard average of monthly salary, it could be said, according to the Respondent (4) that in shipping business it depends on person position and experience and varied from 30 000 to 80 000 rub. Furthermore, having considered this question the Respondent (5) mentioned that in the forwarding business it has varied from 25 to 60 000 rub.

It is necessary to point out regarding communication between VSC and community, emphasized the Respondent (4), and it might be a highlight that communication was much better during the period when VSC was the joint venture between Vostochny port, P&O Ports (UK) and Sea-Land (USA). It was in the period from 1995 till 2005 and both indicated above the Respondents have worked during that time.

Bearing in mind the previous point it might be said that the Coordination Council of Vostochny port was in force and many issues discussed in this platform on a regular basis during that period according to the Respondent (4). Thus, it must be mentioned that each member of the Council had the right to create proposals, open negotiations and it was the normal practice advised the Respondent (4),

Moreover, it could be said, described the Respondent (5), that and very often on the base this proposals the Council created an official letter to government and state structure with problem indication and proposals how a problem can be solved, consequently, what is stated above speaks by itself when we consider a good example of communication between stakeholders, and it necessary to note pointed out the Respondent (5) that this system worked quite well. It was mentioned by both Respondents, who participated in the Council meeting and represent a company.

#### Interview with Respondent 2 and 3

The Respondent (2) is the director of Safety and HR for the whole company and has been working on an existing position for 10 years. As of today, The Respondent (2) has been working in the container terminal in Vostochny port more than 25 years, and have worked many years on a various position in operation department, it means that this person knows the company very well from the various point of view.

With regard of CSR implementation and understanding of CSR terminology, the Respondent (2) described that company does not very familiar with 2030 Agenda for Sustainable Development and the associated SDGs, and that company does not create annual CSR report using international standards.

In contrast, with regard to safety, human rights and environmental policy, the Respondent (2) mentioned that these fields regulated by government laws, rules and policies of the Russian Federation. It could be said, that the various institutions like Ministry of Labour and Social protection [www.rosmintrud.ru](http://www.rosmintrud.ru), Ministry of Transport [www.mintrans.ru](http://www.mintrans.ru), furthermore emphasized the Respondent (2), the several government agencies Rostekhnadzor (technical control), Rospotrebnadzor (environment control), Rostransnadzor (port activities control), Rostrud (human right and safety control) protected rules of the Russian Federations in indicated fields and have arranged the inspection of companies, where they have checked how the rules correctly implemented, on a regular basis. Another relevant point is that if during the inspection, the inspector

founded that rules of RF are not correctly implemented, the company will pay a huge penalty, advised the Respondent (2), with regard any accident which linked to any injury of personnel, it is important to highlight that the prosecutor's office have checked each accident very carefully.

Turning now to the question of CSR implementation, the Respondent (2) mentioned that the company has a program of social responsibility which indicated in Table 5.

Bearing in mind the previous points, the Respondent (2) pointed out that the company has own policy in the fields of sponsors and charitable help, a provision on the commission on labour and environmental protection. Thus, it might be indicated that according to the company policy, advised the Respondent (2) the company has following priority directions in the field of sponsors and charitable help:

- 1) Support of authorized activity of the charitable organizations/funds, non-profit organizations of the social sphere, orphanages, and centers;
- 2) The assistance in social rehabilitation of orphan children, disabled children, children without parental support, the children who are in a difficult life situation;
- 3) The assistance of activities for the protection of motherhood, childhood, and paternity;
- 4) The assistance of activity in the sphere of development of education, science, culture, art, education, spiritual personal development;
- 5) The assistance of activity in the sphere of prevention and protection of public health, traffic safety and also a promotion of a healthy lifestyle, improvement of a moral and psychological condition of citizens;
- 6) The assistance of activity in the sphere of development of scientific and technical, artistic creativity of children and youth;
- 7) Support of programs and activity in the sphere of physical culture and mass sport;
- 8) Assistance injured with natural disasters, environmental, industrial or other disasters, acts of terrorism and also to the victims of repressions, refugees and displaced persons;
- 9) Preservation of cultural and historical heritage.

Additionally, it is necessary to emphasize, described Respondent (3) the following PR maintenance of the VSC sponsor's help which from another hand linked to the marketing tools:

- Sponsor's activity has to promote a strengthening of the reputation of Company, a creation of the positive image, increase in the degree of recognition and improvement of perception of Company.

- Sponsor's activity can be followed by the relevant activities in mass media. Organization of events in media has to be carried out within approved in the society of Regulations on disclosure of information.

It is useful to know, mentioned the Respondent (2) with regard to personnel and all questions related to this matter, it could be said that personnel is the main benefit for the company, it is very important to demand and the company makes sure that the rights of employees are respected and supported. As we can see there is a concrete link to CSR implementation.

It is important to point out, advised the Respondent (2) VSC is faithful to uphold human rights of its employees, including non-discrimination, the restriction of the use the child and forced labour, the right to associate, to be member of trade unions, collective bargaining and conclusion of contracts and agreements, as well as creation of safe and advantageous working conditions for the company's employees, and for suppliers and sub-contractors as well. Consequently, what is stated above speaks by itself when we consider the CSR implementation.

It might be said, that VSC provides equal opportunities for all job applicants and employees, pointed out the Respondent (2), on the base the company policy HR department make sure that any types of discriminations for personnel are prohibited, and that recruitment rules and labor standards are correctly applied. It is useful to note, mentioned the Respondent (2), that, our company has correctly implemented all essentials rules and practices, according to Russian Federation law, including recruitment, selection, hiring, assessment, promotion, training, maintaining discipline, development, payment of compensation and termination of employment contracts.

In could be said, advised the Respondent (3) that VSC has 595 employees in 2017 and compare with 537 employees in 2011 it should be mentioned that number of employers increased on 11% – see Table 8. It is necessary to indicate described the Respondent (3) that there are following the main departments within the company: operation headed by the operation director, technical headed by the technical director, financial headed by financial director, and HR and Safety department headed by its director, besides of that The company headed by the Managing director which represent the owner of VCS - company Global Ports LLC.

Turning now to the question about training staff, the Respondent (2) mentioned that the company has paid serious attention to training its personnel in general and in the particular



safety field as well, thus, the company has an official policy about personal training. There are the following goals according to the policy of the company in the field of training:

- The development and placement of system of training including recognition of needs for training, planning, and budgeting
- The organization of training procedure and control of its effectiveness
- The creation of training according to specifics of business procedures and practices of the company
- The creation of standards of training
- The inclusion of the latest international experience, knowledge, effective methods of organization of work in the course of training personnel
- The development of personnel during training programs
- The formation of institute of mentoring and development of an administrative reserve
- The increasing level of corporate culture

It is interesting to know, pointed out the Respondent (2) if you consider the VSC training program for workers in 2018, which indicated in Table 6, you can find there that the company has spent on training personnel- 23313 USD in 2018. It is necessary to indicate that is a quite significant sum, and we can consider it as on more milestones into an opinion about CSR implementation in VCS.

Bearing in mind previous points, with regard to training personnel, mentioned the Respondent (2) we can find info about what kind of training courses were organized and how much company have spent for training top and middle-level managers- 6384 USD in 2018 see Table 7.

It is useful to note, the one important aspect related to VSC's training policy, thus the personnel development assessments are organized on the basic agreement between the VSC and their shareholder's companies –the Global Ports, the Delo Group and the AMP Terminals, pointed out the Respondent (2), moreover this form of cooperation has allowed trainees to be trained during the practical aspects of the implementation in the joint projects or during any type of training courses organized in shareholder assets. In contrast, other possibilities may occur during visit terminal by experienced representatives of shareholders companies and joint inspection or project, advised the Respondent (2), with further collaboration there. It is useful to highlights that the company has a training program for worked and low/middle-class management with a quite significant budget.

Turning now to the question about human right, the Respondent (2) pointed out that the company has worked in line with the law of the Russian Federation in this field as well. It could be useful to check the statistics of VSC employees - workers, which broken down by ages and which indicated in Table 9. Moreover, we can find the statistics of VCS employees - how many years have been employed, broken down by ages, mentioned the Respondent (2) in Table 10 in the one hand and how many male and female, broken down by ages which indicated in Table 11, in another hand.

Consequently, what is stated above speaks by itself, it might be said there is no discrimination by ages or male and female discrimination, and of course, there is no children's acting as workers in VCS.

Having considered payment system for personnel, the Respondent (2) mentioned, that the remuneration system of payment used in VSC is constructed on the base on grades and established remuneration depending on the employee' skills and position. Thus, this boosts effectual work and provides motivation for first-rate performance, supposed the Respondent (2), with regard the principles of remuneration it should be mentioned that the VSC has paid to its employee's market level and competitive salaries, and used bonus system for all personnel categories. It is useful to note the VSC implemented the practices of the same remuneration system for equal pay to the males and the female's employees, mentioned the Respondent (2), furthermore, there are following types of bonuses as per company regulation which coordinated and adopted by labor union:

- The monthly performance bonus
- The annual performance bonus
- The special recognition award
- The long service award (25 years or more)
- The one-off payment to the employees in connection with special achievement or participation in an important project

It is useful to indicate, pointed out the Respondent (2), that VSC employees may be awarded on the base following principles:

- The certificate of honor or Honorary VSC medal on a professional day (The day of employees of Sea transportation and ports industry)
- The certificate of honor established by the Mayor of Nakhodka city
- The certificate of honor established by the Governor of the Primorsky Krai
- The honorary medal of Ministry of Transport of RF on a professional day

It could be said, advised the Respondent (2) that the company established two corporative parties: professional day party and NY party, where the best employees from each department can participate. On the base the above we can see a sense of successful activities of the VCS in the CSR field and it could be considered as significant.

It is noticeable that that indicated above policies help the VSC improve the image and have increased the company attractiveness and competitiveness, mentioned the Respondent (3), moreover it helps the company attract best-skilled personnel. It is necessary to nightlight that this part of the motion is linked to CSR activity as the marketing tools.

With regard to personnel the health support advised the Respondent (2), it is important to know about that the VSC implemented moreover what is necessary under the conditions of the Russian Federation labour law, thus, VSC provides its employees following health support:

- The voluntary medical insurance
- The company partly compensate lunches at the company's assets
- The compensation of medical sanatorium course during 23 days, the official medical recommendation form is required
- The corporate pension program, payment is not significant by anyway better less than nothing
  
- The material assistance in case of difficult personal circumstances
  
- The leisure and development programs for the children of the company's employees
  
- The company organized transportation by buses for VSC employees to/from Nakhodka city and the Vrangal district on daily basis.

With regard the performance culture, the Respondent (3) mentioned that the individual performance review process has been established in the VSC as one of the main tools to achieve company goals of building a performance culture, thus all employees go through an annual performance review, furthermore an employee's performance is measured on the base the degree of which he or she reached business and individual goals, usually set up at the begging of the years.

Turing now to the recruiting procedure, in might be useful to know that it is one of the important aspects of HR department and for the company as the whole, pointed out the

Respondent (3), for example the recruitment is constructed on the base the forecast of company's main department, thus various tools and methods are used how to attract the best potential candidates indicated as follows:

- The advertising via VSC's website
- The providing information on vacancies to the Nakhodka Labour Center
- The collaboration with leading in Russian Far East recruitment agencies
- The publishing list of vacancy in online resources and in printed local media
- The inviting skilled employees from shareholder companies
- The material assistance in case of difficult personal circumstances
- The leisure and development programs for the children of the company's employees
- The company organized transportation by buses for VSC employees to/from Nakhodka city and the Vrangal district on a daily basis.

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- The providing information on vacancies to the Nakhodka Labour Center

-The collaboration with leading in Russian Far East recruitment agencies

-The publishing list of a vacancy in online resources and in printed local media

-Inviting skilled employees from shareholder companies

Turning to this question safety, the Respondent (2) explained that the company's main areas of activity in this field as follows: the guidance and obligation at the all levels of the company; the industrial safety; the fair protection safety; the electrician and mechanical safety; the dangerous cargo safety; the defensive work with customers, vendors and contractor organization; the learning from cases in the industry and awareness-raising campaigns.

Bearing in mind the previous points, described the Respondent (2), and in order to avoid the possibility to work under the influence of alcohol or drugs, the company implemented morning control of workers by medical staff, it useful to know it is an obligatory procedure Moreover, the all aspects of industrial safety, occupation safety and health safety are constantly and repeatedly inspected by the company's experts, which are duly trained and educated, pointed out the Respondent (2), furthermore, it should be mentioned that the head of each department together with the head of HR and safety department inspected company territory several times per month in the one hand, the commission for industrial and occupation safety take place every month headed by company managing director in another hand.

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It could be said with regard to safety, mentioned the Respondent (2), the representatives of the shareholders Delo Group, AMP terminal from the safety department have inspected the VSC ones per quarter on a regular basis and created recommendation.

It is necessary to highlight, pointed out the Respondent (2), that forming and preserving a safety culture in the VCS could be said, is not one-time occasion, but it has to be considered as constant work and development in this area, thus the company considered safety culture as a system of standards, principles and elements indicated as follows:

- The top leader's commitment to HSE principles;
- the company's importance;
- The company's policies, procedures and principles;
- The employee commitment and motivation;
- The availability of response and the information interchange
- The safety awareness between employees and their performance

It is useful to know that each year VSC created the plan of measures on improving safety and health condition which published in the company web site, advised the Respondent (3), thus, this plan signed by representatives of the local labor unions and controlled by them as well.

Turning to the question of the personnel health support, it has to be indicated that the company VSC has used a methodical approach to defending the health of personnel, thus periodic health inspection and clinical checking of the company's employees were

arranged every year, mentioned the Respondent (2), furthermore, the company sustained its strategy of encouraging personnel to keep fit and prevent diseases, thus to doing this, following steps were engaged:

- The vaccination and health education – preventing program

- The implementation a program promoting a healthy lifestyle and engaging in sports activities like fitness, swimming, hockey, and football.

Furthermore the Respondent (3) advised, that the company has paid for the entrance fee to the gym for its personnel, additionally VSC's employees have received medical service on the base healthcare facilities listed by insurance company the Voennaya Strahovaya Company, where personnel have a certificate. With regard to the case of serious diseases, some employees have an opportunity to undergo treatment in the leading medical centers of the country, mentioned the Respondent (3), approval have to be done by the company commission cooperation with insurance company and city's medical hospitals is mandatory.

It is interesting to note that the VSC participated in an annual Nakhodka city review of competition among the enterprises on the best achievement of work of the labor protection, advised the Respondent (3), consequently it useful to know that by results of the competition, the VSC was awarded the Diploma of Administration of the Nakhodka city. Moreover, the VSC director for HR and HS and the labor protection specialist are awarded by official letters of thanks of the Mayor of the Nakhodka city, pointed out the Respondent (3). With regard average of the salary level of the VCS personal it is varied from 35000 to 85000 rub, depends on experience, skills, and position – see Table 12.

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It is important to emphasize that according to VSC statistics, growth throughput from 2011 to 2017 is 88%, net profit growth is 114%, a growth of an average of salary in USD is 0% as we can see in Table 12. It is necessary to point out that it has to be considered as one of the urgent issues at the present time and will be mentioned in conclusion.

Indeed, it is very much correlated with a phenomenon which is indicated by Piketty (2011) when he mentioned about not correct wealth distribution.

Turning now to the question about communication with labour unions, the Respondent (3) mentioned that the biggest part of VSC employers are member of two labor unions, in the one hand it is the union of labor in water transport - <http://prwt.ru>, which was created in 1917 and developed during USSR time, union has branches in all river and sea area in Russia, from another hand the Union of Russian dockers, it should be mentioned that the biggest part of the VSC dockers and workers are member of this union, [www.rpdspb.ru](http://www.rpdspb.ru) pointed out the Respondent (3).

The most critical point made so far with regard to communication with stakeholders, the Respondent (3) mentioned that the company produced local VSC newspaper on a monthly basis, news published in the company web site and in main local and important Russian web sources. It is important to indicate that using this strategy the company it has led to the fact that the VSC mapping of the stakeholders to groups by authority and interest, thus the Respondent (3) advised that the goal of the communication is to keep external and internal

stakeholders duly informed about company activity in general and about social responsibilities as well.

It is necessary to highlight that the company communication strategy as the one-way of communication might be considered, according to the CSR communication theory see Figures 2.

Bearing in mind the previous points and with regard how the company has got feedback, the Respondent (3) pointed out that the company has received some feedback or initiative from its employees, but it has to be emphasized that it happened not very often.

It is important to indicate that some fragments of communication strategy, which linked to the two-way asymmetrical communication, have implemented in VSC, thus further improvement towards this direction is needed in one hand, in another hand, the company has to consider the implementation of two-way symmetrical communications. Furthermore, there is some potentially open question about implementation practices in VCS, which have used by the company Xerox, which indicated in the theoretical part of our study.

To sum up, with regard communication it is necessary to highlights that the key of success is caused by a condition of new VSC strategy of communication with external and internal stakeholders, bearing in mind as the example the two-way symmetrical communications system. It could be said that more ideas linked to this question indicated in chapter conclusion and recommendation

## **6. Conclusions and Recommendations**

In this Master's thesis the topic - the CSR as marketing tools and their application in the Russian Far East has been explored. The finding related to the five research questions presented in the introductory part is summarized. Conclusions and recommendation drawn from them are further discussed in this part.

### **6.1 Research summary**

The general aim of the diploma thesis was to examine the development of CSR worldwide, find out what is the best practice there. The main motivation for the study was the lack of studies or studies with a negative impression about CSR implementation in Russia, and as well as increasing attentiveness in responsible business and CSR phenomena.

The study concentrated on three research questions:

- 1) What are contextual elements, concepts, and practice of CSR in countries?

As we can see there are very significant differences among countries in the world in general and in particular CSR implementation. Davidson (2018, p.3) described the eight following contextual elements: country's history, religion/ideology, social norms, geography, political structures, the level of economic development, civil society institution, and the "safety net" (power and freedom of independent media, degree of government support) of each country. The first four of these categories are mostly unchanging, and the second four categories change over time and with developments in the country.

Going forward more deeply into this subject we can add a point of view described by Whitley (2003, p.19) who argued that national differences in CSR can be explained by historically grown institutional frameworks that shape "national business system" (NBS).

Whitley (1999, p.16) has identified several key features of the national business system: the political system, the financial system, the education and labor system, and cultural system, nature of firms, the organization of market process, and coordination and control systems, organization of market process, coordination and control system.

Combination of contextual elements with key features of the national business system can give us full picture and a better understanding of why the implementation of CSR can be different among countries including Russia as well.

2) Who are leaders of implementations of CSR in worldwide and why they consider CSR as important?

Strand (2014, p.1) mentioned that Scandinavia is usually mentioned as the world leader in CSR and sustainability. Historically speaking, Scandinavia was usually meant to refer to the countries of Denmark, Norway, and Sweden, and later Finland often joins a part of Scandinavia. Strand (2014, p.2) characterized a key distinction from the US business context: business in Scandinavia is considered “one of many institutions functioning in society, and not always seen as significant and most important. The main idea of successfully implemented the Scandinavian model in which corporate interest and societal interests are steadily endorsed in tandem.

3) What is the practice of implementation of CSR and sustainability in Russia, the Russian Far East region and particular company VSC, and how stakeholders are affecting by CSR.

For an understanding present situation with CSR implementation in Russia, we can consider the last RSPP report (2018, p.5) where we can see what advised about this matter Mr. Guy Ryder - Director of International Labor Organization (ILO). Consequently, he mentioned that it was pleasant to find out that RSPP has a commitment to the local and national objectives, which matched the Agenda of the UN Sustainable Development Goals 2030. The RSPP is a non-profit organization which is a leader in Russia and responsible for CSR implementation as we have no state regulation regarding this matter. RSPP is in good contact in the EU regarding CSR implementation and reports. The biggest Russian companies are part of RSPP- Russian Union of Industrialist and Entrepreneurs. According to the “Russian business and sustainable development goals (2018)” report there are following Russian companies which created an annual CSR report and are part of the Sustainable Development Goals 2030 program:

Alrosa (diamonds industry), Gazprom (gas industry), Eurochem (chemical industry) Zarubezneft (oil industry), Inter (electric power industry), Kamaz (auto industry), Lukoil

(oil industry), Metalloinvest (steel and mining industry), MTS (telecommunication industry), NLMK (steel industry), Nor Nickel (nickel, platinum industry), RZD (transport industry), Rosatom (nuclear industry), Rosneft (oil industry), Rostelecom (telecommunication industry), Rusal (aluminum industry), Sakhalin Energy (gas industry), Sberbank (banking industry), Severstal (steel industry) , Sibur (chemical industry), Systema (financial and investment) , SUEK (coal industry), Transneft (oil transport), Uralkali (chemical industry).

A company who is the leader of CSR implementation in Russia in 2017 was identified, as it was mentioned in RSPP report. The company name is Sakhalin Energy, and the company is situated in the Eastern part of Russia (Sakhalin Island).

The Sakhalin Energy becomes the only one the Russian company to have its experience to be a member of 39 worldwide companies, achieving good results in the UN Sustainable Goals implementation and which were selected to be published in Global Goals Yearbook 2018. But of course, some differences in CSR implementation in Russia is taking place, compared with other countries, which will be described in chapter conclusions.

## **6.2 The within-case and cross case analysis**

In this part of the analysis info obtained from our practical part will be compared with theoretical parts, and several companies VCS and Sakhalin Energy will be compared to each other. For this purpose Table 14 is using, where the following symbols is used:

+ = The data from practical part agrees with the theory

+ -- = The data from practical part partly agrees with the theory

-- = The data from practical part disagrees with the theory

## **6.3 Conclusions and Recommendations**

(1) An outcome from the literature review.

As we can see there are a lot of definitions CSR and theories which have described this phenomenon. During interviews with respondents we covered this question as well and a

lot of examples were indicated about state and company social responsibilities during USSR time in our research. An important question associated with definitions CSR and theories is that there is no indication was founded during literature research about influence to CSR from the competition of two systems in period 1960 -1990, were awareness about CSR was expended and developed.

Conclusion 1: It is necessary to point out, that it was a very tough competition between the capitalism and the socialism system in many aspects for a quite long period of time, thus, CSR phenomena had to be influenced by socialism system to worldwide development in the period especially from 1960 to 1990.

A number of authors have described the models of social responsibility introduced in the Scandinavian countries. As emphasized, for many years in Scandinavian countries the key of success is caused by the condition that socialistic party have been leaders there, and formed the government, created a system where social support of peoples has been significant, democratic institution development was supported as well.

Hence, it could be said that one of the main distinguishing between Scandinavian countries where “socialism with a human face” was created, and countries which were under USSD umbrella, was a dialogue between the government and people, good leadership, much less ideology, and much more peoples support via democracy various institution implementation. Indeed, there are several reasons why Scandinavian countries are leaders into CSR application, and it can be described by contextual elements for understanding a country’s CSR development as well. Thus, the business in Scandinavia is considered as one of many institutions functioning in society, it has led to the fact that it not always seen as most important in the one hand, in another hand the key of success was caused by a condition that model of business in Scandinavia where business interest and societal interests are steadily endorsed in tandem.

Conclusion 2: By comparing the results from previous studies, we hope to determine that the achievement of CSR implementation in Scandinavian countries can be described by development capitalism system with implementation elements belong to socialism system, consequently on the base real dialogue between the government, companies, and people, which is considered as sufficiently unique phenomena.

We can see a sense that CSR heavily has been influenced by fact that it is now a huge and growing industry, pointed out Aid (2014, p.6), which can be considered as a vital tool in promoting and improving the public image of some international largest corporations. Aid (2014, p.6) in his publication “Behind of mask - the real face of CSR” mentioned that these phases proceed chronologically and lead to the various impacts of whatever responsible initiative companies choose to carry out on their own behalf, binding international standards of corporate behavior must be established to guarantee that the rights of people and environment in developing countries are properly protected. It has led to the fact that voluntary basis for multinational companies of CSR implementation is not enough especially for all matters related to CSR as environment protection, safety, and human right. The key to success is caused by the condition that it should be mandatory state regulation. The consequences pointed out Aid (2014, p.110 that we can see a sense of the fundamental reason of CSR to be the result of defending public image, attracting investors, making good PR, engaging with campaigners, get permission to operate

Conclusion 3: In many cases, it has led to the fact that very often CSR has linked, especially by global international companies, for good public image protection only. We have received confidence that a company can have nice CSR report, very creative CSR department, which creates good PR companies, CSR program supported by the remarkable budget, but at the same time company may destroy the environment in the territory where a company is operating or discriminate human rights for example. This is an important finding in the understanding of another point of view on CSR.

Consequently, it is important to highlight the fact that, one of the famous scientist Karl Marx principal conclusion in his books “Capital” the “principle of infinite accumulation” as described it Pikkety (2014, p 24). It is interesting to emphasize, that is the unstoppable tendency and it has linked to the fact that capital has accumulated and become concentrated in ever fewer hands, mentioned Pikkety (2014, p 24), thus there is not natural limit of this process.

Moreover, we have received confidence that one of the main issues in Russia at present time is that the big companies – International and Russian as well, have established a level of salary for employers on the base market level, but at the same time the same companies can create this market level by themselves. Indeed, it could be said that it is very connected

to what is stated above and speaks by itself. This result is consistent with an interpretation that stresses the consequence of the fact that it is very far from Scandinavian's system when business interest and societal interests are steadily endorsed in tandem.

Conclusion 4: Bearing in mind the previous points, it is important to highlight the current situation in Russia which has linked to the fact when capital has been accumulated in fewer hands, and when real wages of employers have not been increased for decades, compared with rising prices (about 40% growth in 2014 - 2019) for household products. From this highlight, it is clear that the situation can be changed on the base democratic institution creations and improvements in this field via dialog between stakeholders and companies, supported by the government.

Furthermore, the present study confirmed the findings about facts that have been dramatically influenced owing to history, religion/ideology, social norms, geography position, and political structures, level of economic development, civil society institutions and safety net can be considered as a critical element for the better understanding country itself and CSR in particular. Indeed, even we founded a lot of differences in many aspects which, consequently speaks by itself, the situation with CSR implementation in Russia are quite optimistic, we have received confidence that the key of success is caused by condition of good communication between Russia and EU in period 2000-2015 in general and about CSR in particular.

It is interesting to point out that understanding of the main direction of the companies activity in Russia on the sustainability and the CSR fields, as it was mentioned in the RSPP Report (2017) where indicated the following fundamental phases such as: innovations and new energy and resources-saving technologies (63,3%); sustainable economic growth and employment growth (56,7%); responsible consumption and production (53.3 %); support honorable way of the life of the workers and their families (46.7%); contribution to the sustainable development of territories of presences, improving the social climate, accelerating economic growth (46.7 %); reduction of negative environmental impact (33.3 %).



Together, the present findings confirm that the significant part of companies indicated as leaders of CSR implementation in Russia is listed and traded on the London, NY, and Moscow Stock Exchange.

Conclusion 5: It is necessary to highlight that our results demonstrated confidence that the biggest Russian companies successfully implemented CSR, published CSR report and working towards Agenda of the Sustainable Development Goals 2030.

Furthermore, in line with the ideas of this study and according to our objectives, we investigated, who is the leader of CSR implementation in Russia at the present time. Therefore, as it was mentioned in the RSPP report in 2017 it is Sakhalin Energy. Furthermore, as it was indicated in the RSPP report in 2016 the company leader of CSR implementation in Russia was company Alrosa (diamond industry) which also represent Russian Far East –Yakutia.

Conclusion 6: However, it might be said that in line with one of our objectives about CSR implementation in Russia, it can be emphasized that the companies which represent the Russian Far East are situated in the top of 10 leaders of CSR implementation in Russia at present time. Thus, this result is consistent with an interpretation that stresses the consequence of the good achievement in the CSR field.

(2) An outcome from research about practical CSR implementation in Vostochnaya Stevedoring Company (VSC).

Even company VCS does not create and publish CSR annual report presently, the company has program of social responsibility and other program related to the environment protection, the improvement of working conditions and personnel training, implementation of safety program, company activities in the fields of sponsor's and charitable help, the protection of human rights and other implementation related to CSR. On the base the above we can see a sense of what the fundamental phases are when we consider results of CSR implementation, but consequently leads to dialectical approach with a strong stress on historical specificity and others structural elements indicated earlier.

Conclusion 7: However, in line with the ideas indicated above, it could be said that when we consider the situation with CSR implementation in VCS. Consistently, various findings

indicated that the company has the problem was caused by lack of communication between the company and their stakeholders in CSR frame, but at the same time, we can see positive trends, one of them have linked to square creation project in the Vrangel districts with huge investment. In summary, we can conclude that CSR implementation in this particular company is positive and can be accounted for as significant.

#### **6.4 Recommendations**

The main achievements, including contributions to the field, can be summarized in the following recommendations.

We have received confidence about lack of communication between the company and its stakeholders, but direct effect is caused by some confidence which linked to the existing configuration of port and stevedoring business in Russia after privatization which happened in 1995. Thus, it has been dramatically influenced owing to the fact, that the past and present system is not allowed the local community to be part of the decision- making the process of future port development. Indeed, the situation when the owner of VCS has been changed 5 times during the last 18 years, was one of the important cause of communication problem. Consistently, various sources indicated that problem was caused by the individualistic business practices of range state companies Rosmorport (port berth lease), Marine Authority (safety in port), RZD (railway), DVTU (customs) which are main stakeholders of VCS. These companies have created the policy of ports area development without communication with the local community and local municipality, but which leads to the huge impact of port development. As a good example Scandinavian countries and European Sea European Organization (ESPO), where the owner of the port very often is the local municipality, and where have implemented the model with good communication between the port and the local community, might be considered.

Recommendation 1: This analysis found evidence that stevedoring business of VCS should be created on the base communication and consensus with internal and external stakeholders. Thus, we have received confidence that it should be done on the base model of business in Scandinavia where business interest and societal interests are steadily endorsed in tandem.

The key of success is caused by condition of electronic exchange document procedure implementation in port, which for many years in port Vostochny (in all Russian ports) are not solved, as mentioned during interviews by Respondent (3) and (4). Moreover, it means that a paper document is still used especially between customs, brokers, railway, shipping

lines, and customs. If solution will be founded, it decreases the period of time when the vessel stays in Vostochny port harbor – it means less pollution into the sea and atmosphere, increase the effectiveness of all port's procedure, and much faster shipment of cargo via the port. As a result attractiveness of company and profit will be increased, communication with stakeholders improved.

Recommendation 2: This finding is directly in line with the previous finding and it might be mentioned that the stakeholder can be a leader in many aspects of port business development. Thus, it could be emphasized the electronic documents exchange procedure, changes of current configuration of the owner of the port, which allow implementing local community representative into the port structure. As the example, European Sea European Organization (ESPO) and Scandinavian countries, where the owner of port very often is the local municipality, can be considered.

Hence, was written an important cause of not properly organized communications or the lack of communications between company and stakeholders we can conclude the third recommendation which related to marketing tools and can help the company get outflow from loyal employer's activities

Recommendation 3: Another promising finding was that the key of success is caused by a condition of communication principle, which was indicated in the article about the Xerox is highly recommended for VSC as a good case in point of outcome from employers.

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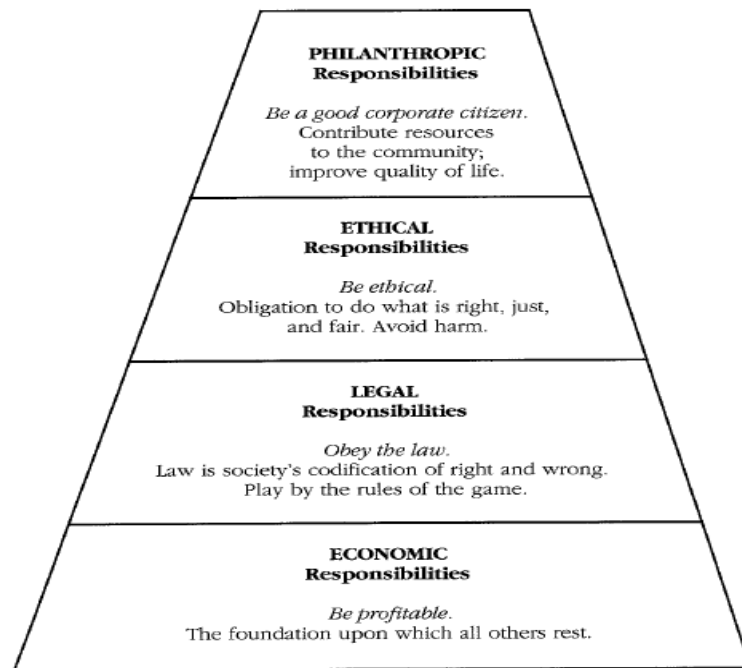


Figure 1: Pyramid of Corporate Social Responsibility, Carroll, 1991, p 42

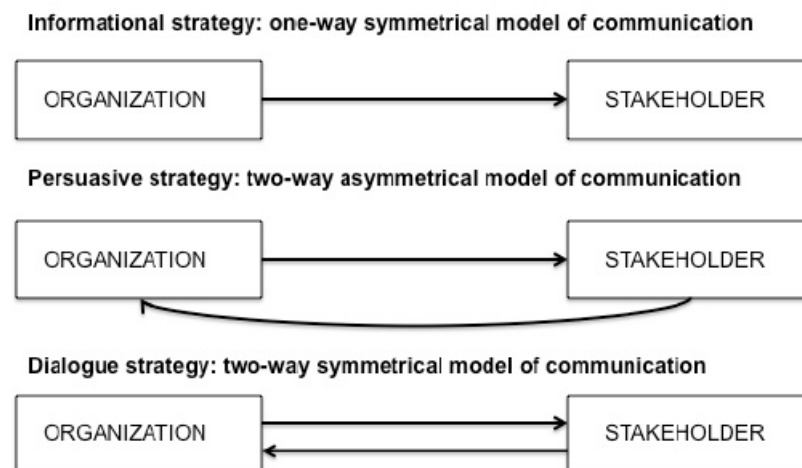


Figure 2: Models of organization-stakeholder communication - Cornelissen (2011, p. 50)

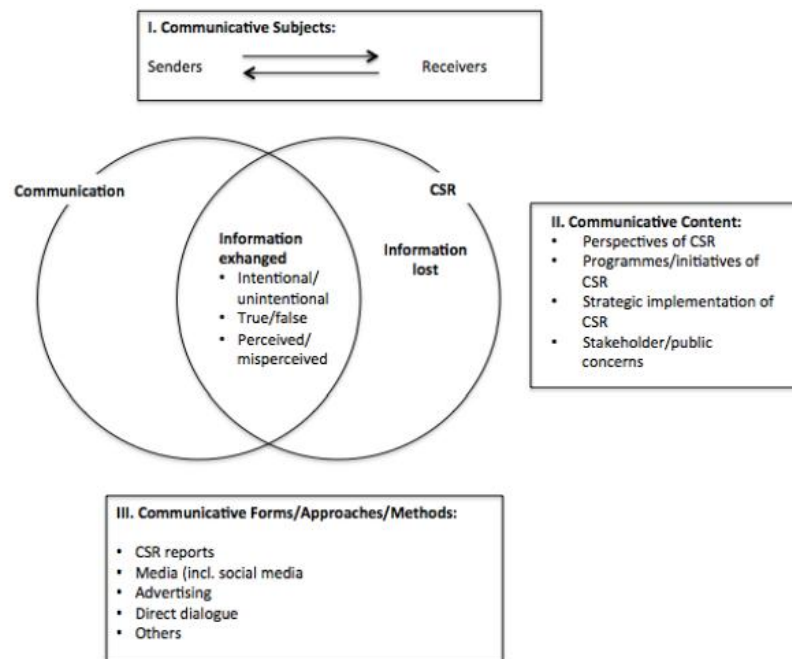
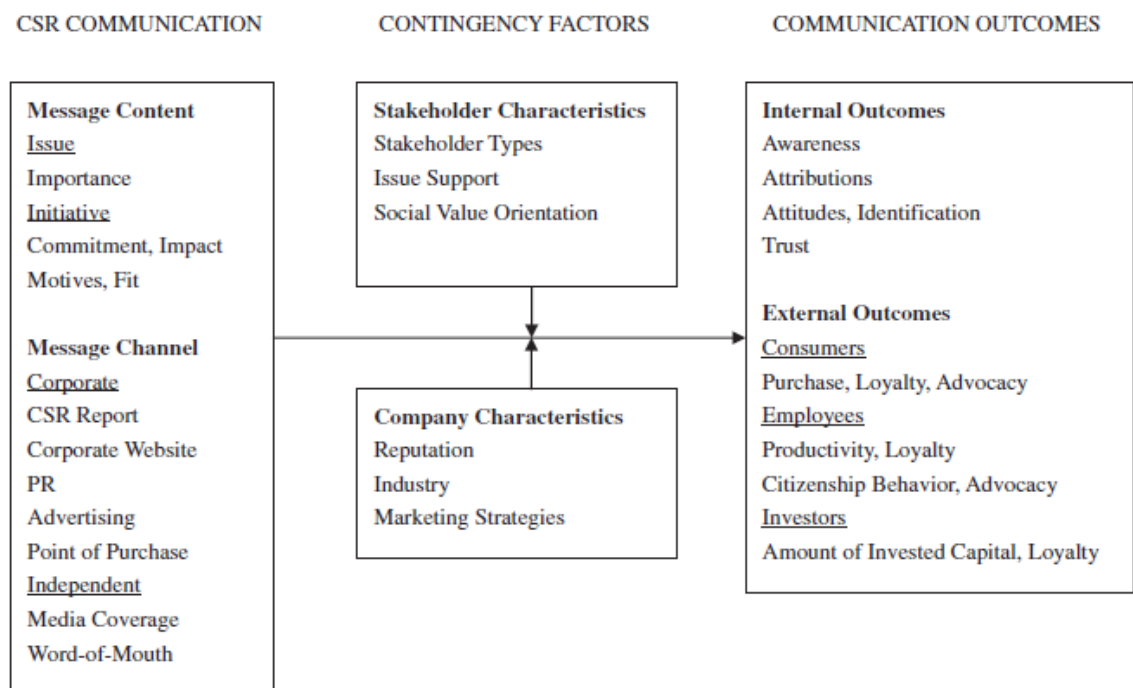
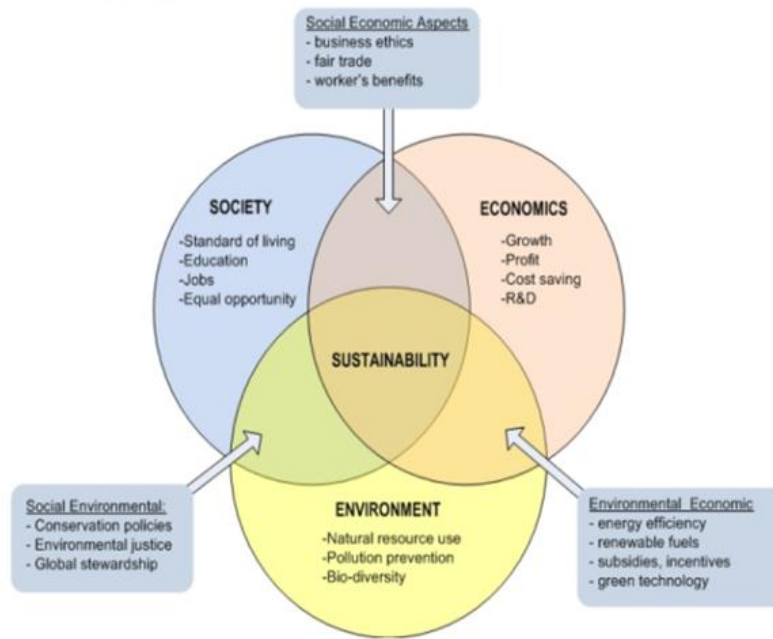


Figure 3: CSR communication, contingency factors and communication outcomes according to Tench (2014, p.6)



Figures 4: A framework of CSR communication described by Du (2010, p.10)





Figures 5: The environmental, economic and social aspects of sustainable development, adopted from the University of Michigan (Rodrigues, 2002)



Figures 6: CSR and complementary concepts (own configuration on the base theory).

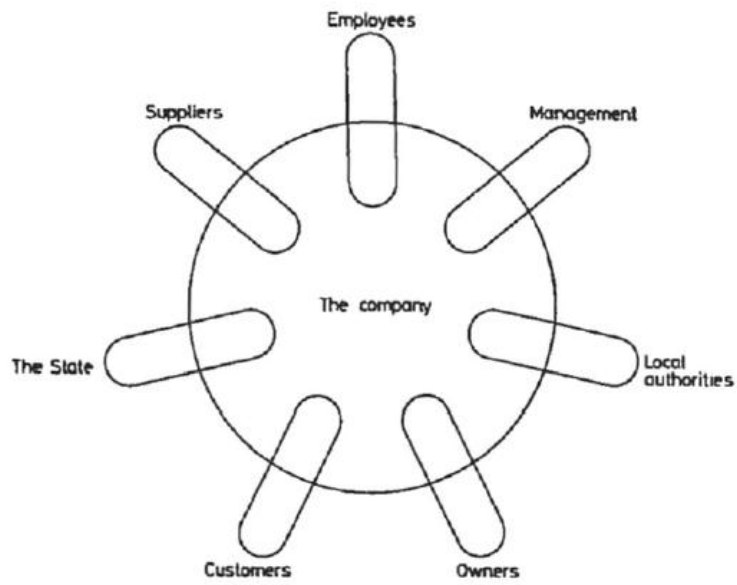


Figure 7: Stakeholders map, described by Strand (2014, p.7)

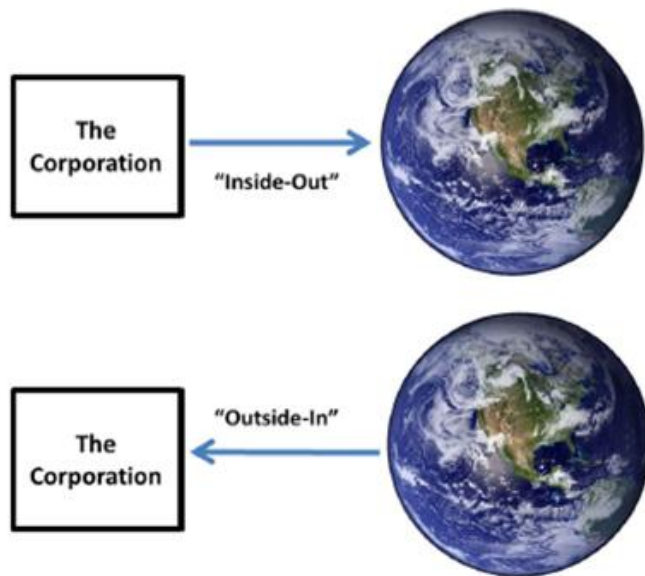


Figure 8: Outside in and outside out approaches to strategic management according to Strand (2014, p.8)

Dimension	Description
History	Liberalism vs State control, capitalism / socialism
Religion/Idiology	Embedded beliefs and values
Social norms	Individualism/Communitarism Importance of family structure
Geography	Influence of neighboring states History of trade relationship
Political structure	Democratic institution vs Authoritarian rules
Level of economic development	Importance of Industrial, Agriculture, Service sectors, middle class, international trade
Civil society instructions	Strength and importance of labour unions, Strength, importance and number of advocacy groups
Safety net	Power and freedom of independent media, degree of government support of democracy and dialog

Figure 9: Contextual Elements for understanding a Country's CSR, according to Davidson (2018, p.3)

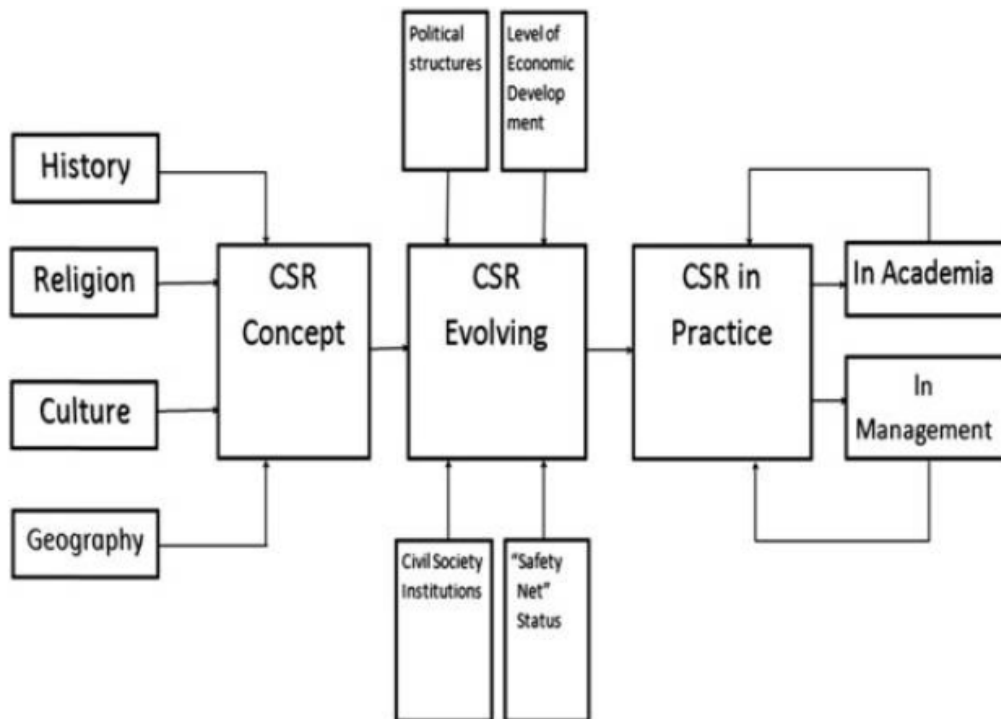


Figure 10: Contextual elements and practice of CSR, according Davidson (2018, p.6)

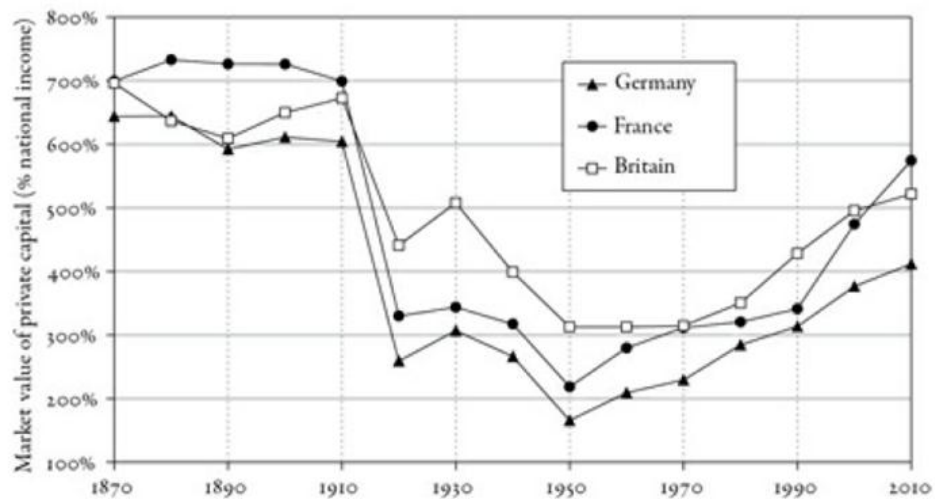


Figure 11: The total value of private wealth in indicated countries -period from 1870-2010, according to Piketty (2014, p.14).



Figure 12 The results of the Russian company's activities have contributed in the line of the achievement of the sustainable development goal (SDG)–Russia, 2017



Figure 13: Sustainable development vector index by industry (Russia, 2017)

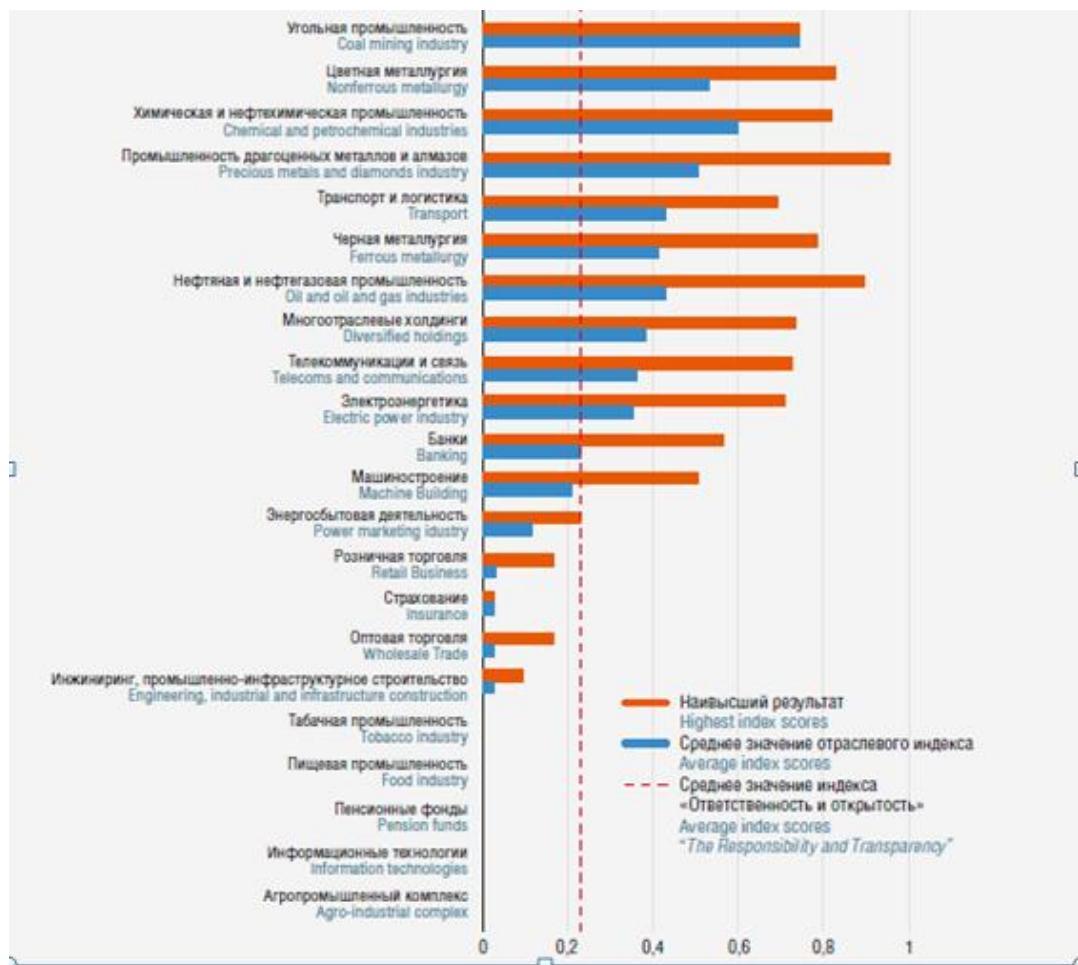


Figure 14: The responsibility and transparency index by the industry (Russia 2017)





Figure 15: Sakhalin Energy is situated in Russian Far East, Sakhalin Ireland

Sources: <http://www.sakhalinenergy.ru/en/>

## HUMAN RIGHTS. ACCESS TO INFORMATION. RESPECT IN PRACTICE

Sakhalin is Russia's largest island and has 470,000 permanent residents. It is separated from Hokkaidō by the La Pérouse Strait and stretches nearly 1,000 km in a long and narrow fish-like shape along the east coast of Eurasia. It is quite mountainous in its southern part, flattening to the north into a swampy plain.



By Olga Bek, Sakhalin Energy

As part of its project development, Sakhalin Energy has created extensive infrastructure for oil and gas production, transportation, processing, and delivery to customers. This infrastructure covers the area that is home to approximately 70 percent of Sakhalin residents, who mostly live in small towns and settlements. This fact has always been the focus of the company when engaging with local communities. During the construction phase, a group of 13 community liaison officers representing the company and its contractors communicated and interacted with the local people in more than 60 communities on a continuous basis. As the construction work was coming to an end and the operations phase commenced, contractors would leave the island, thereby lowering the number of community liaison officers. Consequently, our community liaison approach had to change.

What would be an effective substitute for community liaison officers? How could we make information accessible to local people? There had to be a simple, easy-to-use, and effective solution, and we had to find it.



Sakhalin Energy information centers' network

"The advantage of the Information Centers lies in the greater availability and accessibility of the former due to their wide geographic coverage, the presence of permanent staff-librarians who are familiar with the local communities, and convenient opening hours throughout the week and including some of the weekend." (from Sakhalin-2 Phase 2 Lenders' Environmental Consultant Monitoring Report, September 2017)

Some pointers could be obtained from our experience of partnering with the Sakhalin Oblast Library System during the construction phase. The company and its contractors used local public libraries as venues for public meetings, community liaison officer engagement sessions, and various events under Sakhalin Energy's social investment programs.

It needs to be pointed out that nearly all of Sakhalin's towns and villages have public libraries. For a community in Sakhalin, a library is not just a place to read or borrow a book; it is also a vibrant nexus of cultural and social activity visited by community residents on a regular basis. This is what made local libraries a key ingredient in finding the right solution.

Figure 16: Sakhalin Energy in Global Goals Yearbook 2018

Sources: <https://www.yumpu.com/en/document/view/61809970/global-goals-yearbook-2018>

Sakhalin Energy's goals and objectives, examples of activities, projects, programmes, or measures related to SDGs

SDG	Company's goals and objectives	Focus areas, programmes, projects (examples)	Sections of the Report and/or other references
   	<p>Provision of an attractive and competitive Employee Value Proposition.</p> <p>Achievement of Russian Content at the level of 70% for the entire duration of the project (as per the PSA).</p> <p>Contribution to sustainable development of host regions (Sakhalin Oblast).</p> <p>Effective management of grievances from stakeholders, paying special attention to vulnerable groups.</p> <p>Timely and efficient social Impact assessment</p>	<p>Remuneration and bonus system.</p> <p>Social guarantees, benefits and compensations system.</p> <p>Vendor management.</p> <p>Vendor Development Programme.</p> <p>Local business contracts.</p> <p>Revenues generated for the RF and the Sakhalin Oblast.</p> <p>Sakhalin Island Infrastructure upgrade programme.</p> <p>Grievance mechanisms.</p> <p>Social Impact management.</p> <p>Resettlement Action Plan.</p> <p>Sakhalin Indigenous Minorities engagement practices (In accordance with the Human Rights Policy, Indigenous peoples are a vulnerable group)</p>	<p>6, 7, 9.1, 9.4, 9.5, references in Appendix 4: Sakhalin Oblast Infrastructure upgrade; brochure Resettlement: Experience of Sakhalin Energy; website of the Sakhalin Indigenous Minorities Development Plan</p>
	<p>Goal Zero: No Injuries, No Spills.</p> <p>Occupational health provision</p>	<p>Labour safety and protection (measures to ensure Industrial safety, road safety, etc).</p> <p>Occupational health (health risk assessment, occupational hygiene, organisation of medical examinations, medical emergency response, voluntary health insurance and disease prevention programmes, etc).</p> <p>Industrial environmental control</p>	<p>9.2, 9.3, 8.1</p>
 	<p>Meeting the company's needs for highly qualified personnel to achieve current and strategic objectives.</p> <p>Achievement of Russian Content at the level of 70% for the entire duration of the project (as per the PSA).</p> <p>Contribution to the sustainable development of host regions (Sakhalin Oblast)</p>	<p>Personnel development and learning programmes.</p> <p>Vendor management, Vendor Development Programme.</p> <p>Local business contracts.</p> <p>Revenues generated for the RF and the Sakhalin Oblast.</p> <p>Remuneration and bonus system.</p> <p>Social guarantees, benefits and compensations system.</p> <p>Measures to ensure occupational safety and health</p>	<p>7, 9.1, 9.2, 9.3</p>
  	<p>Implementation of efficient and lean production methods.</p> <p>Protection of water bodies against pollution, sustainable use of water resources.</p> <p>Sustainable use of energy resources</p>	<p>Using gas turbines equipped with Low-NOx burners.</p> <p>Using Increased gas turbulence units, which facilitates gas flaring in a soot-free mode.</p> <p>Drilling waste disposal via dedicated reinjection wells into deep subsurface horizons with the necessary Insulating layers.</p> <p>Enhanced operational reliability and smooth operation of equipment.</p> <p>Industrial environmental control of the Impact on atmospheric air and water bodies; waste management.</p> <p>Energy saving and energy efficiency activities.</p> <p>Public reporting on sustainable development</p>	<p>2, 4, 8.1</p>
 	<p>Goal Zero: No Injuries, No Spills</p>	<p>Implementation of agreed biodiversity conservation and local monitoring programmes.</p> <p>Environmental risk and Impact assessment.</p> <p>Implementation of an effective and sustainable waste management strategy.</p> <p>Implementation of the action plan to achieve the established environmental standards.</p> <p>Maintenance and Improvement of emergency and oil spill response mechanisms</p>	<p>8</p>
	<p>Compliance with all applicable laws and regulations of the countries in which the company operates.</p> <p>Provision of all stakeholders with safe and confidential ways of expressing concerns and grievances, or reporting non-compliances</p>	<p>Availability of the General Business Principles, values, norms and standards of the Code of Conduct.</p> <p>Anti-bribery and corruption</p> <p>Grievance mechanisms.</p> <p>Assurance of safety with respect for human rights.</p> <p>Conflict of Interest policy.</p> <p>Stakeholder engagement practices, including open public consultations and public sustainable development reporting</p>	<p>2, 5, 6, 9.4, reference in Appendix 4: brochure Human Rights: Experience of Sakhalin Energy</p>

Figure 17: Sakhalin Energy - sustainable development goals and CSR program

Sources: <http://www.sakhalinenergy.ru/en/social/sdg/>



Figure 18: – Russian Far East -port of Vladivostok and port of Vostochny as main gate to Russia, Sources: <http://www.fesco.ru>



Figure 19: Port of Vladivostok and Vostochny (Nakhodka city) in map of Primorsky kray Sources: [https://mapcarta.com/Primorsky\\_Krai](https://mapcarta.com/Primorsky_Krai)



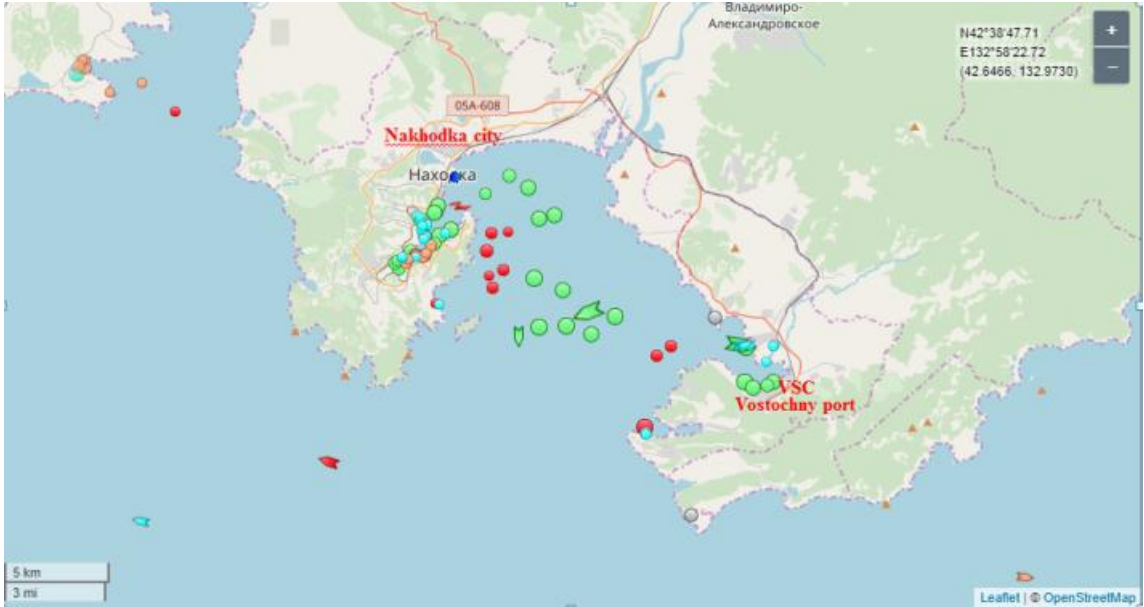
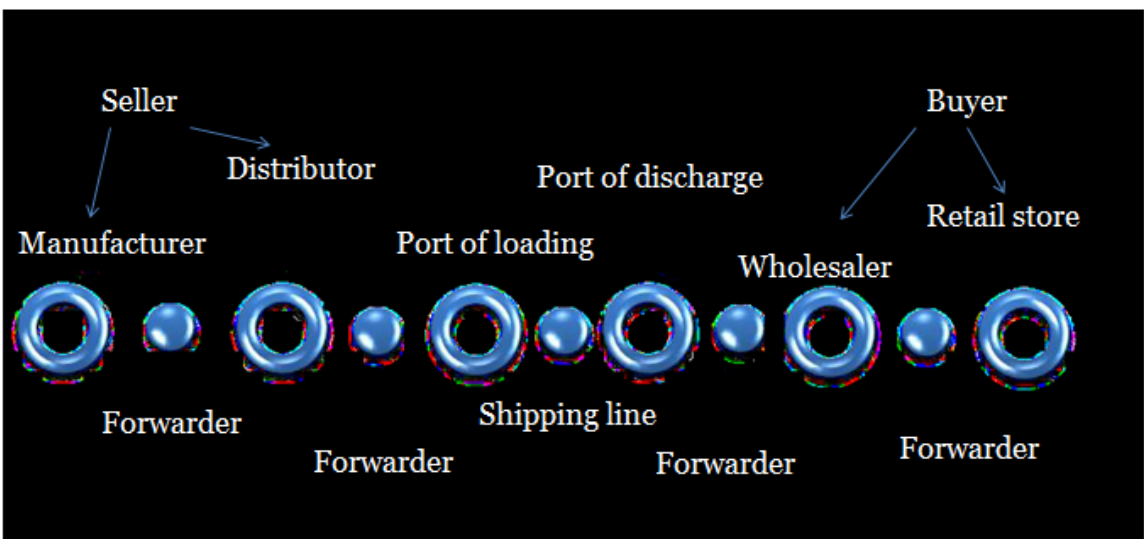


Figure 20: Vostochny port and VSC as part of Nakhodka, ships traffic in Nakhodka bay

Sources: <http://vseport.ru/en-us/morskoyitrafik>

**Shipping lines** can be owner of ships and containers or can take it for charter and leasing respectively, **ship agent** acting as agent of shipping line in port



**Forwarder** can provide pre- carriage, customs formalities, acting as ship agent, on- carriage (trucking or railway transportation), have direct contact with **seller or buyer**

Figure 23: VSC as part of multimodal process (own modification)



Figure 24: One of the main VSC actions related to CSR –construction of square in Vrangel district of Nakhodka city in 2019

## Appendix 2

<b>Dimension</b>	<b>Dimension it refers to</b>	<b>Example phrases</b>
The environmental	The natural environment	“a clear environment”; “environmental stewardship”; “environmental concerns in business operation”
The social	The relationship between business and society	“contribute to a better society”; “integrate social concerns in their business operations”; “consider the full scope of their impact on communities”
The economic	Socio-economic or financial aspects, including describing CSR in terms of a business operation	“contribute to economic development”; “preserving the profitability”; “business operation”
The stakeholder	Stakeholders or stakeholders groups	“interaction with their stakeholders”; “how organization interact with their employees, suppliers, customers and communities”
The voluntaries	Actions not prescribed by law	“treating the stakeholders of the firm”; “based on ethical values”; “beyond legal obligations”; “voluntary”

Table 1: Dahlsrud’s (2008, p.46) definition of CSR, modified from original version

<b>Country cluster</b>	<b>Economic</b>	<b>Environment</b>	<b>Societal</b>
Scandinavia	High	High	High
Anglo-Saxon (incl. U.S.)	High	Low	Middle
Continental Europe	Middle	Middle	Middle
Med. Europe	Low	Low	Low
Confucian	Middle	Low	Low

Table 2: Modified triple-bottom-line performance by country cluster, described by Gupta, (2011, p.178)

<b>Rank</b>	<b>Country</b>	<b>Rank</b>	<b>Country</b>
1	Denmark	16	Slovenia
2	Sweden	17	Czech Republic
3	Finland	18	Estonia
4	Norway	19	Spain
5	Switzerland	20	Portugal
6	Germany	21	Belarus
7	Canada	22	Italy
8	Ireland	23	Lithuania
9	Austria	24	Australia
10	Luxemburg	25	U.K.
11	Netherland	26	Belgium
12	Japan	27	U.S.
13	Iceland	28	Brazil
14	New Zealand	29	Hungary
15	France	30	South Korea

Table 3: Modified Top 30 from the Global Sustainability Competitiveness Index (2013), described by Strand, 2011, p.4

<b>Rank</b>	<b>Country</b>	<b>Rank</b>	<b>Country</b>
1	Denmark	11	Luxemburg
2	New Zealand	12	Germany
3	Finland	12	Iceland
4	Sweden	14	U.K.
5	Norway	15	Belgium
6	Singapore	15	Hong Kong
7	Switzerland	15	Barbados
8	Netherland	18	Japan
9	Austria	19	U.S.
9	Canada	19	Uruguay

Table 4: Modified Top 20 from Transparency International Corruption Perception Index, described by Strand, 2011, p.4

<b>Count</b>	<b>Rank</b>	<b>Company name</b>	<b>Country</b>	<b>Sector</b>	<b>Industry group</b>
1	3	Statoil ASA	Norway	Energy	Energy
2	5	Novo Nordic A/S	Denmark	Health care	Pharmaceuticals
3	6	Storebrand ASA	Norway	Financial	Insurance
4	18	Atlas Copco AB	Sweden	Industrials	Capital goods
5	19	Novozymes A/S	Denmark	Materials	Materials
6	27	Scania	Sweden	Industrials	Capital goods
7	30	L.M. Ericsson	Sweden	IT	IT
8	38	DNB ASA	Norway	Financial	Banks
9	48	Telenor ASA	Norway	Telecommunication	Telecommunication
10	58	Electrolux AB	Sweden	Household goods	Household goods
11	67	Coloplast A/S	Denmark	Health care	Health care
12	73	Hennes & Mauritz	Sweden	Consumer descry.	Retailing

Table 4: Scandinavia –based companies selected for the Global 100 (2013), described by Strand, 2011, p.4

№	Name of event	Planned action	Period	Costs, RUB	Remarks
1	Creation of the VSC square-Vrangel district	Get approval of land for square	09.18	300 000	04.01.19 in fact
		Project creation	01.03.19	500 000	
		Square construction	01.07.19	10 000000	
2	Organisation of a following trips	Cleaning of garbage			
3	Nature reserve -Lazo	Seminar	08.18	130 000	done
	Petrov island	Seminar	09.18	160 000	done
	Fox island	Seminar	09.19	160 00	
4	Competition of children's drawings –protection of environment	For VSC and sub-companies children's employees	02.19	70 000	The best drawing will be placed on VSC web
5	Organisation of discussion between employers	Proposals about social, safety and environment program	03.19		
6	Eco-trips to mountains	Cleaning of garbage			
	Chitinza	Seminar	10.18	80 000	done
	Falaza	Seminar	10.19	100 000	
	Pedan	Seminar	10.20	100 00	
7	Quiz for children from kindergarten № 65	protection of environment	04.20	20 000	
8	Organisation of ecological day for employers and family's	Protection of nature, air, forests, sea and rivers	22.04.19	350 000	
9	Organisation of the best photo competition-employers	Nature of Primorsky krai and its protection	04.19	50 000	The best photos will awarded
10	Informative excursion for children of employees	Show them how company take care about environment	04.19 04.20	25 000 25 000	
11	Organisation of intellectual game - employers and family's	Game between 10 teams about environmental theme	every year	100 000	
12	To participate in the international forum "Ecology" in Moscow	Leading forum in Russia supported by state	03.19 03.20	150 000 150 000	
13	Competition on a hand-made article from leaves	For children of employees	09.19	40 000	Cleaning of the territory from leaves
14	Competition of children's drawings –endangered species of animals	For VSC and sub-companies children's employees	03.20	80 000	
15	Eco-running employers and family's	Cleaning of garbage	08.19	100 000	Picnic
16	Organisation of the photo event about Japanese sea environment	Provide information about thalassophilus of Japan sea	12.18	25 000	done
17	To arrange improvement of the territory near company enters point	Renovation of walking path, gardening of the territory	2019	Company resources	
18	Donation to child care medical institutions	Correction school and child hospital,	Every year	500 000	
19	Donation to child's dance and sport collectives	Dancing collective Zhuravushka, Reverance, Vostok	Every year	450 000	

20	Exhibition of talents of workers	Books, poetry, hand – made products	08.19	40 000	
21	Dance battle between Vrangel's citizens	Performance of dancing collectives	08.19	300 000	

Table 5: VSC CSR program - revised and modified from original

H R	Training courses for VSC personnel	2018												cost RUB	Total cost 1000RUB
		Feb	Mar	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec			
	Safety		12		4	2	1	2				8		3200	92,8
"VSC" LLC	Dg cargo			11										8000	88,0
	First-aid treatment to victims		20											2000	40,0
	Certifications for industrial safety			3		1		4						13500	108,0
	The fair safety personnel	4								7	18			2500	72,5
	Safety transport by sea					2		3						17000	85,0
	Safety transport/storage								30					3000	90,0
	Safety railway operation						2							11 900	23,8
	Adviser for DG cargo								1					22 500	22,5
	Battery attendant		1											5 000	5,0
	Operation 1,5 loader					12								6000	72,0
	Special equipment on cranes				1						1			4000	8,0
	Safety electric jack			2										7000	14,0
	Safety hydro jack			1							1			7000	14,0
	Operation ship/railway crane			2						16				12000	216,0
	Safety high-rise work										20			2500	50,0
	Certificate docker in sea port		20	20										12000	480,0
Skills improvement			4							4			3000	24,0	

	Total per month	100 00	3234 00	4255 00	168 00	1259 00	270 00	1114 00	11250 0	905 00	70 60 0			
		<b>Total costs : 1 505 600 RUB ~ (23163) USD</b>												

Table 6: The training courses for VSC personnel (workers) in 2018, modified from VCS original version in Russian

№	Dept.	Training	Month											Costs, RUB
			2	3	4	5	6	7	8	9	10	11		
1	Financial	Improvement skills. taxes Vladivostok			1									19 000
		Improvement skills. VAT Vladivostok				1								19 000.
		Improvement skills. S-Petersburg								1				50 000
2	Planning	Improvement skills. Planning, Vladivostok										1		25 000
		Improvement skills, KPI, Moscow			1									30 000
3	Commercial	Improvement skills, marketing, S-Petersburg		1										39 900
		Improvement skills, commercial, S-Petersburg								1				35 800
		Improvement skills.juridical support S-Petersburg						1						37 900
4	HR	Improvement skills. HR, S-Petersburg				1								30 000
5	HR	Improvement skills, accounting, Vladivostok										1		39 000
		Improvement skills, accounting, S-Petersburg					1							60 000
		Safety								1				22 500
		Fair protection								2				7 00.
		<b>Total</b>												415 100 6384 USD

Table 7: The training courses for VSC top and middle class management in 2018, modified from VCS original version in Russian.

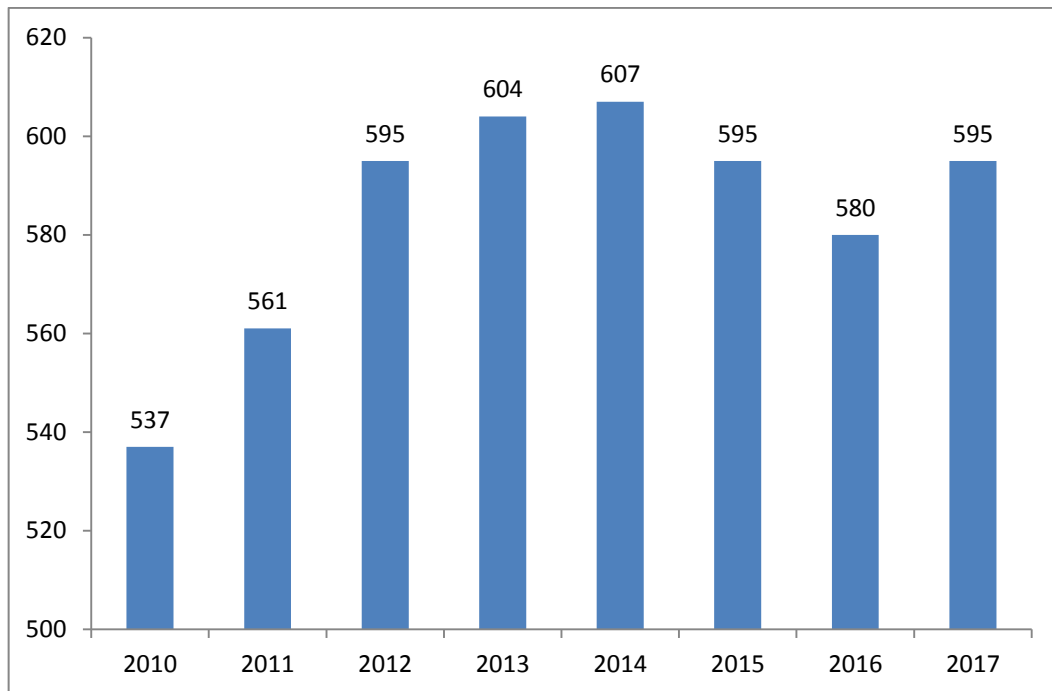


Table 8: Number of VSC personnel from 2010 to 2017, from VSC open info in website

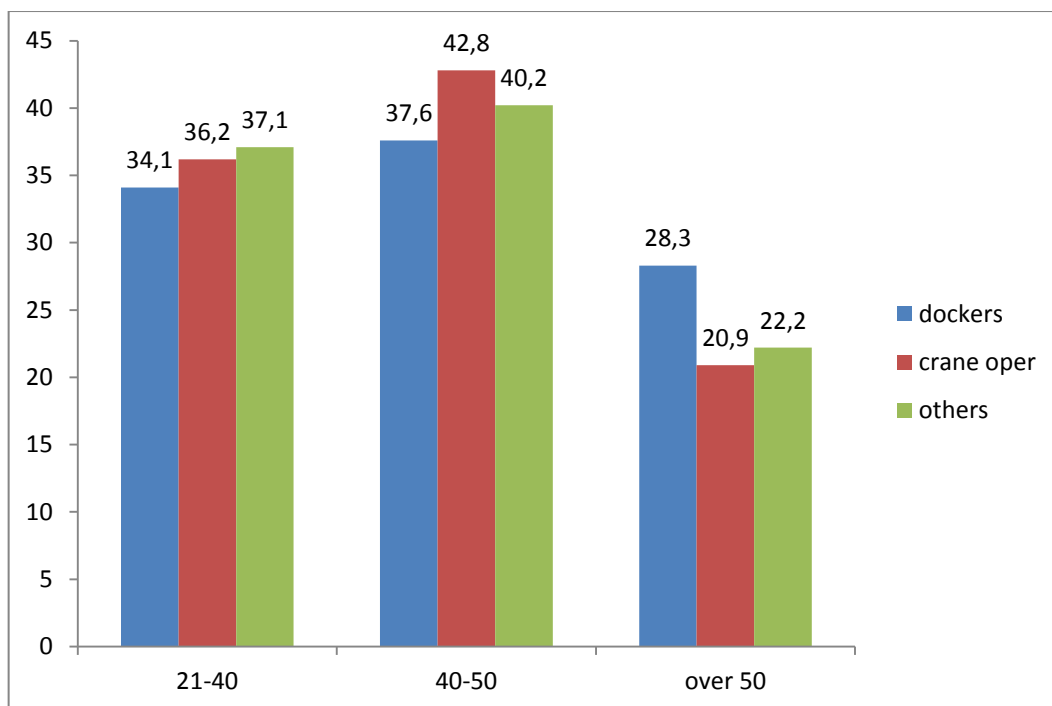


Table 9: Statistics of personnel in VSC - percentage of docker's ages in 2018, modified from VCS original version in Russian.



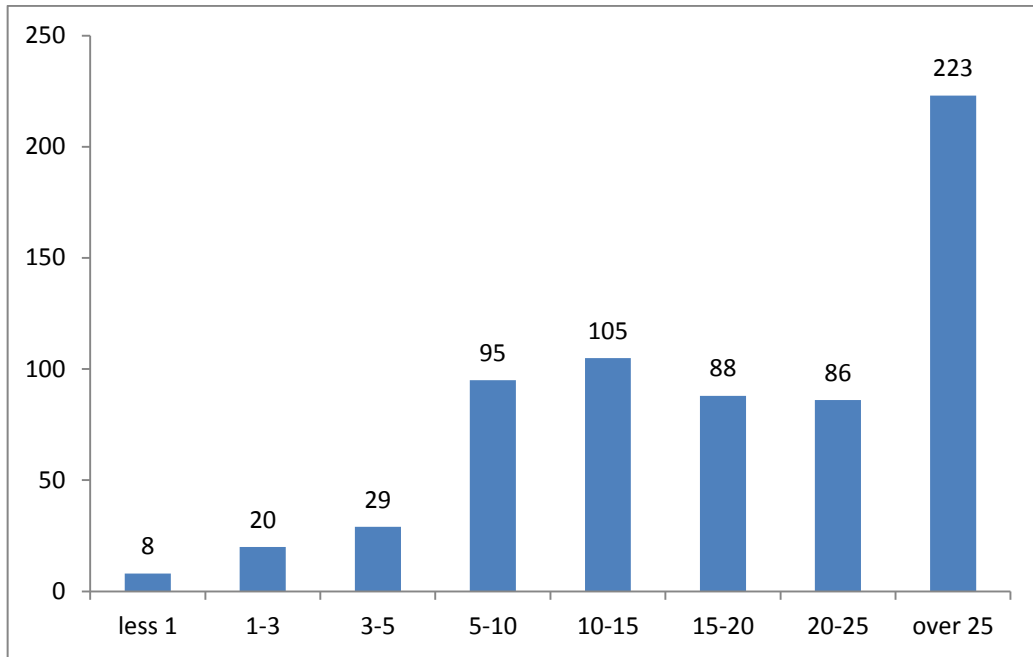


Table 10: Statistics of personnel in VSC – how many years employed and staff ages-2018, modified from VCS original version in Russian

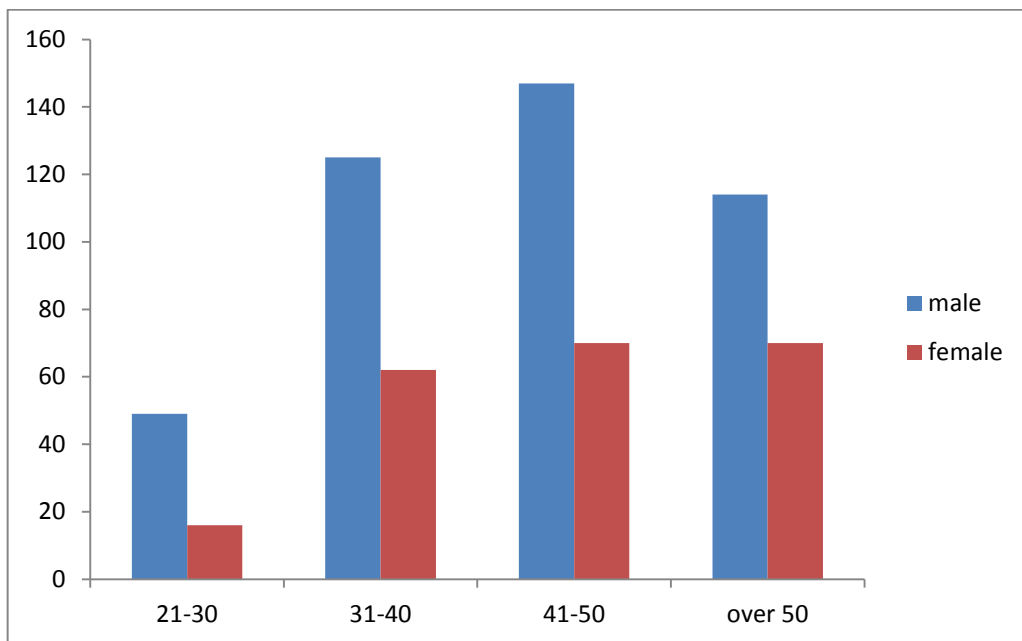


Table 11: Statistics of personnel in VSC –how many male and female by person-2018, modified from VCS original version in Russian.

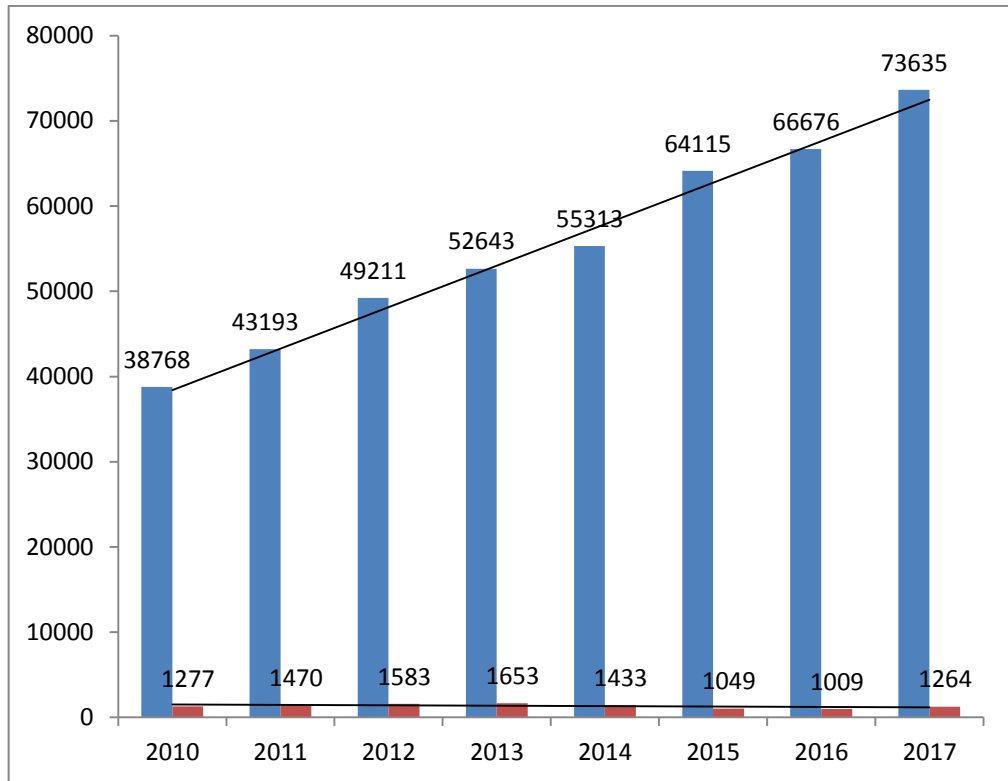


Table 12: Average of VCS salary in RUB (blue) and USD (red) from 2010 to 2017

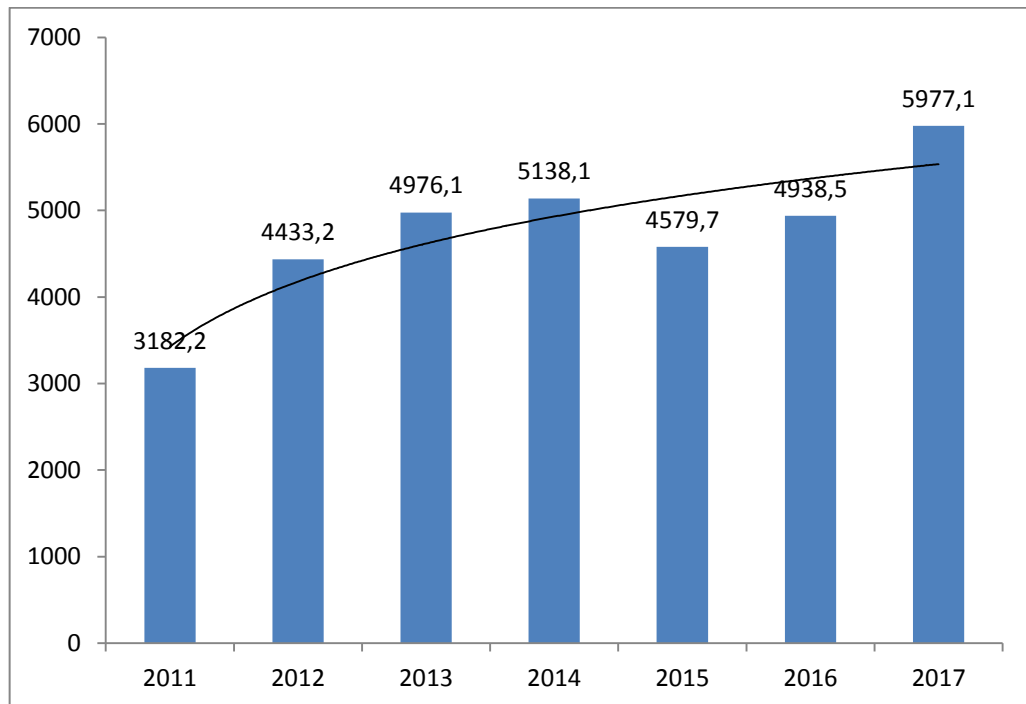


Table 13: VSC throughput from 2011 to 2017 in thousands tons, VSC internal document

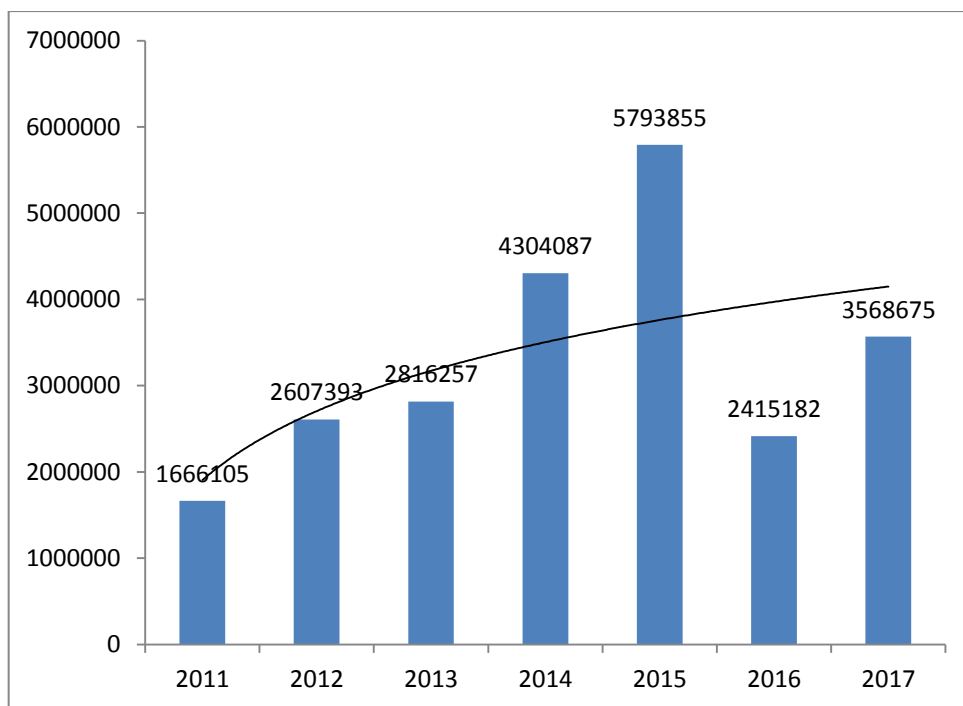


Table 14: VSC financial results (net profit) 2011 -17 in ths rubles, VSC internal document

<b>CSR Initiatives</b>	<b>Potential Benefits</b>	<b>Potential Concerns</b>
<p><b>Cause promotions</b></p> <p>Supporting social causes through promotional sponsorships</p>	<p>Build corporate reputation</p> <p>Attracts and retains a motivated workforce</p> <p>Support marketing objectives</p> <p>Build strong community relations</p>	<p>Visibility for corporate efforts can easily be lost;</p> <p>Coordination with cause partners can be time consuming; Staff time and involvement can be significant; Promotion expenses can be significant; Consumers may be skeptical of corporate motivation</p>
<p><b>Cause-related marketing</b></p> <p>Making a contribution or donating a percentage of revenue to a specific cause based on product sales or usage</p>	<p>Support marketing objectives</p> <p>Build strong community relations</p>	<p>Coordination with cause partners can be time consuming; Staff time and involvement can be significant; Promotion expenses can be significant; Consumers may be skeptical of corporate motivation and commitment</p>
<p><b>Corporate social marketing</b></p> <p>Supporting behavior change campaign</p>	<p>Build corporate reputation; Contributes to general business goals; Attract and retains a motivated workforce; Support marketing objectives; Builds strong community relations</p>	<p>Coordination with cause partners can be time consuming; Staff time and involvement can be significant; Promotion expenses can be significant; Efforts require expertise</p>
<p><b>Corporate philanthropy</b></p> <p>Making direct contributions to a charity or cause</p>	<p>Builds corporate reputations; Builds strong community relationships; Attracts and retains a motivated workforce</p>	<p>Visibility for corporate efforts can easily be lost; Tracking resource expenditures and value can be difficult and expensive</p>
<p><b>Community volunteering</b></p> <p>Providing volunteer services in the community</p>	<p>Build corporate reputation; Build strong community relationships; Attracts and retains a motivated workforce</p>	<p>Visibility for corporate efforts can easily be lost; Staff time and involvement can be significant; Tracking resource expenditures and value can be difficult and expensive</p>
<p><b>Socially responsible business practices</b></p> <p>Adopting and conducting discretionary business practices and investment that support social causes</p>	<p>Builds corporate reputations; Contributes to business goals; Build strong community relationships; Reduces operation costs; Attracts and motivated workforce</p>	<p>Visibility for corporate efforts can easily be lost; Efforts require external expertise; Consumers may be skeptical of corporate motivation and commitment</p>

Table 13: Adopted from Kotler (2005), pp. 23, 258-259

<b>Dimension</b>	<b>VSC</b>	<b>SE</b>	<b>Dimension</b>	<b>VSC</b>	<b>SE</b>
<b>The environmental</b> –	+ - Operation on sea part; - coal project	+	<b>History</b>	Middle	Middle
<b>Social relationship</b> - between business and society	- consider the full scope of their impact on communities	+	<b>Religion/Idiology</b>	Low	Low
<b>Socio-economic CSR</b> - in terms of a business operation	+ company has growth volume and financial performance	+	<b>Social norms</b>	Low	Low
<b>Stakeholders-</b> interaction with their stakeholders	+ -- with employers; - suppliers, customers	+	<b>Geography</b>	Middle	High
<b>The voluntaries-</b> beyond legal obligations	+ company has donation program and charity policy	+	<b>Political structure</b>	Middle	Middle
<b>Cause promotions</b>	+ -	+	<b>Civil society instructions</b>	Low	Middle
<b>Cause-related marketing</b>	+ -	+	<b>Safety net</b>	Middle	Middle
<b>Corporate social marketing</b>	+ -	+	<b>Level of economic development</b>	High	Low
<b>Corporate philanthropy</b>	+	+	<b>Community volunteering</b>	Middle	High

Table 14: The within-case and cross case analysis VSC and SE (Sakhalin Energy)