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Corporate Social Responsibility in Azerbaijan
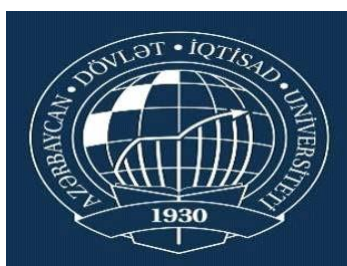
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ABSTRACT

Corporate Social Responsibility (or CSR as we going to call it throughout this work), the set of principles that a company contributes to exert its influence on society, has the opportunity to contribute to the sustainable development and the reduction of poverty in the world. In the early 1960s, the ethical aspects of the business grew to an extraordinary level. According to (Lantos, 2001), dangerous products have been sold in companies, the environment has been polluted, and international corruption has been replaced by the pursuit of profit and energy. For example, since the 1970s, interest in social contributions has focused not only on the productivity sector of an organization, but also on the well-being of employees, customers and other stakeholders, as well as external groups and the environment (ibid.). Today, CSR is widely used by companies to provide to the development of society by executing social, environmental protection, volunteering and corporative philanthropic projects.

The main purpose of the study is to gain social excellence, extensive knowledge of Corporate Social Responsibility and its execution process in Azerbaijan. The aim is to analyze how CSR is defined and implemented by Azerbaijan corporations. To perform the research a qualitative method was used. CSR research in Azerbaijan based on reliable sources. The essential information has been collected through an experiential work, articles and online sources.

TABLE OF CONTENTS

1. INTRODUCTION

The purpose of this chapter is going to provide context, discussion of problems on the subject under study. In addition, the purpose of thesis and research questions and the profile of the thesis are presented in this chapter.

BACKGROUND

Howard R. Bowen (1953, p. 6 quoted in: Spencer & Butler, 1987) specified that one of the duties of corporate executives is to pursue activities that follow the lines of action that are desirable depending on the circumstances. Moreover, our company's goals and values, a large number of publications and resources have been conducted in the area of Corporate Social Responsibility (CSR) (ibid.).

In the early 1960's there was a growth in the ethical viewpoint of the business to an extraordinary level. According to Lantos (2001), dangerous products were sold in companies, the environment was polluted, corruption took place at the international level was replaced by the search for profit and power. Lantos (2001) states that since the interests of the 1970s social collaboration not only focused on the productivity sector of management, but also on the welfare of employees, customers and other stakeholders, as well as outside groups and the environment.

Nowadays, in the world, 86% of the gross national product (GNP) is owned by the richest 20% of people. 65% of the creation of annual wealth is represented in Europe and America. Increased productivity and production make possible economic growth.

Blowfield and Murray (2008) have pointed out that this need for increased productivity has helped to increase demand for natural resources and production at lower costs. Pressure for business exists both in the national and the global market. Social pressure and competitiveness can be linked to these pressures. It is the complex situation companies that want to be socially responsible must embrace; on

the one hand, the entity shall take the profit factor into account, the capital, poverty and inequality entangled, and the other, it must promote capitalism as a solution to the major social and environmental problems of recent days (Blowfield and Murray, 2008).

Several researches explain that companies should participate in activities for non-economic reasons that benefit society. There is still a survey to identify the activities that corporate social responsibility implies and the theory is even more complicated to measure (Spencer and Butler, 1987). Davis (1973 cited in: Blowfield and Murray, 2008) writes that corporate responsibility starts where the law ends. In addition, all activities of a company engage that is beneficial to the company, but is beyond legal responsibility (Blowfield and Murray, 2008).

According to value-added concept Spencer & Butler (1987) and imply interpretations and emotional ideologies are seen as the difficulty in measuring Corporate Social Responsibility. Including a variety of elements, CSR is a confusing issue and social responsibility has become an important aspect of the business world. Yukl (2006) argues that because of this growing interest in society, codes of conduct to establish the business climate within their organizations is being developed by many business firms.

Carlsson et al. (1993) throughout history, there has been a number of changes in the role of the business community. So far, the knowledge of the impact of business and its interaction has come to terms with social and environmental issues.

Companies seek to acquire the ability to distinguish themselves in the globalized arena by focusing on today's highly internationalized market. Protecting the classic competitive advantages such as price and quality in difficult times has become the new structure of the global market. New areas where potential competitive advantages can be achieved have come to the fore. Most businesses use their

potential competitive advantage as their primary competitive weapon for cost-effectiveness in the global competitive marketplace. Although it lasts for a long time, society has finally begun to notice the negative effects of traditional industries on global warming and cetera. Legislation and regulations require businesses to limit their harmful activities to the environment, such as emissions. As Creyer & Ross (1996) pointed out, people who are potential customers create more value in organizations with good reputation and are shown as contributing to social development.

According to Eberstadt (1997, Panwar et al., Cited in 2006) writes in his work on the already existing institutional responsibility in ancient Greece. Several terms have been used to describe these social and environmental orientations of companies, some of the most common terms are given below (Panwar et al., 2006):

- Corporate citizenship
- Sustainable entrepreneurship
- Triple bottom line
- Business ethics
- Corporate social responsibility (CSR)

Harrison & Freeman (1999) indicates that there are plenty of theories and models surrounding corporate responsibility. However, according to the Academy of Management (2003, Castor et al., 2004), the corporate social responsibility (CSR) and frame analysis is still in the embryo stage, the unresolved critical issues related to measurement and empirical methods.

According to Panwar et al. (2006), a system can transmit its stakeholders, social and environmental orientation of the companies also argued that given by information technology.

As Wohlgemuth et al. (1998) state there is a growing understanding today, which are exported to other parts of the western world's corporate and management models can be said that is not always very successful.

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Models without depending on local culture and traditions, the Western model of Corporate Social Responsibility transferred to reveal problems with the logical model.

PROBLEM DISCUSSION

The concept of Corporate Social Responsibility can make a positive partnership to the progress of society and businesses. Today, economic forces in developing countries are more influenced by environmental and social issues than by local governments, some of the largest global corporations. Deriet al. (2003), the world's top 100 economies come together in 51 companies and 49 countries. The low dominance of USA companies in world markets could be one of the consequences of globalization. According to House (2004), in 1963, 67 US-based companiesare among the world's largest industrial companies, but in 2001 just 38 can be seen in the top 100.

There are many predictions that China and India will become global players over the next twenty years. Ward & Smith (2006) state that in the report "Corporate Social Responsibility in Crossroads" about Russia, Brazil, India and China's growing economic and political importance and the future impact of CSR.

According to Frankental (2001),CSR originated in response to social consequences of structural economic change. It is thought that a company is responsible for the broader impact of collecting. Due to economic structural change, there is a lot of companies struggle to rethink their strategy. Tremendous resources have turned to responding to a number of other companies who are committed to generating nervous concerns and annual social reports.

Deri et al. (2003) mention that companies should engage in alliance, not war with foreign stakeholders. Health, social or political issues are more important for consumers and activists have been stronger than ever. Generally, companies are increasingly responsible for social responsibility, and services and products should be offered by companies that do not lead to social and new environmental risks.

According to a survey, Deri (2003) states that CSR-related issues, eight in ten people in Europe and the United States are eager to spend more money for a product or service of a company that works with social responsibility. CSR is at a Crossroads, there are many emerging issues on the CSR agenda. Gooderham & Nordhaug (2003) argue that companies should be concerned about sustainable development and they must continue to regulate their work with minimum standards. As Gooderham & Nordhaug (2003) describe, CSR is on the agenda of the European Commission and the goal of the agenda is to promote CSR management skills among small and medium-sized enterprises and integrate it into EU policies.

As many researchers have described, some industries conduct CSR reports more often than others. In general, the production and retail sectors are dominant as organizations that have begun to enter CSR operations. A few years ago, the general public or other stakeholders criticized these industries for unethical actions. The massive media interest has led to consumer rejection. According to Fassin (2009) claims that, the oil and mining industry has developed through the progress

and participation of CSR in environmental disaster and crimes against human rights.

According to Van de Ven (2008), there is argument in literature that the different stakeholder organizations have more affect than ever in a CSR factors. Several researchers claims that, it can be said that the pressure from society and non-governmental organizations (NGO´s) influence manufacturing organizations to reduce pollution in environment and loss. Although the fact that the pressure from stakeholders to use socially accepted producing methods broadly; manufacturing companies specify with their own objectives and measures how their production impacts the environment.

RESEARCH PURPOSE & RESEARCH QUESTIONS

Research Purpose

Based on the problem discussion mentioned above, the purpose of this thesis is to gain understanding of Corporate Social Responsibility in Azerbaijan. The purpose is to analyze how CSR is determined and fulfilled by Azerbaijan.

Research Questions

Research question 1

What is the understanding and reason for Corporate Social Responsibility in Azerbaijan?

There are many ways to apply CSR into the organization. Environmental issues, social issues, or both can be targeted in CSR practices. The application can be implemented in CSR by integrating with an operator or as a project. CSR strategies and policies sometimes determine the CSR agenda and are sometimes not.

As part of the World Business Council for Sustainable Development, the following areas can be included in active CSR:

- The organization is actively involved in the development of the local community.
- The organization transparently informs all different business areas.
- Consumers are being trained on how to use the products
- The organization clearly expresses its views and obligations towards management, collective and stakeholders.
- The establishment has procurement rules, including social and environmental concerns.

This research will define how CSR is implemented by Azerbaijan.

Outline of Thesis

The purpose of this section is to present a brief description of the different parts of the thesis and a general picture. The design of the dissertation is shown below.

1. Introduction

The purpose of this section is to provide background, problem discussion on the topic being studied. In addition, research purposes and research questions and outlines of the thesis are presented in this section.

2. Literature Review

This section describes a theoretical framework by providing data on the history and development of CSR. This section links the theoretical findings to empirical evidence.

3. Methodology

This chapter includes the methodology used in the research process as well as the availability and credibility of results

4. Empirical Data

The purpose of this section is to present the results of empirical data.

5. Data Analysis

This section shows how empirical findings are analyzed and how they relate to research questions.

6. Conclusions and Recommendations

This section explains the general conclusions of the thesis and the proposals for other studies in this area.

2. LITERATURE REVIEW

This chapter describes a theoretical framework by providing information on the history and development of CSR. This chapter links the theoretical findings to the empirical data.

WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

There are different kinds of CSR definition. Each company and organization creates their own definitions for CSR and organizes them according to their interests. According to Tullberg (2005), it is difficult to perceive which companies should be responsible for considering CSR.

According to COM (2001), 366 The European Commission has previously defined Corporate Social Responsibility (CSR) as "a concept in which companies combine social and environmental concerns with which they voluntarily interact with business operations and stakeholders".

According to (Carroll, 1999, p.292), "The concept of CSR has a bright future because it essentially sees and captures the people's most important concerns about business and community relations."

THE DEFINITIONS OF CORPORATE SOCIAL RESPONSIBILITY

Carroll's Pyramid of Corporate Social Responsibility

According to Carroll, (1991, p. 43), He mentions to whom businesses should be responsible: "The concept of stakeholder personalizes social or societal responsibilities by describing the certain groups or persons business should consider in its CSR process".

According to Carroll (1991), different corporate social responsibilities as a four-tiered pyramid model and gave him the title of the pyramid of responsibilities.

Four different responsibilities - economic, legal, ethical and philanthropic are the pyramid layers.

Figure **2.1: The Pyramid of CSR**

The pyramid of CSR should be seen as a whole and the different parts should not be broken. As a company to be profitable, to minimize costs, maximize the level of sales or give strategic decisions are at the core of **economic responsibility**. Economic performance is needed by society. The second layer is the **legal responsibilities** and in other words it required by society. It is expected that companies will comply legally on these responsibilities, because law enforcement mirrors that society is not accepted or accepted. There are different between ethic responsibilities and the first two responsibilities. It means that ethical responsibilities are not required but expected by community. To maintain ethical leadership, avoid controversial practices or control above the minimum standard of the law could be samples for the ethical responsibilities.

The **philanthropy responsibilities** are the responsibility of the company's voluntary. It reflects the current expectations of the public towards the enterprises. Philanthropic responsibilities are located at the top of the pyramid and being a

good corporate citizen and to improve the community's quality of life is the purpose of these responsibilities. Corporate contributions can be an example of philanthropic responsibilities to support volunteer work programs or society by providing participation. To some degree prompted by philanthropy and community responsibilities expected.

Different stakeholders are affected by the different responsibilities in which a stakeholder model is indicated by CSR Pyramid. If the company is not profitable Economic responsibilities should directly influence employees and owners. Legal responsibilities are vital to the owners, but it is also important in relation to employees and stakeholders as well as consumers. Ethical responsibilities influence all stakeholders, but most consumers and employees are involved. The primary impact of philanthropy responsibilities is in society, but the company's philanthropic activity also affects workers 'morale, which affects employees' morality.

The Three components of Sustainability

According to Crane & Matten (2004), profitability is not only one goal of business; There are also targets to collect environmental and social value to community.

The concept of sustainability is generally thought to have emerged from an environmental perspective. Environmental sustainability point of view, it is about how to manage the physical resources that are protected for the future.

Economic sustainability concerns the economic performance of the organization. The effect of the company on the economic framework has included a broader concept of economic sustainability.

The EU definition

According to (Green Paper Promoting a European Framework for Corporate Social Responsibility, 2001) CSR definitions define it as "*concept whereby companies*

integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"

The EFQM definition

The European Foundation for Quality Management (EFQM) is a profit-free member. It was founded in 1988 by the foremost leading European operator and became its mission to be the driving force for sustainable excellence.

According to EFQM CSR is defined as follows, "*CSR refers to a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes – among other things- respecting human rights, fair treatment of the workforce, customers and suppliers, being good corporate citizens of the communities in which they operate and conservation of the natural environment. These fundamentals are seen as not only morally and ethically desirable ends in themselves and as part of the organization's philosophy, but also as key drivers in ensuring that society will allow the organization to survive in the long term, as society benefits from the organization's activities and behavior*" (The EFQM Framework for Social Responsibility, 2004).

Different kinds of CSR characteristics are represented by EFQM. These are follows:

- ❖ Integrating social, environmental and economic policies in day-to-day business
- ❖ Adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization
- ❖ Accept CSR as a core event embedded in the management strategy of an organization
- ❖ Meet the needs of the present without compromising the ability of stakeholders of future generations to meet their own demand

The key dimensions of CSR compared to the social, environmental and economic aspects of CSR. These three dimensions are consistent with the three dimensions of the Triple Bottom Line: people, planet and profit.

Economic responsibility: economic development of the society, integrity, corporate government, avoiding of bribery and corruption, transparency, payments to national and local management, hiring local labor, use of local dealers.

Environmental responsibility: to undertake initiatives to promote greater environmental responsibility, prevention of adverse effects or support a precautionary approach for reducing to a minimum the development and dissemination of environmentally friendly technologies

Social responsibility: workers' rights, human rights, expertise in community programs, education and local workforce development.

A Three dimension definition

According to Löhman & Steinholtz (2003), the CSR concept is defined as a combination of three separate day-to-day relationships: Sustainability, Corporate Accountability and Corporate Governance.

The definition of **Sustainability** refers to how we appeal and stability the social, economic and environmental spheres around the world so that we are not threatened to survive in the long run.

Corporate Accountability focuses on the credibility of the company and is used when the company is discussing how to handle and manage it.

On the basis of the concept of **Corporate Governance**, transparency and reliability of the companies are in discussions about how it operates.

CORPORATE SOCIAL RESPONSIBILITY PROCESS

Löhman & Steinholtz (2003) emphasizes, the customer is the primarily CSR driver for companies.

Today, the needs of customers are strong and enhanced competition is driving corporation to create new advantage.

Companies have to know their role in the society and the responsibilities of the companies for their products and their ideas are the basic requirements of the consumers.

According to the "Cone Corporate Citizenship Study 2002" (http://www.coneinc.com) showed that Americans have a tremendous increase in expectations of their social roles. After September 11, more American investment to reward companies to support the needs of the community, said they received purchasing and employment decisions.

According to the above-mentioned survey, 89% of Americans think that being socially responsible is more suitable for company's interests. According to "Cone Corporation Citizenship Education 2004" (http://www.coneinc.com) stresses that a company's negative corporate citizenship experience can have the following consequences:

- ➢ Consider moving to another firm's products or services (90%)
- ➢ Among my friends and my family to articulate against the company (81%)
- ➢ Consider selling your investments to the company's shares (80%)
- ➢ Refusing to invest in the company's shares (80%)
- ➢ Refuse to work in this company (75%)
- ➢ Boycott the company's products or services (73%)
- ➢ Be less connected to the business at this company (67%)

"Why and How Does Corporate Social Responsibility Really Affect Drivers between internal and external drives? Loimi et al. (2002). Environmental challenges facing the globe play an important role in complementary initiatives on business initiatives to address sustainability, international initiatives in governments, political actions in governments, and NGOs (NGOs) the investment community are identified as a set of external drivers.

External drivers	Internal drivers
Globalization	Risk Management
Environment	Revenues and costs
International Initiatives	Employees
Political	Customers Competitive Advantage
NGO's and Media	
Investment Community	

Figure 2.3: Drivers of Corporate Social Responsibility

According to Davies (2003) examines how institutional responsibility occurs in response to one or a combination of five responsibilities: "Globalization is good, moral objection of global capitalism."

➢ The effect of shock and depression as for instance scandals
➢ Ethics, business leaders or founders, in the form of application rules or values of individual judgments.
➢ A "reputation" that motivates companies to behave well to encourage and protect their reputation or investment attractiveness.
➢ Suppression of top-down compliance, such as reporting requirements or government regulations, that sets out a compulsory approach in which good companies will tend to innovate

➢ The operation of markets, where customers, employees or capital markets are using some kind of preference or pressure.

At the EFQM Corporate Social Responsibility Framework (2004), there are some direct benefits for organizations:

➢ Motivated people

➢ Increased brand value

➢ Customer loyalty

➢ Corporate governance and stronger risk management

➢ Increasing stakeholder trust and confidence

➢ Increased public image

➢ Greater access to finance

➢ A healthier and safer workforce

THE HISTORY AND DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILIT

According to Wendell (2006) emphasizes that the first CSR books were printed in the early 1930s. Howard. R. Bowen's the "Social Responsibilities of the Businessman" was one of the most dominant books in 1953. After the Second World War of 1948, when the Declaration of Human Rights was created by the United Nations, it can be thought of as the beginning of the real CSR concept in the West. The ILO Declaration on Basic Principles and Work Rights followed this doctrine in 1972.

Initially it was a strong focus on environmental issues field of CSR movement. The UN's first global environmental summit was held in Stockholm in 1972. In 1992, the World Summit in Rio de Janeiro began to change its business approach when it set up the Business Council of the business world and tried to contribute to dialogue on environmental, economic and social issues for Sustainable Development (BCSD).

In January 1999, at the World Economic Forum in Davos, UN Secretary General Kofi Annan challenged the adoption of universally accepted values in human rights, labor standards and environmental protection in speech and in the countries of the world. It was the beginning of the 21st Century Global Compact. The Global Compact strategy was launched in Johannesburg in July 2000. The demands made on the global economic system are threefold:

- Respect and support for human rights
- Removal of all kinds of forced child labor
- Respond to ecological challenges.

After Lisbon Since 2000, the EU has begun to deal with Corporate Social Responsibility: *"to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".* A Green Paper on Corporate Social Responsibility has been developed to launch a broad debate on how the European Union can support Social Responsibility at both European and international levels.

In 2006, 14 of 25 European countries emphasized that they are promoting CSR in their own countries and 16 governments have established business incentives in the CSR field. Despite legislation in the region, CSR has not developed well in Europe, but some efforts have been made. National pension funds, Germany, Britain, Sweden and Belgium on social, ethical and arranged to include environmental concerns. Windell et al. (2006), between 1990 and 2004, the number of funds with such concerns in Europe increased from 54 to 354.

When speaking about the development of CSR in the West, it is important to emphasize the differences between different countries and regions.

Matten & Moon (2004), to show the differences between CSR in the CSR and the America of Europe "implicit" and "On CSR: A conceptual framework for

understanding CSR in Europe" CSR conceptual framework of the study titled It offers. In the report, why CSR is developed in Europe as in the America and tried to explain that explains the significant increase in CSR in Europe.

One of the important issues in the United States is the rights of employees. Fair wages, terms and conditions of work, health services, redundancy, protection against unjustified employment, may be an example of the key issues addressed by CSR policies.

According to Matten & Moon (2004) stress that the default of CSR policies in many European companies are considered to employment connected issues. These problems are defined in the institutional framework as rules or laws in Europe. CSR is a voluntary corporate policies, such as in Europe and do not attract the same attention to these issues as part of the legal framework.

European companies do not do philanthropy as United Stated companies. High taxation levels and advanced welfare infrastructure in Europe are explained by the emergence of companies. In this case, CSR is expected to be the responsibility of the government.

Business ethics is young and only appeared in Europe in the early 1980s.According to Matten & Moon (2004) initiative to explain the differences between CSR in Europe and in America in their investigation "`Implicit´ and `Explicit´ CSR: Despite there is A conceptual framework for understanding CSR in Europe" Crane and Matten (2004) try to characterize the differences business ethics between America and Europe.

In the United States has strong culture of individualism. That is why for their ethical selection individuals are responsible. Who is responsible for making the right ethical choices is the individual .The basic rules of ethical behavior in Europe are envisaged in the legal framework.

In the US, the government is not entirely responsible for arranging areas such as workers' rights and salary issues. They are the responsibility of the individual company. On the contrary, social issues in Europe are organized for businesses.

The following few questions can help explain the differences:

- Who is the key factor in business ethics?
- What are the key issues of business ethics?
- Who is responsible for ethical behavior in businesses?
- What is the most effective stakeholder management procedure?
- What are the guidelines for ethical behavior?

The questions have mentioned above, describe the differences between CSR in the US and Europe and it can be beneficial the differences and similarities of CSR implementation in other area as well.

STAKEHOLDER MANAGEMENT APPROACH

Firstly stakeholder term was presented as a liability of the company for discrimination between different groups. However, stakeholders are more extensive than first presented in 1984 by Edward Freeman, was introduced as a versatile and important thing. Blowfield & Murray (2008) argues that, today Freeman is one of the most cited writers in stakeholder theory. According to Freeman (1984), stakeholders argue that it is significant for the progress of the director in an effective way. According to (Freeman, 1984, p. 25) moreover, "each of these groups, commercial organization in today's business world plays a vital role in the success"

Stakeholders can be people, groups or organizations that are impact or influenced by organizations. Stakeholders are analyzed internal: senior management, controller, employees, owners and shareholders and external: suppliers, clients, consumers, environmental, political and competitors. Stakeholders may

have a positive or negative impact on the company's actions. Rodrigo & Arenas et al. (2008) argue that this reciprocal relationship should be managed with care to avoid a trade-off between organizational and stand-up owners. The original term stakeholder is defined by the idea that each group has a "share" in the establishment.

The Figure 2.4 illustrated Freeman's stakeholder viewpoint. According to Freeman (1984), this stakeholder classification may create complexity, because every dealer is not similar as well as all governments.
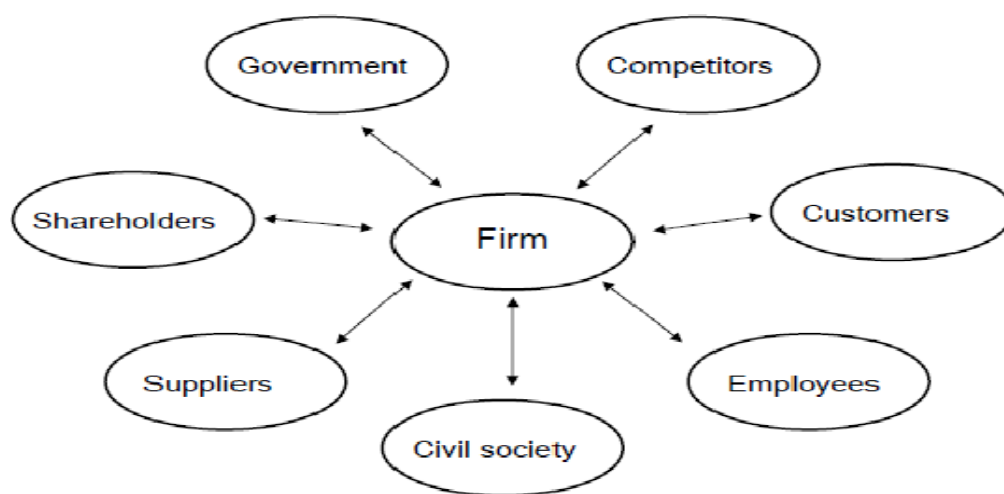
Figure 2.4: The original Stakeholder Model (Freeman, 1984).

Freeman (1984), stakeholders are requested by the organization because it is influenced by all the stakeholders of the organization. For this reason, it is important for the organization to take into account the interests of all the different stakeholders. Sometimes it can be complicated to include this extraordinary account because different stakeholders have different associations with the company, and as a result, sometimes conflicting interests may emerge.

According to Fassin (2009) stakeholder theory has been recognized as an important issue in recent years with the concept of CSR." Investment in CSR creates value for stakeholders and business itself. Jamali & Keshishian (2009) claim that stake-

holders determine the extent to which the company is involved in CSR.

Linking stakeholder theory to CSR not only focuses on the main stakeholder groups, it also focuses on creating value for all stakeholder groups. Halal (2000) refers to the corporate community and the theory that stakeholders work with companies to create value for all parties. Implementing win-win results is the aim of the stakeholder management approach. Weiss (2006) states that, a win-win in the CSR context, justice, and means that the moral decisions that will benefit from contemplated by economic interests of all parties concerned.

STANDARDIZATION OF CSR

CSR Standards

Castka et al. (2004) offers two types of CSR standards. First, focus on specific features of CSR.AccountAbility1000 (AA 1000) and Social Accountability (SA 8000) systems are in this category. Elements such as human rights and stakeholder participation become active in these systems.

By working in a more holistic way, it is in the second type of CSR standards that the user is able to reach ethical and social goals within the organization. Castka et al. (2004) Standards such as SII 10000 and DR 03028 are included in the second group and are formed around industry quality standards such as ISO 14001 (International Standardization Organization). These quality standards aim to help manage the CSR program in the organization. ISO has systems with quality and environmental control. According to Castka (2004) the standard will be construct around existing ISO framework 9001 and 14001, including environment and quality.

Castka et al. (2004) argues that standardizing CSR with systems such as ISO 9001: 2000 is not issue. The challenge is how to create an organization that can run a

single system that includes all aspects of CSR. This means that the CSR agenda and its structure must be implemented in a business system. Appendix 3 gives detailed information on all these standards.

Strategic directing of the CSR activities and investment

According to Castka et al. (2004) that the company should work with CSR activities from an ethical point of view according to the normative method and all actions have to be managed with high ethically from the stakeholders' viewpoint. Berman (1999) emphasizes that only the instrumental method is supported empirically, nevertheless it is declared by Harrison & Freeman (1999) that more investigation has to be fulfilled within this sphere in order to make any further consequences about the normative method (cited in Castka et al., 2004).

Agle et al. (1999) stated that instrumental approach is the best among researchers and that decision-making on CSR investment is based on the main interests of the strongest stakeholders within the organization. Such decision makers intend to make a profit or to increase their market share (Castka et al., 2004).

According to Castka (2004) that CSR investment should be treated with in the parallel way as any capital.

3. METHODOLOGY

This *chapter covers the methodology used in the study procedure as well as the legality and credibility of results.*

RESEARCH PURPOSE

According to (Yin, 2003, Saunders et al., 2007) that in general, descriptive, explanatory, and explanatory purposes have been used to conduct scientific research.

Wiedersheim-Paul (2001) argues, the researchers used new insights into the problems investigators searching and exploratory research to explore the phenomenon of research is appropriate when it is desired to measure in a new light. Saunders et al. (2000) conclude that there are three ways to conduct a discovery study; literature review, speaking to relevant experts and focus group work.

According to (Saunders et al., 2000) Descriptive research is appropriate while the goal is unable to find a cause for the research problem, rather than describing the circumstance. The description means "making complex things understandable by reducing them to their components" Miles and Huberman (1994).

Furthermore, casual relationships are founded by revealing research between inconsistencies (Saunders et al. 2007).The explanation of revealing research is defined as "making complex things comprehensible by indicating how their component parts fit together according to same rules" Miles & Huberman (1994).

As the author examines the literature, develops a framework and collects data on the implementation and drivers of CSR this study is illustrative research.

RESEARCH APPROACH

According to Trost (2005), Patel and Davidsson (2003), Denscombe (2000) quantitative and qualitative investigations are important methodological approaches. These approaches are different in terms of the collection, processing and analysis of data. According to Patel & Davidson (2003), the quantitative approach is more formalized and structured, and the researcher is a major measure of control. Participants in the empirical survey have a long distance and this approach is often used for statistical-based analysis. On the other hand, it seems that the qualitative approach has a low level of formalization and the purpose of the qualitative method is mainly related to understanding. According to (Patel & Davidson, 20003; Trost, 2005) the purpose of the study is not to draw general conclusions about a specific topic, but to gain a deeper understanding of the issue, the author is studying therefore it is eligible to use a qualitative method.

3.2.1 Qualitative Approach

Qualitative research attempts to respond some questions such as why and which is essential for chosen research so as to accomplish the intended purpose. The author transformed the observations, reported written words. According to Miles and Huberman (1994) that, the words can be aggregated, sub clustered and divided into semiotic segments. The author go on by saying the expression can be organized to enable the investigator collate, compare, analyze and replace samples upon them.

This research study is an inductive approach that can draw conclusions, indicating that data are derived from empirical findings. The purpose of this study is to provide a deeper understanding of how Azerbaijan uses CSR. Moreover, this study is qualitative research because the research questions refer to the social phenomena of answers as being quite intense.

RESEARCH STRATEGY

The aim of the thesis is to gain a better comprehension of CSR and social excellence in Azerbaijan. Yin (2003) claims that, experiments, surveys, case studies, history and archival-analysis are used as major strategies in social science.

According to Saunders (2000), the goal is the most appropriate research strategy, if one obtains a materialized understanding of the different processes in a few objects. The purpose of case study is to define the problem and singularity of a single case. Yin (1994) emphasizes that, *a "how" or "why" question is being asked about a contemporary set of events over which the investigator has little or no control" (p.9).*According to a case study, a case study can be done for single or different situations. According to y (Stake, 1995), with this approach, it is supposed that one would understand not only the case itself, but also the understanding of CSR in an organizational context. Furthermore, his approach is considered an instrumental case study.

DATA COLLECTION

(Eriksson and Wiedersheim-Paul, 2007), In general, there are two types of data, secondary and primary. The authors also state that secondary data are collected by researchers for a different purpose. Primary data are data collected by a person for a specific purpose. (Yin, 2003) claims that documentation, interviews, physical artifacts, direct observation, participant observation, and archival records, are the main sources of evidence for conducting a case study. The collected data to answer the research questions formulated by the thesis and the data that is reached for the purpose of the research are collected from the secondary and primary sources. In this thesis, mainly interview and documentation were used as evidence.

SAMPLE SELECTION

The author has a good relationship with a chosen company named Socar in Azerbaijan and in the sample of this work the author chose to analyze Socar in Azerbaijan who participated in corporate social responsibility. Because of the short time and since the author wanted to conduct face to face interviews, he has chosen one company situated in Baku, Azerbaijan. This resulted in the selection of a company that is part of corporate social responsibility. This company is called "SOCAR Azerbaijan". The company is experienced in the oil and gas industry and the writer has a good connection to the chosen company. Personnel responsible for corporate social responsibility are at the headquarters of the company and are kept in contact with the four most responsible personnel required to reach appropriate respondents and respond to inquiries by the company's writer called the head office.

DATA ANALYSIS

The goal of data analysis is to determine the answers to the research questions formulated. According to (Yin, 2003; Miles & Huberman, 1994), there are three "three concurrent flows of activities"

> ➤ Data Display: After data reduction, the data must be organized and compressed to simplify the results. It allows the investigator to know what is happening and to analyze or act on more.

> ➤ Data reduction: to select, focus, simplify, abstract and transform aggregated data.

> ➤ Conclusion Drawing and verification: this process is about to note layouts, patterns, current configurations, daily flows and proportions (ibid.).

> ➤ After data collection the author will decrease and clarify the aggregated data by using with-in case analysis.

QUALITY STANDARDS

It is proposed to pay special attention to the design of research, that is, to emphasize reliability and validity in order to ensure the quality of the study and to reduce the possibility of receiving false answers. (Saunders *et al.,* 2007).

Validity

The validity of a trial implies the ability to assess the data used by Saunders et al. (2007). The author, about to be translated into English interview questions, asked questions of the participants really tried to pay attention in order to understand it, because that all participants Azerbaijani speakers interviewed, respondents discussed in the Azerbaijani language, interpretation errors are at increased risk.

Reliability

Reliability refers to the extent to which evaluates are free from faults and may therefore have consistent consequences Svenning (2003) and Zikmund (2000). According Yin (2003), the purpose of reliability is to reduce errors and bias in a research.

Limitations

Because of the time limit, the author could only have a certain amount of interviews. The author interviewed 4 employees of the selected company. The selected staff is responsible for implementing and monitoring the programs and projects of corporate social responsibility. Each interview took approximately 40 minutes and took place in Socar headquarters in Azerbaijan. During the interview, all formulated questions were sufficient to ask and no questions emerged.

4. EMPIRICAL DATA

The aim of this chapter is to provide the results of the empirical data gathered through the case study and interviews.

CASE: Background *of SOCAR in Azerbaijan*

According to Decree of the President of Azerbaijan Republic (December 3, 1991), Azerineft State Concern was founded in 1991.One year later, according to a Decree of the President of the Republic of Azerbaijan; SOCAR (the State Oil Company of the Azerbaijan Republic) was established on foundation of the Azerineft State Concern and Azerneftkimya Production Association. The main goals of SOCAR are to use oil resources, make progress oil industry's construction and improve its CSR strategy.

Azerbaijan Republic State Petroleum Corporation (SOCAR) is engaged in researching oil and gas fields, producing, processing and transporting oil, gas and gas condensate, marketing petroleum and petrochemical products in domestic and foreign markets and supplying natural gas industry and people in Azerbaijan. SOCAR operates as three production divisions, one oil refinery and one gas processing plant, one deep water platform manufacturing site, two trusts, one institution and 23 sub-companies.

SOCAR transfers different petroleum activities in countries such as Switzerland, Turkey, Romania, Georgia, Germany and Ukraine, including trading activities, primarily in Nigeria, Singapore and Singapore.

Tural Aliyev, Head of Training and Development Department and Mahal Mehdiyev, Training and Development Deputy Manager, Nigar Karimova and Vusale Jafarova, Traning & Development Managers in SOCAR, provided the author with SOCAR's objectives, selection and techniques of evaluation of educational sponsorship.

CULTURE AND RECRETATION

Culture Centers

SOCAR has six culture centers – the Mardakan, centers named after Adil Isgenderov, Sattar Bahlulzadeh, Gurban Abbasov, Ali Amirov, and Vagif Mustafazadeh. These centers offer a total of 72 courses and have study groups and studios, eight ensembles, and nine dance troupes. There are six libraries.

Recreation

The Social Development Department of SOCAR provides for recreational services for the oil workers and their families.

The Department arranges regular recreational events for the oil workers and their families, other groups of Azerbaijani citizens, especially the youth intended to provide for appropriate spending of their leisure time. Oil workers and their families are entitled to have their leisure time at Geofizik and Nabran recreational centers of Khachmaz region, Shahdag recreational center at Anikh village of the Khachmaz region and also Gubek Hotel at the Balakan region.

REGIONAL PROJECT

Educational Institutions

In accordance with National Programs, a number of new schools have been built and repaired with financial assistance from SOCAR in different parts of the Republic. Here are just a few:

Balaken region:

- Ititala villiage high school for 450 students
- Gaysa villiage high school for 480 students

Improvement Workers

SOCAR is deeply involved in public improvements in the City of Baku and all over the country.

Many of the recreational parks in Baku's downtown streets and squares have undergone major repairs and made available for the enjoyment of the capital's residents. At the same time, the facades of old historical buildings on downtown streets and avenues have been repaired and refurbished. Special attention has been given to preserving and refurbishing old architectural ornaments during the repairs. A great deal of progress has been made in this direction. There has been ongoing progress towards the rehabilitation and improvement of existing parks and construction of new parks in the Balaken and Gusar regions.

Insurance

SOCAR, a special weight and influence among the world's largest oil companies, is paying close attention to the social issues of its employees. Modern production conditions require every employee working in the petrochemical and gas industry to be resistant to health, various climatic conditions and all kinds of stress and stress factors. For this reason, SOCAR has a comprehensive approach to the protection of the health of employees, regularly conducts activities such as safety of working conditions, rest organization, primary and periodic medical examinations, improvement of boarding examination and treatment quality. Since the beginning of 2012, SOCAR has presented the "Voluntary Health Insurance" Program, which is the most up-to-date and optimistic form of social care for all employees.

After extensive and deep research on the insurance market, SOCAR chose Pasha Insurance as its insurance partner. The long-term experiences that Pasha Insurance has gained by bringing health insurance services to the oil and gas sector have

played a key role in this decision. During his existence, Pasha Insurance passed on the most successful mechanisms that the West used in health insurance.

Regional Projects Overview

In accordance with the "National Regional Socioeconomic Development Program of the Republic of Azerbaijan (2004-2008)" and "Program to Accelerate the Socioeconomic Development of the Regions of the Republic of Azerbaijan"

SOCAR has implemented wide-range regional social projects to ensure sustainable and dynamic economic development and lay the groundwork for improving the people's standard of living.

Water Supply

SOCAR is committed to providing water to people in different regions of the Republic. To this end, various artesian wells have been opened to provide water for local populations. Up to this point SOCAR has opened 5 artesian wells in Balaken region, 4 in Zagatala and 7 in Agsu. The company has also opened and operated arena wells in Shamakhi, Lerik, Khudat, Gusar, Sheki, Shemkir and Fuzuli.

SOCIAL DEVELOPMENT

Social Welfare

Great efforts have been made to increase the prosperity of SOCAR employees.

In order to manage this process efficiently, a "Social Development Program for the Years 2007-2010 to improve the Welfare of Employees of the State Oil Company of the Azerbaijan Republic" was approved by Orders No. 139 of SOCAR of January 1, 2007 and No. 14-67 of SOCAR and the National Petroleum Industry Trade Unions Committee of the Republic of Azerbaijan. The program itemizes 224

specific jobs that must be completed. The timely completion of these jobs is under the close supervision of company management.

SOCIAL SUPPORT

Assuring social sustainability and employment

SOCAR is committed to supporting social projects in the community, as well as with its employees is recognized as a social program.

Experience shows that SOCAR has always taken measures to raise the living standards of workers and has taken real steps to ensure social stability. As an example, the Order-Decision No. 57 / 06-19 of 22.04.2009 "On the development of the payment of workers' work in the SOCAR", which has the SOCAR prefix, states that "the number of employees of the structural departments in SOCAR institutions or the ending or canceling of the personnel units the ordering officer on the date of receipt of the order ", dated March 15, 2010, dated 46 / 08-34, pledged the Order of the Order to the SOCAR institutions or their structural departments in a cumulative number of cases and was enacted in the legislation. According to the SOCAR rules, the labor contracts, SOCAR and ANQSHIRK's Order of Order No. 81 / 14-29, dated July 03, 2012, has been accepted, with the payment of 5 times the salary of the employee, 5 times the average monthly salary.

Care about Displaced Persons

In accordance with the "National Program for Improving the Living Conditions and Employing Refugees and Internally Displaced Persons" approved by Decree No. 298 of the President of the Republic of Azerbaijan of July 1, 2004, the families of displaced persons living in the Dordyol 1 and 2 and Tezekend Camps in the Aghdam region receive food parcels during the holidays from SOCAR.

The company has also donated carpets, televisions, heaters, sportswear, and other items to the camps' kindergartens.

SUPORT

Neftchi Oilman Health and Sport Center

Neftchi Health and Sports Center (HSC) plays very important role in physical education and promoting and improving sanity in Azerbaijan.

The core task of the center is to improve the health of the oil industry employees and their families and to provide physical and athletic training that meets modern requirements. Currently, more than 170 Centers in 12 sports facilities, professional coaches and trainers, in addition to working in the oil industry until 26 sports serves thousands of children and adolescents. All the facilities of the center have been renovated and modernized. TofigIsmailov Olympic Training Complex, sports facilities such as different sports centers, Garadag and Ismet Gayibov Training Centers, Shirvan, Pirallahi, Siyezen and Garachuxur Stadiums, Meshel Sports Club and Azerneft Volleyball Club.

ENVIRONMNET

Alternative Energy Use

Today, energy security, global climate change and pollution of the environment are among the basic problems that worry humanity. The most important is the use of renewable and alternative energy sources. The Republic of Azerbaijan is one of the countries with favorable conditions for using geographical position and climate conditions and alternative energy sources.

Greening Works

One of the essential environment projects being implemented by SOCAR is laying the Ecological Park. The Project is being implemented in a 9.3 ha area in the Khazar district in the territory of oil field cleaned from contaminants. Works on laying the Ecological Park are now close to completion.

Dealing with Climate Change Problem

SOCAR is taking regular steps to tackle climate change. The following activities were carried out in this area during 2008-2010: Concerning the implementation of SOCAR's Order No. 2008 in 2008, the Environment Department has implemented an inventory of greenhouse gas emission sources for 2007-2009 in the structural segments of SOCAR, operating companies and joint ventures. Currently, 2010 inventory is being made.

Waste Management

In their activity on waste management, SOCAR are guided by laws and the Constitution of the Republic of Azerbaijan, decrees and resolutions of the President of the Republic of Azerbaijan, decisions and resolutions of the Cabinet of Ministers of the Republic of Azerbaijan, other normative legal acts, international agreements they are a party to, agreements made on exploration an development of oil and gas ratified by laws of the Republic of Azerbaijan and "Waste management Plan" (WMP) approved by order of SOCAR president.In order to ensure that the system designed to manage wastes generated at departments and enterprises of SOCAR works efficiently, works on collection, sorting out, transportation, utilization and burying of wastes being components of these processes are carried out in accordance with "Waste Management Plan". As provided for in WMP, production wastes and drilling sludge are handed over to the Waste Centre of the Environmental Department. With a view to ensuring for the Waste Centre to

function in conformity with more contemporary requirements, a Feasibility Study document on the Reconstruction of the Waste Centre project within the contract made between SOCAR and US M-I L.L.C. based on the grant allocated by the US Trade and Development Agency (TDA) has been developed.

Environmental Awareness and Advocacy

SOCAR's Environmental Department has been taking wide-scale actions aimed at carrying out environmental awareness and advocacy works. As the year of 2011 has been declared as the Year of Tourism, it will be an important year for schoolchildren in terms of ecotourism, excursions and voyages. During ecotourism marches, in addition to receiving information of historical monuments and our national and spiritual values, schoolchildren will be provided with information concerning the protection of environment, proper attitude to nature and ecological culture.

CSR IN SOCAR AZERBAIJAN BASED ON INTERVIEWS

To make deeper analysis of CSR in Socar Azerbaijan author also held a number of interviews with delegates from Socar Azerbaijan. The main objective of these negotiations was to understand the views and strategies of CSR in Socar Azerbaijan.

Referring interviews with Socar in Azerbaijan is to combine the social, environmental and economic responsibilities of the company into its activities in a transparent and comprehensible way. One of Socar's strategic goals is to positively influence local communities around the world in areas where Socar operates. For this reason, Socar sponsors a number of social and environmental projects in different communities in the pipeline affected area.

The company not only economic and legal obligations, but also has obligations towards society. According to interviewees, one of the greatest advantages of

having a CSR is that companies must be constantly ethical and contribute to economic growth, while at the same time increasing the quality of their lives and families, local and global society. On the other hand, companies with or without CSR commitments never reach the economic, social and environmental balance, and are one of the main disadvantages of CSR in the company.

As interviewees presented, the key stakeholders concerning the social development are the societies, NGOs and local power administration representatives.It may reflect the company's reputation to ignore the wishes and concerns of stakeholders and their negative feedbacks.

In addition to employment, Socar is carrying out a number of activities in the oil and gas sector in Azerbaijan. One major success in Azerbaijan's Socar has brought new technologies to the oil and gas sector. Up to now, it has changed with investments of up to 16 billion dollars and the ones affected by it are very clear. Today, the main oil and gas political flow is regulated by the Azerbaijani government, and Socar's main task is to safely transport oil and natural gas to the world market.

Another area improved by Socar is the enlargement of local professionals. National stuff has an opportunity to develop and become a actual professional in the sphere that they work.

The collected interview data indicates that, Socar does assessments on how much their sponsorship programs are indicated in media and the company has some employees to protect the daily newspapers in order to check how often sponsorship program appears.

5. PROBLEM DISCUSSION

In chapter 5, problems raised from research questions will be discussed based on empirical data. Author will try to find similarities and differences between theory and gathered data.

Within Case Analysis

In this section, the collected empirical data will be analyzed. Within-case analysis of Socar in Azerbaijan will be differentiate with the theories by Carroll (1991), Crane & Matten (2004), Löhman & Steinholtz (2004), Loimi (2002), Freeman (1984) and the European Foundation for Quality management (EFQM), concerned to understanding, reason and responsibilities of CSR. Next, empirical data were collected by using the data of the empirical data from Carroll and Buchholtz (2003), Pinkston & Carroll (1994), Löhman & Steinholtz (2004) and Crane & Matten (2004), Rodrigo & Arenas (2008) Castka et al. (2004) analyze the implementation of corporate social responsibility.

What is the understanding and reason for CSR in Socar Azerbaijan?

CSR in general economic, social and environmental responsibilities are understood. Carroll (1991), Crane & Matten (2004), Davies (2003) and the European Foundation for Quality Management (EFQM). According to Crane & Matten (2004), CSR is also regarding collective environmental and social value added. According to Crane & Matten (2004), CSR is considered to be a contributor to environmental and social value. In Azerbaijan Socar sees corporate social responsibility as economic, social ethics and environmental responsibility. All these considerations relate to the theories of Carroll (1991), Crane & Matten (2004) and the European Foundation for Quality Management (EFQM).

Regarding the understanding of economic responsibility, according to empirical findings, Socar Azerbaijan considers the influence of the general working and owners on the economic responsibility. Carroll (1991) noted, the community's economic performance is necessary to improve the community's quality of life. As the employee is part of a community, it could be said that the case findings about Carroll's theory and economic responsibility are consistent. Furthermore, Crane & Matten (2004) emphasizes that economic sustainability is viewed as the economic performance of the organization and that the effect of the company on the economic framework is incorporated into the concept of economic sustainability.

The research findings demonstrate that the corporation has not only social and environmental obligation but also an economic responsibility to collect and that one of the important advantages of having CSR is that companies are ethical and are a constant obligation to contribute to economic growth.

In contrast, empirical evidence proves that CSR also be considered as a cause of social responsibility. The company provides for recreational services for the oil workers and their families such as, oil workers and their families are entitled to have their leisure time at Geofizik and Nabran recreational centers of Khachmaz region, Shahdag recreational center at Anikh village of the Khachmaz region and also Gubek Hotel at the Balakan region. According to theories Crane & Matten (2004) and European Foundation for Quality Management (EFQM), the development of social perspective, social, and social justice, is an important issue in social and community perspective. This social responsibility is addressed as labor rights, human rights, specialization in community programs, education and local workforce development. The situation has been seen to be in accordance with the theories of Crane & Matten (2004) and the European Foundation for Quality Management (EFQM.

Crane & Matten (2004) points out that the concept of sustainability emerges from the perspective of environmental perspectives in general, and how sustainability in environmental perspectives relates to how physical resources and the environment are governed. The European Foundation for Quality Management (EFQM) also states that environmental responsibility promotes initiatives that promote greater environmental responsibility, support precautionary approaches to prevent or minimize adverse effects, and develop and disseminate environmentally friendly technologies.In addition, as shown in the empirical data, Moody International Certification Group twice conducted ISO 14001 surveillance audits at Socar's facilities in Azerbaijan and ISO 1400 certification was awarded to Socar. Having ISO 14001 means that Socar is interested in the environment. According to Castka (2004), standards such as SII 10000 and DR 03028 are included in the second group and are formed around industry quality standards such as ISO 14001.For this reason, the theory of Castka et al. (2004) and empirical data are consistent.

On the other hand, case studies also show that ethical responsibility is a factor that should be understood by Socar Azerbaijan. Carroll (1991) emphasizes that ethical responsibility is not required but is expected by society. Addressing ethical leadership, avoiding questionable practices, or working on minimum legal standards may be examples of ethical responsibilities. For this reason, Socar Azerbaijan tries to comply with all ethical rules. As stated in the empirical data, every BP employee must follow and maintain the Socar rules of conduct. Code of Conduct, BP's basic obligation to comply with all legal requirements and ethical standards specified in the law symbolizes. However, the minimum standards of behavior are determined by one of the provisions of the code for each contractor working for BP. In addition, bribery and money laundering are prohibited. All these case studies demonstrate that Carroll's theory (1991) is consistent with empirical evidence.

How is CSR implemented by Azerbaijan?

According to Carroll (1991) and Carroll & Buchholtz (2003), there is a four-layered pyramid model that explains the main social responsibilities. This model is important, and all the corporate social responsibilities that are applied relate to this model, which is called "Responsibility Pyramid". This model is used by companies to carry out corporate social responsibility activities.

According to Carroll and Buchholtz (2003), the first layer is the economic responsibilities and that it rightly influences employees and property owners, or that it will profit as a company, reduce costs the most and maximize sales, or make logical strategic decisions as the basis for economic responsibilities he stressed. The case findings prove that the company has an economic obligation to collect and that one of the key advantages of having CSR Socar is that it is a constant obligation of companies to be ethical and contribute to economic growth. In addition, Socar in Azerbaijan completed the standards and results of employees.

Furthermore, Socar is working with BP on mutual interest in the company's production sharing agreements, host government agreements and other agreements.

For this reason, aggregated data and Carroll & Buchholtz (2003) and Carroll (1991) theories are consistent.

According to Carroll and Buchholtz (2003), the second layer is required by the legal responsibilities and society. This responsibility in the company is expected to confirm the law, because the law is a mirror of society which have been accepted or not accepted and count is vital to have legal responsibilities, it is also important in relation to employees and consumer stakeholders. Socar attempts to comply with all legal rules by setting effective meetings to discuss issues of interest to community. Not only the monthly salaries of the employees but also the tax are

paid by the company on time, and Socar is the biggest taxpayer in Azerbaijan after BP.

On the other hand, as stated in section empirical data, Socar will be a more reliable company in Azerbaijan, applying new ethical activities. Socar has a code of conduct and every employee is encouraged to follow and maintain the Socar code of conduct. It symbolizes the company's main obligation to comply with all applicable statutory requirements and code of ethics.Illegal and unethical operation such as corruption, bribery and money laundering are prohibited by the code of conduct. In Carroll's (1991) theory, it is stated that ethical responsibilities are effective on all stakeholders, but most often they do not require ethical responsibilities of consumers and employees and society, but they are expected of them. Ethical leadership can be an example of ethical responsibilities, avoiding questionable practices, or trading above minimum legal standards. Both theory and empirical evidence demonstrate that they are concerned to each other.

According to Carroll & Buchholtz (2003), philanthropic responsibilities are at the top of the pyramid and are the aim of these responsibilities to become a good corporate citizen and improve the quality of life of the community. There is also an effect on employees because charitable responsibilities are in society and benevolent achievement of employees affects employee morale. In Azerbaijan Socar is working with the community through a few philanthropic projects, and SOCAR has also undertaken a wide range of regional social projects to provide sustainable and dynamic economic development and a basis for improving people's standard of living. We can give example, "Educational Institutions" a number of new schools have been built and repaired with financial assistance from SOCAR in different parts of the Republic, "Improvement Workers" SOCAR is deeply involved in public improvements in the City of Baku and all over the country, "Insurance" SOCAR, a special weight and influence among the world's largest oil companies, is paying close attention to the social issues of its employees and etc.

All these case studies on philanthropic responsibilities concern the theories of Carroll (1991) and Carroll & Buchholtz (2003).

According to Crane & Matten (2004), CSR has the goals of adding environmental, social, and collective values, so companies implement these goals as social and environmental sustainability. Environmental sustainability concerns the management of physical resources protected for the future. Socar Azerbaijan is committed to running environmental problems positively and limiting the potential impact on the environment wherever the company does business.

According to Fassin (2009), stakeholder theory has been recognized as an important issue along with the concept of CSR during the last year. Blowfield & Murray (2008) argues that investment in CSR creates value for stakeholders and business itself. Linking stakeholder theory to the CSR not only focuses on the main stakeholder groups but also concentrates on creating value for all stakeholder groups. Freeman (1984) claims that, stakeholders can be individuals, groups or organizations which influence and are influenced by the organizations. Socar communicates with stakeholders in various ways in Azerbaijan. Socar has accomplished and mutually favorable partnership with Azerbaijan government by organizing annual assembly with President Ilham Aliyev, The Ministry of Environment and Natural Resources, The Ministry of Transport, The Ministry of Culture to dispute company's performances. Civil Society is another stakeholder of Socar. Socar, who is part of the Azerbaijani Social Commission, has established an independent external advisory group to ensure assurance, advice and challenge the social performance of Azerbaijan. Employees are also considered by Socar as a stakeholder. Socar arranges several "municipal buildings" meetings with employees to debate the topical issue. Socar helps its employees' relations enhance their living standards. Socar helps its employees' relations enhance their living standards. Socar considers the society as a stakeholder as well. Sustainable development approaches are supported in societies near the company's provisions

in Azerbaijan. Socar is participating in the Inter-Agency Security Committee forum to discuss the possibilities of institutions with community members and government security providers. The media is the last stakeholder evaluated by Socar Azerbaijan. Group and individual briefings were organized for local and international journalists to be updated by Socar on projects run by Socar in Azerbaijan.

6. CONCLUSION AND RECOMMENDATIONS

In this section, the author will present results based on empirical data and problem discussions. Moreover, proposals for future research will be presented.

CONCLUSION

Understanding of CSR in Socar Azerbaijan is that the way company associates social, environmental and economic responsibilities into its performances in a clear and comprehensible manner. Transparency, anti-corruption activities, working with communities and environmental work safety can be seen from Socar's main social responsibility factors, empirical evidence and problem discussion.

As far as the issue is concerned, economic, social ethics and environmental responsibilities are accomplished as if all Socar Azerbaijan had social responsibility activities.

According to the company's CSR approach, the advantages of having the CSR, companies have an ongoing obligation to contribute to that and economic growth, ethics, and also employees' lives and their families, is to improve the quality of the local and global community and the company. Following or not following CSR obligations does not reach economic, social and environmental balance and is one of the main disadvantages of not having CSR in the company.

Only economic and legal responsibility not the commitment of Socar, also have a responsibility in the company's development of society. According to the information certain in the empirical data and problem discussion, the company's CSR pursuits can be splinted into three programmatic fields:

➢ Educational initiatives
➢ Health campaign sand initiatives
➢ Community and environmental development

Ititala villiage high school for 450 students, Gaysa villiage high school for 480 students are examples to educational initiatives.

SOCAR has carried out its employees' search for health and work safety in line with the requirements of the Single Management System to protect workers in the oil industry of Azerbaijan. The main objective in the systematic work on the management of workers 'protection is to increase the quality of the product in order to increase the efficiency of production and to create a safe and healthy work environment to ensure that employees' occupational health and working capacity are maintained.

Empirical data demonstrates that, Socar in Azerbaijan has many initiatives in the frame of environmental issues. Socar always continues its work to reduce greenhouse gases and flaring, to decrease oil spills and etc.

As stated in the empirical evidence, Socar's social responsibility is not limited to welfare programs, charity work, or anxiety about Health, Education and Safety / Emergency support. The company tries to maintain high ethical standards and ensure compliance with the rules and regulations of its business practices and practices, as a part of society, which must always be socially responsible.

Socar has also emerged an "ethics and compliance code" and provides training in ethical behavior for suppliers. Socar put five values on the "Code of Ethics and Compliance": a team that supports their desires for security, respect, excellence, courage and the future, the company doing it every day to comply with the code of conduct and translate it into responsible behavior. These values also lead to employees and leaders in relation to local authorities, local communities, contractors, suppliers and competitors, and business behavior. According to the CoC, corrupt, illegal and unethical practices such as bribery and money laundering in Socar Azerbaijan are banned and these activities help Socar to become a more reliable company in Azerbaijan each year.

RECOMMENDATIONS

This last part, for the planning of corporate social responsibility projects and activities, and the administrators responsible for the implementation and further contribute to the sustainable development of society will make recommendations to companies using CSR. In addition, the following subsections will provide theories and suggestions for further research.

Recommendations for Management

As mentioned in the discussion section, Socar Azerbaijan's "Greenhouse gas" activity is in the framework of CSR. Socar could not reduce net greenhouse gas emissions in 2011. There was a 5% increase in 2010. It may be advisable to create a specific model to overcome this problem.

On the other hand, the company mainly engaged in environmental CSR framework, focused on social and charitable activities. Socar Azerbaijan does not consider focusing on economic responsibilities such as minimizing costs and maximizing sales or taking strategic decisions, honesty, corporate governance, bribery and prevention of corruption, transparency, payments to national and local authorities, recruitment and local use of local suppliers. If the company focuses on economic responsibilities, Socar will be more effective and productive for Azerbaijan.If the company focuses on economic responsibilities, Socar will be more effective and productive for Azerbaijan.

Recommendations for Theory

The overall objective of the research is to provide a better understanding of corporate social responsibility in Azerbaijan. The objective was to better understand this phenomenon by answering formulated research questions linked to how the Corporate Social Responsibility was understood and put into practice.

In this study the authors used to look at the theory, and the theory of economic responsibility on CSR framework for the implementation of legal responsibility for the case study noted that wants to be very true. On the other hand, there is no adequate literature to analyze philanthropic responsibilities. Furthermore, only Carroll's (1991) responsibility pyramid is widely used to understand the implementation of CSR.

Recommendations for future research

Despite the fact that there are many companies involved in long-term corporate social responsibility, the research area is still limited and even this research has not been the subject of extensive work in Azerbaijan because CSR is not as famous as European and American based companies. For this reason, most companies do not include CSR. Corporate Social Responsibility has been selected by the author for the reasons listed to explain how important CSR is. In addition, the author is the first Azerbaijani person to examine the Corporate Social Responsibility.

While working on this thesis, various problems have arisen and the author believes that these topics may be subject for further research:

- Implement Corporate Social Responsibility to prevent bribery and money laundering
- Using CSR to change the perception of customers
- Philanthropic responsibilities and their application in the frame of CSR
- How Corporative Social Responsibility leads to contribute to sustainable development of the communities
- Variations and similarities of CSR in two different industries

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