Corporate Social Responsibility Initiatives Addressing Local Self-Governmental Sector's Role in Luashogh Rural Community

Master Degree Narine Galstyan

Tomas Bata University in Zlín
Faculty of Management and Economics
Department of Management and Marketing
Academic Year: 2018/2019

MASTER'S THESIS ASSIGNMENT
(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

Degree, First Name and Surname: **Bc. Narine Galstyan**
Personal Code: **M170157**
Degree Programme: **N6208 Economics and Management**
Degree Course: **Management and Marketing**

Thesis Topic: **Corporate Social Responsibility Initiatives Addressing Local Self-Governmental Sector's Role in Lusashogh Rural Community**

Thesis Guidelines:

Introduction

Define the objectives and the application methods used in the Master thesis.

I. Theoretical part

- Outline the role of CSR in the local self-governmental sector.

II. Practical part

- Analyze the role and the current situation of CSR in Lusashogh rural community.
- Identify key factors of CSR in Lusashogh.
- Make new suggestions for growing the role of CSR in Lusashogh.
- Make cost and risk analysis of the suggested project.

Conclusion

Thesis Extent: cca 70 stran

Appendices:

Form of Thesis Elaboration: **tištěná/elektronická**

Bibliography:

ALUCHNA, Maria and Samuel O. IDOWU, The dynamics of corporate social responsibility. Cham: Springer International Publishing, 2016, 348 p. ISBN 978-3-319-39088-8.

BHINEKAWATI, Risa. Corporate social responsibility and sustainable development. Social capital and corporate development in developing economies. Aldershot: Gower Publishing, 2016, 260 p. ISBN 978-1-138-22758-3.

CAMILLERI, Mark Anthony. Corporate Sustainability, Social Responsibility and Environmental Management. Cham: Springer International Publishing, 2017, 195 p. ISBN 978-3-319-46848-8.

IDOWU, Samuel O., Catalina SITNIKOV, Dalia SIMION and Claudiu George BOCEAN. Current Issues in Corporate Social Responsibility: An International Consideration. Cham: Springer International Publishing, 2018, 262 p. ISBN 978-3-319-70448-7.

MALECKI, Catherine. Corporate social responsibility. Cheltenham: Edward Elgar Publishing, 2018, 480 p. ISBN 978-1-78643-334-3.

Thesis Supervisor: **Mgr. Nibedita Saha, Ph.D., MBA**
                           Department of Management and Marketing

Date Assigned: **14 December 2018**

Thesis Due: **16 April 2019**

Zlin, 14 December 2018

L.S.

doc. Ing. David Tuček, Ph.D.
Dean

doc. Ing. Pavla Staňková, Ph.D.
Head of Department

MASTER'S THESIS
AUTHOR STATEMENT

I hereby acknowledge that:

- Upon final submission of my Bachelor's/Master's Thesis, I agree with its publishing in accordance with Act No. 111/1998 Coll., on Higher Education Institutions and on Amendment and Supplements to Some Other Acts, (The Higher Education Act), without regard to the defence result;
- My Bachelor's/Master's Thesis will be released in electronic form in the university information system, accessible for reading only; and one printed copy of the Bachelor's/Master's Thesis will be stored on electronic media in the Reference Library of the Faculty of Management and Economics of Tomas Bata University in Zlín;
- To my Bachelor's/Master's Thesis fully applies Act No. 121/2000 Coll., on Copyright, Rights Related to Copyright and on the Amendment of Certain Laws (Copyright Act) as subsequently amended, esp. Section 35 Para 3;
- In accordance with Section 60 Para 1 of the Copyright Act, TBU in Zlín is entitled to enter into a licence agreement about the use of the Thesis to the extent defined in Section 12 Para 4 of the Copyright Act;
- In accordance with Section 60 Para 2 and 3, I can use my Bachelor/Master's Thesis, or render the licence to its use, only with the prior expressed written agreement of TBU in Zlín, which is in such case entitled to require from me appropriate financial compensation to cover the cost of creating the Bachelor/Master's Thesis (up to the total sum);
- If the software provided by TBU or other entities was used only for study and research purposes (i.e. for non-commercial use) in the development of the Bachelor/Master's Thesis, it is not possible to use the Bachelor/Master's Thesis commercially;
- In the event that the Bachelor/Master's Thesis output encompasses any software product, source codes and/or files of which the project consists of are considered part of the Thesis. Failure to submit this part of the Thesis may result in an unsuccessful defence of the Thesis.

I herewith declare that:

- I have created this Bachelor/Master's Thesis on my own and cited all used sources. In case the results are published, I shall be cited as author.
- The contents of the Bachelor/Master's Thesis handed over are identical with the electronic version entered in the IS/STAG.

Zlín 15.04.2019
     date

....
     signature

Name and surname: Narine Galstyan

"Service is the very life of business. Economic performance is important – without it we cannot survive – but it is not the sole responsibility of business today. The real role of business is to give a service by making and selling products that satisfy the wants and needs of society, and in doing so to be a caring organization in partnership with community and government." **-Thomas J. Bata**

ABSTRACT

This thesis discusses about the Corporate Social Responsibility (CSR) especially in local self-governmental sector, a special case which is an Armenian village. This study mainly focuses on Lusashogh rural community, where, the low level of people's participation in the governing process brings also the low level of corporate social responsibility as well as unawareness about the CSR in common. This research will create some suggestion for small rural communities and explain how CSR activities can have a big influence even in the small villages. In this study, surveys will be done to outline and identify the role of CSR as a component of an effective community local self-governance process. Further, this thesis will explain how the village can be developed through CSR initiatives and how CSR can solve community problems. CSR components which are addressing to local self-governmental sector, can be an effective tool for the village to be more improved from different aspects of view such as having social services infrastructures. The first part of this research will be more concentrated on the CSR components and features in common and in second part the concentration will be in the local self-governmental sector in the Republic of Armenia and especially the CSR role in Lusashogh rural community.

Keywords: Corporate social responsibility, companies, community, local self-government, Lusashogh rural community.

ACKNOWLEDGEMENTS

Contents

INTRODUCTION

Topic modernity

Nowadays for having an effective and good relationships with society as well as for contributing environmental protection, social, economic and positive affect in common, companies take activates which is called corporate social responsibility (CSR). CSR activities taken by companies as well as small entities create a big value in an environment which brings background for sustainable development. Covering the relationship between corporations (or other large organizations) and the societies with which they interact, CSR has a big impact in our society development. CSR defines society in its widest sense and on many levels, to include all stakeholder and constituent groups that maintain an ongoing interest in the organization's operations. So, from this point of view, CSR has empirical importance as well as theoretical. The theoretical importance of CSR is in that day by day, realizing the large direct influence of companies on societies there is a need to create theoretical background how CSR should look like in a company or entity. In reality, the importance of CSR is that companies cannot act effectively without taking proper initiatives to have constructive relationships with society as well as nature. From the practical perspective point of view, this study will give us an opportunity to understand better how CSR can have its positive effect on environment, society, economics etc. Furthermore, the theoretical part will give us new directions on how effective can be CSR, for example how it can be used in communities and what are the specifics of CSR in the case when the discussion is about rural communities. Hence from the practical application point, it is taken Lusashogh rural community where, it is required to implement the CSR's possible activities. In this study, CSR will be seen in the community context, especially how can very small entities acting in Lusashogh contribute to their problem solutions. Finally, this research will give a clear vision that even in case of very small entities and small rural communities with many problems CSR activities can be taken and can be very useful for community problem solutions.

Scientific development of the topic

A number of specialists have contributed greatly to the study of this issue and its separate aspects in the scientific circles. Particularly about the theoretical part of CSR and CSR components talk McLennan and Banks (McLennan and Banks, 2018). The main feature here is that they show how CSR turns from ideology to reality. In the works, reports

and articles of Lindgreen and Swaen (Lindgreen and Swaen, 2010) they talk about the CSR features and components as well.

About the role of CSR in local self-government sector in common Scott's work give us good background (Scott 2019). Sridhar Murthy, Rao Mohan (Sridhar Murthy, Rao Mohan 2016) also speak about the role of CSR in the local self-governmental sector. The last sub-chapter is based mainly on Lmaberti and Noci (Lamberti and Noci, 2012), Ismail Maimunah's (Maimunah 2009) work and articles.

In addition to analytical literature, a number of legal acts, official information, documents, reports have been used, including key programs, case studies and initiatives that have been implemented on behalf of corporate social responsibility in Armenia as well as in the international area.

Research goal and problems

Goal of research: To identify the role of CSR in Lusashogh rural community as a self-governmental body. For reaching this goal there are defined following research problems:

1. To identify CSR components and its features.

2. To identify the role of CSR in the local self-governmental sector

3. To identify the role of CSR in Lusashogh rural community

Research object and subject

The subject of the study is the CSR's role in local self-governmental sector. Where, the discussion is about the context of CSR's influence on local self-governmental sector in the specific and role of CSR in Lusashogh rural community.

Methodological basis of the research

CSR is seen as an effective tool for local self-governmental sector and with effective CSR local self-governmental sector can be developed more quickly which contributes to the peripheral development of the Republic of Armenia.

The research approach sees CSR as an important and useful tool for community development. It shows how CSR activities can be taken even from small entities and how they can be concentrated on the community problems giving them solutions. A number of methods have been used in the work, including systematic analysis, logical, historical, content analysis, and case studies. Particularly in the last sub-chapter of this work, content analysis and event analysis methods have been used.

Study structure

The study is constructed from Cover page, Content, Introduction, Two Chapters, where each chapter has two sub-chapter, Project suggestion, Coclusion and Bibliography.

In the first subchapter of first Chapter is represented CSR understanding, its theories and features, its main components. The second subchapter talks abolut the CSR specifics in local-self governmetal sector, Is described how CSR differs in case of local self-government. It is shown also the main role of CSR in local self-governmental bodies in common. The first subchapter of second chapter represents especially Armenian CSR features and specifics. It describes how CSR is developed in Republic of Armenia and what are the obstacles and problems for Armenian companies to take CSR activates. The second subchapter of second Chapter talks about the Lusashogh rural community and CSR role in its. It outlines how CSR can be implemented in Lusashogh right exactly from small entities.

CHAPTER1. CSR AND ITS FEATURES IN LOCAL SELF-GOVERNMENTAL SECTOR

1.1 CSR components, theories

In this subchapter it will be discussed about the corporate social responsibility (CSR) in common. The aim of this subchapter is to outline the meaning and the concept of CSR, to introduce theories which describe CSR, to outline the connection and the interrelationships between CSR and sustainable development. Will be shown how effective CSR is in common, why actually corporations nowadays try to be more socially responsible and how does it effect on their reputation in the society. Will be answered particularly to these questions: what is CSR, why CSR is important, how corporations take socially responsible actions?

The idea that businesses should be socially responsible has long roots in philanthropy; however, in the 21st century, companies face an increasing set of pressures to act responsibly. The impact of corporate scandals and crises, combined with media pressure and the speed at which news can spread in an age of social media, makes it difficult for companies to ignore or cover up human rights violations, pollution, and social upheaval connected to their activities (McLennan and Banks, 2018, p. 118). The high ranking of corporate social responsibility (CSR) on research agendas appears to be reflected in theoretical and managerial discussions that argue 'not only is doing good the right thing to do, but it also leads to doing better'. As a result, CSR has moved from ideology to reality, and many consider it necessary for organizations to define their roles in society and apply social and ethical standards to their businesses (Lindgreen and Swaen, 2010,p.1). It may be imagined that when and if corporations act with not only any effective but even without any harmony with the society and if it continues long period of time, after will found a situation where none takes responsibility for its actions and finally the population will got to the worst point in nature. From this point of view it is visible that there, anyway should be any regulating tool and CSR in that context can be considered as a non-formal regulating factor between society and corporations. Related to above mentioned Peter Dobers argues that over the past decades, CSR has gained greater importance as an idea, as a corporate strategy and as a practical program in corporations (Dobers, 2009, p. 186). Other authors such as Dima Jamali and Charlotte Karam find that the importance of exploring the

context dependence of CSR has been accentuated in recent years with calls for closer attention to the peculiar institutional constellations, or national business system configurations of developing countries, which may ultimately lead to different expressions of CSR (Jamali and Karam, 2016, p.32). The most commonly used definitions of CSR, according to a recent online study, come from the Commission of the European Communities in 2001: A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis, and from the World Business Council for Sustainable Development in 1999: The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life (Dobers, 2009, p.186). From only just these above given definitions it can be assumed that the CSR is something good (for example having a wellbeing society) for public and something that may be not so formal but has some not written rules. From that point of view Kim finds that corporate social responsibility (CSR) has become a new area of concern for the wellbeing of society. Various stakeholders beyond shareholders and investors are increasingly demanding that firms be responsible and accountable for their impact on society and the environment as a whole (Kim, Kim and Kim, 2017, p. 2). The very good question rises then, why corporations try to act corporately responsible? Basically, it can be said that CSR is founded on the notion that corporations are in relationships with other interests – for instance economic, cultural, environmental and social systems – because business activities affect such interests in society. These relationships may have a strong economic dimension, but they may also have a primary focus on social and environmental concerns. For business, on the one hand, CSR involves understanding and managing these relationships. Carroll's CSR model coined CSR a multi-layered concept. Carroll's four interrelated layered pyramid view of CSR is an analogy that emphasizes the interdependence of four elements—economic, legal, ethical and philanthropic responsibilities— while expecting that the philanthropic responsibility of a business organization as good corporate citizens shall remain a top priority (AcharyaPatnaik 2017, p. 2). Now let us to discuss a little about the kind of theories of CSR which will give us more comprehensive imagination and knowledge about that. For example Secchi has come up with a group of theories based on a criterion what role the theories confer to the corporation and society. The theories are as follows: 1) The utilitarian theory, 2) The managerial theory, and 3) The relational theory (see Table …). On the other hand, Garriga and Mele's analysis maps CSR into four types

of territories. They are: 1) Instrumental theories, 2) Political theories, 3) Integrative theories, and 4) Ethical theories. Table 2 describes the theories and the relevant approaches. There is no doubt that some similarities do exist in both conceptualizations of CSR and the discussion will be based on emphases and approaches (Maimunah 2009, p.200). In the bellow brought table are described the CSR theories.

Utilitarian Theory	Managerial Theory	Relational Theory
Theories on social costs Functionalism	Corporate social performance Social accountability, auditing and reporting (SAAR) Social responsibility for multinationals	Business and society Stakeholder Approach Corporate global citizenship Social contract theory

Table 1: Utilitarian, managerial and relational theories of CSR

Types of theory	Approaches	Short description
Instrumental theories (Focusing on achieving economic objectives through social activities)	Maximization of shareholder value Strategies for competitive advantage Cause-related marketing	Long term value of maximization · Social investment in a competitive context · Firm's view on natural resources and its dynamic capabilities Altruistic activities socially recognized as

		marketing tool
Political theories (focusing on a responsible use of business power in the political arena)	Corporate constitutionalism Integrative social contract Corporate citizenship	Social responsibilities of businesses arise from the social power the firms have Assumes that a social contract between business and society exists The firm is understood as being like a citizen with certain involvement in the community
Integrative theories	Management issues Public responsibility Stakeholder management Corporate social performance	Corporate response to social and political issues Law and the existing public policy process are taken as a reference for social performance Balances the interests of firms' stakeholders Searches for social legitimacy and processes to give appropriate responses to social issues
Ethical theories (Focusing on the right thing to achieve a good society)	Stakeholder normative theory Universal rights Sustainable development The common good	Considers fiduciary duties towards stakeholders of the firm. This requires some moral theories Based on human rights,

		labor rights and respect for environment
		Aimed at achieving human development
		considering present and future generations
		Oriented towards the common good of society

Table 2: Corporate social responsibilities theories and related approaches

From the table one where are brought the CSR theories the utilitarian theories, according to Maimunah Ismail, the corporation serves as a part of the economic system in which the function is mechanical i.e. traditionally known as in profit maximization. CSR ideas emerged after a realization that there is a need for an economics of responsibility, embedded in the business ethics of a corporation. the logic of managerial theory that emphasizes corporate management in which CSR are approached by the corporation internally. This makes the difference between utilitarian and managerial perspective of CSR. Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. As indicated in Table 1, relational theory is further divided into four sub-groups of theories: 1) business and society; 2) stakeholder approach; 3) corporate citizenship; and 4) social contract (Maimunah 2009, pp. 201-203).

Dean finds that corporate social responsibility (CSR) is the idea that businesses must consider the social and environmental impacts of their practices and meet certain societal expectations regarding those impacts. The concept refers to the diverse practices, policy initiatives, discourses, movements, and disciplines that shape corporate activities and the societal expectations and legal requirements pertaining to those activities. Because CSR specifically refers to corporations, the abbreviated term "social responsibilities" has also been used to refer to the activities and discourses of profit-seeking entities more generally (Dean and Ames, 2016, p.1). In our future subchapter it will be in more detailed described about profit-seeking entities such as small markets in small villages or communities. According to Dobers CSR not only concerns the relationships between firms and other actors that can be studied empirically, it also has a normative content that addresses what

responsibilities corporations might have in our changing social and economic context. The very fact that societies are different in many respects implies that CSR can have different faces in different societal contexts (Dobers, 2009, p.186).So, analyzing about what Dobers talks, it can be said that CSR con vary from country to country as well as capacities and action types of CSR can differ depends on many other factors. It is seen from here that CSR can be also as a potential mechanism of corporate control. According to Moon CSR, including environmental responsibility, consists of corporate activities that reflect and address both the social imperatives for business success and the social consequences of business activity (Moon, 2007, p. 398).Talking about the success in the market Park finds that CSR is a broadly accepted concept that includes various dimensions, such as economic, philanthropic, ethical, and legal factors. Consequently, CSR has been frequently investigated as a core antecedent of customer perceptions, including customer satisfaction with and loyalty to a service or product (Park and Kim, 2018, p. 1). Related to that above mentioned success, (Lindgreen and Swaen, 2010, p.2) says that CSR now appears as an important dimension of contemporary business activities (Lindgreen and Swaen, 2010, p.2)

By the end of the century, major restrictions on corporations were removed and their primary legal obligation became maximizing financial returns for shareholders. This profit-centered approach came to dominate corporate activity for decades and, from a legal perspective, continues to be the primary driving force today (Dean and Ames, 2016, p.1).

In early CSR studies, much emphasis was placed on the effects of CSR and its related activities on the improvement of corporate financial performance. Recent CSR studies, however, have begun to focus on the role of corporate external social activities, including volunteer service, environmental protection, and charity for disadvantaged groups and examine how these activities contribute not only to enhancing financial performance but also to increasing loyal customers (Park and Kim, 2018, p. 1). Corporate social responsibility is a concept whereby business organizations feel obliged to protect the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities, government and other stakeholders as well as their physical environment. This obligation makes organizations comply with legislation and voluntarily undertake initiatives to improve the wellbeing of their employees and their families, as well as for the local community and society at large (Hoque, Rahman, Molla, NomanBhuiyan 2018, p.3). Regarding to the local communities the discussion will be more detailed in our next subchapters.

At issue for CSR are the 'societal expectations of corporate behavior; a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business'. As a stakeholder-oriented concept, CSR holds that organizations exist within networks of stakeholders, face the potentially conflicting demands of these stakeholders, and translate the demands into CSR objectives and policies. In some cases though, organizations attempt to change stakeholders' expectations. To achieve the successful implementation of CSR, managers must build bridges with their stakeholders – through formal and informal dialogues and engagement practices – in the pursuit of common goals, and convince them to support the organization's chosen strategic course (Lindgreen and Swaen, 2010, p.2). We see that for achieving to a success and effective results regarding to CSR there should be created different types of relationships between stakeholders, otherwise the result of CSR will not have the maximal results.

Dean outlines four main ways in which CSR has become institutionalized within contemporary capitalism. One form of CSR is socially responsible investing (SRI), whereby SRI activists use their ownership of shares in a company to shape corporate activity or to screen companies for SRI mutual funds (Dean and Ames, 2016, p.2). SRI investors seek to make the "business case" that CSR is an effective business strategy because it minimizes risk, helps attract better workers, and is appealing to consumers (Dean and Ames, 2016, p.2). In an attempt to ward off engagement with nongovernmental organizations (NGOs) or avoid more strict legal obligations, companies sometimes create their own corporate codes of conduct. This second form of CSR identifies a company's practices as they relate to that company's employees, community, environment, and broader society and is developed either internally or through outside institutions (Dean and Ames, 2016, p.2). The third institutionalized form of CSR, according to Dean, is that of social certifications, which specify a set of social or environmental standards for business activity that are monitored and communicated to consumers via a seal or a logo. Social certifications differ according to the participants involved in creating and monitoring the standards. First party social certifications encompass standards set, monitored, and reported on by the firm itself (Dean and Ames, 2016, p.2) . But at the same time Dean talks about a criticism that all the forms of CSR presented above is that companies are not legally required to adhere to their social and environmental commitments (Dean and Ames, 2016, p.2). One of the good questions on this subchapter is that which business practices can really count as responsible CSR behavior? Lindgreen and Swaen say that they might start to answer this question by noting

that CSR generally represents a continuing commitment by an organization to behave ethically and contribute to economic development, while also improving the quality of life of its employees (and their families), the local community, and society at large (Lindgreen and Swaen, 2010, p.3).

From this is understandable that CSR is not an one dimension activity and depends on the country, society and other factors it can be different. For example organizations' efforts to address a wider variety of social and environmental problems also are CSR. Rather than a single, comprehensive activity, CSR comprises many different activities from which an organization can choose. Accordingly, relevant questions include the following: How should the level of an organization's CSR activity be measured? What are the different criteria and indicators that may assess the level of CSR effectively? (Lindgreen and Swaen, 2010, p.3). If companies fail to meet the standards, they might be removed from a socially responsible index or from participation in a certification system, but there are no legal repercussions. This strategy was most successful during the 1960s and 1970s. In the United States organized labor, students, and NGOs assisted in the passing of 20 new regulatory laws between 1965 and 1977. At the global level, a coalition of developing countries known as "the G-77" pressured the United Nations for a new global economic order. In 1974 the UN Economic and Social Council (ECOSOC) created the UN Commission on Transnational Corporations (UNCTC) and, after two years of work, the UNCTC sought to develop a legally binding UN Code of Conduct on Transnational Corporations.

Talking about the CSR without understanding its benefits would not describe CSR in best way. In general Samantha Muir outlines 5 CSR benefits such as:

- Ability to have positive impact in the community (it will be disscussed about this in more detailed in 1.2 subchapter),
- It supports public value outcomes,
- It supports being an employer of choice,
- It encourages both professional and personal development,
- It enhances relationships with clients (Muir 2015).

Regarding to the ability to have positive impact in the community, Muir finds that keeping social responsibility front of mind encourages businesses to act ethically and to consider the social and environmental impacts of their business (Muir 2015). Then Muir says that doing that helps organizations to have an impact on the community. Talking

about the public value, Muir says that public value is about the value that an organization contributes to society. A sound, robust corporate social responsibility framework and organizational mindset can genuinely help organizations deliver public value outcomes by focusing on how their services can make a difference in the community. This might happen indirectly, where an organization's services enable others to contribute to the community, or directly through the organization's own activities, such as volunteerism and philanthropy (Muir 2015). Third benefit of CSR is that it supports being an employer of choice. It talks about the company's ability to attract and retain high caliber staff. Fourth benefit encourages both professional and personal development. Providing employees with the opportunity to be involved in a company's socially responsible activities can have the benefit of teaching new skills to staff, which can in turn be applied in the workplace. By undertaking activities outside of their usual work responsibilities, employees have the chance to contribute to work and causes that they might feel passionate about, or learn something entirely new which can help enrich their own perspectives. By supporting these activities, organizations encourage growth and support for employees (Muir 2015). And the last and fifth one is that CSR enhances relationships with clients. A strong corporate social responsibility framework is essential to building and maintaining trust between the company and clients. It can strengthen ties, build alliances and foster strong working relationships with both existing and new clients. One way this can be achieved is by offering pro-bono or similar services where a company can partner with not-for-profit organizations to support their public value outcomes, where funds or resources may be limited. In turn, this helps deliver public value outcomes that may not have been delivered otherwise (Muir 2015).

Talking about CSR it is mostly understand that it is something not regulated by legislation and the good question arises how or why some companies choose to behave more responsibly in the absence of legal requirements. Some authors such as Vogel and others argue that there are 'many reasons why some companies choose to behave more responsibly in the absence of legal requirements. Some are strategic, others are defensive, and still others may be altruistic'. The basic belief that CSR can be good for business clearly drives corporate interest in CSR, based on the reasoning that organizations create a competitive advantage by integrating non-economic factors, differentiating themselves from competitors and building a better image and reputation, and creating consumer goodwill and positive employee attitudes and behavior (Lindgreen and Swaen, 2010,p.4). Taking these considerations, companies take the opportunity of "win-win" and they realize that CSR is one

of the best ways to reach the "win-win" point. Lindgreen and Swaen find that the organizations increasingly use CSR activities to position their corporate brand in the eyes of consumers and other stakeholders, such as through their annual reports and websites (Lindgreen and Swaen, 2010, p.2).

Regarding to the fact that organizations communicate their CSR activities there arises some doubt or kind of discussion whether organizations should communicate about their CSR initiatives and, if organizations choose to communicate, whether traditional marketing tools are appropriate. Yet, according to recent research, communicating about social activities does not always benefit the communicating organization, notably because CSR communication may trigger stakeholders' skepticism and cynicism. But from the other point of view if there is no any communication about company's CSR activities it can also arise a kind of doubt for the population, society and as the society demands nowadays corporations to be socially responsible it seems there is some paradox regarding for doing or not doing CSR communication. We find that anyway CSR communication is preferable than doing nothing and a systematic, interdisciplinary examination of CSR communication could offer an essential definition of the field of CSR communication which emphasizes the role of such communication and outlines key CSR communications tactics, such as social and environmental reporting, internationally recognized CSR frameworks, and different means to involve stakeholders in two-way communication processes. Key questions include what to say – and then how to say it – about an organization's CSR programs and achievements, without appearing self-serving or risking stakeholder cynicism.

The evidence concerning CSR motivation and impacts on firm performance and/or policy implications is far from clear and the link between CSR and internal control over financial reporting has not yet been examined extensively in the literature. Prior research reports on the ethical aspect of CSR activities. For example, Kim et al. claim that socially responsible firms constrain both accruals and real earnings management and thus deliver more transparent and reliable financial information to their stakeholders. Their research is based on a theoretical foundation posting that moral firms operate based on trust and cooperation with their stakeholders, which prevents opportunism (Kim, Kim and Kim, 2017, p. 343). The contrary evidence finds that firms may be motivated to engage in CSR for opportunistic reasons. The firm may use CSR as a medium with which to signal the market that it is a good corporation. Entrenched managers may conduct CSR practices to burnish their reputation, in turn causing agency conflicts between managers and shareholders.

Some firms engage in CSR activities irresponsibly, and thus bring negative consequences to stakeholders, including shareholders, employees, customers, and suppliers. For example, firms that engage in excessive CSR spending are more likely to avoid taxes measured in terms of the likelihood of engaging in tax sheltering and the extent of book-tax differences (Kim, Kim and Kim, 2017, p. 343).

Now let us to talk a little about some criticism regarding to CSR. There are some opinions that CSR has more harmful effect then the opposite as in case of CSR the companies change their main direction of action. As an example a small but vocal minority (e.g., the American economist Milton Friedman) argue that CSR actually does more harm than good because it takes companies' attention away from their primary objective – generating profits. Proponents of CSR see these forms as important steps in reorienting corporations to the public good. Other critics view most CSR initiatives as not going far enough. Perhaps above all, critical perspectives emphasize voluntary CSR initiatives as a strategy organized by corporations with the aim of pre-empting stricter laws and regulations. Corporations use these voluntary efforts so as to emphasize their responsible activities (whether real or not), shape public perceptions, and sometimes restore their tarnished brands. But, if their practices are not perceived as matching these social expectations, corporations may be accused of "green washing." Having great economic resources, they have significant power to influence these struggles, as participants in civil society draw upon forms of cultural authority or legitimacy to shape the demands placed on corporations. Currently there is a need for greater empirical research on how the expectations of CSR are constructed and implemented through particular practices, how conflicting stakeholder interests are mediated, and what the role of power across different groups is throughout this process. Despite rapid growth over the past decade, CSR theory and research remain largely disjointed and in need of more systematic studies across various disciplines, if these processes are to be understood – and, with them, how public policy can be used to improve socially responsible practices (Dean and Ames, 2016, p.3). In their article Moral Landscapes – Understanding Agency in Corporate Responsibility Initiatives, Larssaether and Nijhof (2009) present parts of a case study on the emergence of an organic milk market in Norway. The case illustrates how problematic it is for Coop to change current practice of space management and how products such as organic milk are presented in-store. By bringing materiality and agency into the theoretical concept, 'moral landscape' is presented as a conceptual link between CSR activities and sustainability. The authors show that CSR

practice is always negotiated, delegated and distributed in networks of corporate practice, in which social and material agency play equally important roles (Dobers, 2009, p.188).

Another criticism bring Fougère and Solitander in their article Against Corporate Responsibility. Critical Reflections on Thinking, Practice, Content and Consequences. They examine contemporary corporate responsibility trends as they are articulated in a case of the recently built Botnia pulp mill in Fray Bentos, Uruguay. While taking a critical perspective, they follow the argument that CSR and any corporate responsibility in this case is nothing else than 'hegemonic articulation' or corporate colonialism and suggest that this is the case also with many more corporations (Dobers, 2009, pp 188-189). These authors see that CSR as part of the self-regulation paradigm is deemed part of the problem rather than part of the solution, and Fougère and Solitander has suggest regulation-based articulations of CSR.

Donna J. Wood attempts to fill the knowledge gap about political will for measuring and tracking corporate social performance in general. In 'Measuring corporate social performance: a review', she maintains that there is a lack a good understanding of how to develop corporate social performance measures (Lindgreen and Swaen, 2010, p.4).In 'The business case for corporate social responsibility: a review of concepts, research and practice', Archie B. Carroll and Kareem M. Shabana investigate the business case for CSR: In the end, why should the business community jump on the CSR bandwagon? How do companies benefit tangibly from engaging in CSR policies, activities and practices? The authors provide some historical background and perspective, as well as a portrait of how understanding of CSR has evolved and a summary of some long-established, traditional arguments both for and against the idea. The business case for CSR may be categorized into four arguments, they say: (1) reducing cost and risk (2) strengthening legitimacy and reputation (3) building competitive advantage, and (4) creating win–win situations through synergistic value creation (Lindgreen and Swaen, 2010, p.4). Therefore, from a narrow view, the business case justifies CSR initiatives only when they produce direct and clear links to firm financial performance. Effective CSR requires developing appropriate CSR strategies, and effective CSR activities are those directed at improving both stakeholder relations and social welfare.

Kim mentions, as firms face increased pressure to act in socially responsible ways, they are also under great public scrutiny to provide accurate and timely financial reporting. The Sarbanes Oxley Act (SOX, hereafter), signed into law on July 30, 2002, was designed

to enhance financial reporting quality so that potential stakeholders could stay fully apprised of the firm's financial situation. Under Section 404 of the SOX, companies are mandated to publish any "material" information concerning the scope and adequacy of the structure and procedures of their internal control over financial reporting (Kim, Kim and Kim, 2017, p.342). Much of research during the 1990s focused on ways to convince managers in business to take on responsibility beyond profit, and focused on legal and voluntary ways to do so. Current research is geared toward what kind of management and which methods enhance the integration of, for instance, social and environmental concerns, or the integration of CSR into everyday business activities and management systems (Dobers, 2009, p.187). More recent attempts of describing integrated management systems in the twenty-first century include the integration of environmental, social, quality and health-related issues (Dobers, 2009, p.187).

Investors consider the ethical conduct of firms when they make investment decisions,1 while customers consider environmental and corporate social impacts in their purchasing decisions. As members of civil society, stakeholders are becoming increasingly aware of CSR, and corporations are not only promoting the business accountability of the entity itself, but are also ensuring that their business partners in the supply chain are operating business in a socially responsible manner. In response to this increasing demand in society, CSR or corporate sustainability are becoming very important in the business agenda and are considered prominent features of business and society today (Kim, Kim and Kim, 2017, p.342). From an organizational perspective, CSR refers to business stewardship that benefits the environment, society, and the economy. To be socially responsible and sustainable, firms are under increased pressure to maintain a high level of ethical standards and transparency in every business practice (Kim, Kim and Kim, 2017, p.342). The key objective of CSR from a financial reporting point of view is to ensure that the firm's control environment is compliant, effective, efficient, and sustainable, and that its financial information is accurate and transparent.

Talking about the CSR and not to talk about the sustainable development could bring a very low level of awareness of CSR. According to Moon, CSR and sustainable development are both are often accused of being contradictions in terms: one assumption being that corporations are incapable of social responsibility and the other being that sustainability of the planet and its resources and integrity is incompatible with economic (and, in some cases, social) development. Both terms are often used vaguely and even inter-

changeably. The question then arises as to their meaning and relationship. The CSR lexicon certainly includes reference to sustainability (Moon, 2007, p. 297). But at the same time it becomes clear that as much they can be used interchangeably they are also differ from each other.

While the notion of CSR is increasingly evident in the corporate world, among many civil-society advocates and in public policies it is ambiguous and contested on various grounds, just like the concept of 'sustainable development' is contested and disputed. Many different approaches have been identified and the contribution of CSR to sustainable development can be questioned (Dobers, 2009, p. 186).

Regarding to the reference inclusion to sustainability, Moon finds that this is sometimes with reference to the sustainability of the corporation, sometimes to that of the environment and sometimes to that of the society. This is illustrated by usage in European business education, where 'sustainable development' (24 %) was the most popular generic label of CSR programmes, followed by 'business ethics' (22 %), 'ecological/environmental management', 'business and society' and 'corporate social responsibility' itself (all 16 %). Similarly, 'sustainable development' was a popular research area for European scholars in CSR (18 %) compared with the most popular areas of 'business ethics' (36 %), 'ecological/environmental management' (21 %), 'business and society' and corporate social responsibility' itself (20 %). Both CSR and sustainable development are essentially contested concepts as their meaning is always part of debate about their application. This is because they are appraisive, internally complex and openly defined terms. CSR and sustainable development are both 'appraisive' in that they are considered as valued and are not simply empirical concepts. Thus, no one covets a reputation for being 'socially irresponsible' or 'unsustainable' (Moon, 2007, p. 297).

It has now become important for business firms to demonstrate their commitment to CSR in order to counteract the growing public skepticism caused by corporate wrongdoings. Corporate social responsibility has been defined in a variety of ways. The World Business Council for Sustainable Development (WBCSD) defined it as the ethical behavior of an organization towards society and other stakeholders who have legitimate interest in the business. Carroll, the celebrated scholar and the father of modern CSR, defined the social responsibility of business as encompassing the economic, legal, ethical and discretionary expectations that various stakeholders have from business organizations (Hoque, Rahman, Molla, NomanBhuiyan 2018, p.3). The rules or principles of the application of

CSR and sustainable development are relatively 'open'. Neither can easily be codified. CSR is not simply a matter for individual firms to pronounce upon. Governments, business associations, business consultants, NGOs, shareholders, employees and consumers have all shown a propensity to attempt to defi ne it as they seek to endorse, encourage or criticize its practical manifestations. Likewise, there is no single authority on the definition of sustainable development. There are controversies about its definition (and what defines threats to it) among scientists, let alone when governments, NGOs and businesses enter the fray (Moon, 2007, p. 297).

It may be said that CSR and sustainable development agendas for sure differ from each other depends on the different national social, economic, governance and environmental systems in which they are located. Regarding to that Moon says that what is deemed a business responsibility in one country may be regarded as a governmental, societal or individual responsibility in another. This is true even when comparing such relatively similar national business as the USA and Western Europe (Matten and Moon, in press) and is even more so when comparing Asian and other business systems (Moon, 2007, p. 298).

Regarding to the criticism Dolan finds, that CSR is, by definition, voluntary—and therefore remains the subject of intense debate between those who see it as an aspirational goal for stimulating the creative competitive energies of business in the service of social good and those who see it as a form of toothless soft regulation which at best fails to change the fundamentals of neoliberal enterprise and at worst forecloses the possibility of properly regulating corporations, while providing a smokescreen behind which the corporate exploitation of people and planet continue on apace (Dolan, Gilberthorpe and Rajak, 2018, p.3). There can be little doubt that CSR is an increasingly prominent theme in business. Even the skeptics acknowledge this. Martin Wolf (Chief Economics Commentator, The Financial Times) described it as 'an idea whose time has come'. Clive Crook (Deputy Editor, The Economist) commented that 'over the past ten years or so, corporate social responsibility has blossomed as an idea, if not as a coherent practice'. A Google search in April 2006 revealed 81.4 million CSR references (compared to 215 million for sustainable development) (Moon, 2007, p. 299).

Dolan says that corporate social responsibility (CSR) refers to two key things. First, it is a model of positive action adopted by multinational corporations as part of a business design that aims to benefit stakeholders at all levels and, subsequently, improve business activity (Dolan, Gilberthorpe and Rajak, 2018, p.1).Second, however, from this position of

growing critique, the CSR agenda became a platform for corporations to take an increasingly active role as agents of sustainable development as well as a mechanism by which public- and third-sector actors sought to engage business in delivering social goods. Here, CSR provides a conceptual framework for delivering sustainable development and addressing environmental, climate, alternative energy, and community development issues vis-á-vis commercial enterprise. Typically this involves technological improvement (to reduce carbon emissions, environmental destruction, and so forth) and socioeconomic development programs (infrastructural development—schools, hospitals, roads, and so forth—as well as training and microcredit schemes) (Dolan, Gilberthorpe and Rajak, 2018, p.1).

According to Dolan, et al (2018, p. 2) as CSR has gathered momentum since the 1990s, and as it recruits support from an extensive and diverse constellation of actors, it has become a platform from which multinationals can take an increasingly active role in setting, as well as implementing, the development agenda at a global level.

From all of this above mentioned in this study is found that CSR in generally kind of an effective tool for all stakeholders, companies, societies and other interested parties. But discussing also about the kind of risks or non effectiveness of CSR, can be said that ineffectiveness can happen only in case when companies are not taking in very serious their CSR initiatives and they just try to show the society that they are socially responsible. We find that in those cases the companies even can harm their reputation and our advice is to take seriously CSR actions. As has been seen in this, there are not concrete regulations regarding on CSR and from one point of view it may seem not so serious thing to do but without having a responsibility our nature and our resources will be lost. CSR also, as is shown in this study, tend to have day by day more and more developed and aware society. According to our study there is a big believe that CSR actions will for sure contribute to high level of corporate responsibility.

1.2 CSR in local self-government sector

In this subchapter we are going to discuss the CSR in local self-government sector. Our aim in this part is to outline the role of CSR in self-governmental sector, to find and outline the specifics and features of CSR when it is in that sector. Our problem is to find an answer why governments and local self-governments try to have a strong CSR takers and how they realize that? We will discuss the CSR impact on local communities' life as well,

will understand whether local communities really need CSR activities on their villages or small cities or no?

As we have been discussed in our previous subchapter, we found that CSR activities, even goals can be different depends on the company type, society needs and other priorities. So talking about local self-governmental sector, we should realize that here also CSR activities may be different. For example in, Armenia in different local communities *exist* different problems and if in those communities CSR activities are taken, so logically they will be different. Regarding to that McLennan firstly, brings this question: Given the management focus and widely accepted voluntary character of CSR, why do governments care about the concept at all? Another question can be considered why local communities also are interested or should be interested of CSR? Then he gives an answer which, according to him is very simple: governments are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis. The same interest can have also local communities. Depends on the community problem types the interest also can be different (McLennan and Banks, 2018, p.117). Local governments work in many ways to improve the vibrancy, amenity and wellbeing of their communities. Expectations of local government are increasing globally, however, with greater community demand for improved environmental protection, local economic activity and social vitality (Scott 2019, p.4). We find that there are two sides questions: first side is why companies should take in local communities CSR actions and the second side is what is local government's role in supporting business to be more environmentally and socially responsible? Do they have a part to play? Or is promoting corporate responsibility just a role for national government?

Corporate activities have impacts on different groups across societies, and therefore, businesses have various sets of social responsibilities to different segments of society, all of which vary by country, sector, and company. CSR is, after all, corporate social responsibility, regardless of the setting. The overwhelming predominance of business literature in the CSR field also points to the value-added notion of CSR—that doing good is also good for business ("the business case for CSR"). However the origins of CSR in Western and specifically American business and societal culture and the subsequent examination of different cultural lens on the role of business in society has largely diverted attention from better understanding and expectations of CSR from the perspective of communities in non-Western societies.

In short, communities in developing/impoverished/remote areas typically perceive this corporate responsibility differently. These communities also have a different perspective on the development impacts of CSR and of corporate activities more broadly. Indeed, although research on the community impacts of CSR is limited, there is a growing body of work that questions the ways in which businesses "do" development, the impact of these initiatives, and whose interests they ultimately serve (McLennan and Banks, 2018, p.117). Corporate responsibility is a useful framework that enables collaboration between government, civil society, and business, facilitating cooperative solutions to societal problems. The role that government plays will vary across jurisdictions and different political, cultural, economic and environmental contexts. Some governments focus corporate responsibility efforts on social equity or labor standards, while others are more concerned with environmental protection (Scott 2019, p.5).

If we, firstly, in generally describe community, so, it is seen as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis. There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. In a community there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self. Most important there exists community leaders who are responsible for the success of any community event, depending on the needs of the community, and the individual's own feelings. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare. At the local level, the roles and responsibilities of local government differ significantly between and even within countries, affecting the types of possible action. Local governments may have the ability to enact by-laws and raise taxes, they can be responsible for a diverse range of services including public health, public housing, education, business licensing, waste and pollution management, road maintenance, public and street lighting, parks and recreation services, storm water and drainage systems and utilities (Scott 2019, p.5).

What about community development. According to Ismail Maimunah, community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by

providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions (Maimunah 2009, pp.203). Under CSR activities, we can say, that all these above mentioned by Ismail, can be as a part of CSR taken by companies. So, we find, that through CSR activities or CSR can be seen as a great and effective community development tool. Regarding to that Liston-Heyes and Ceton state that CSR is concerned with redistributing corporate resources to public causes. As the CSR critic Henderson puts it provocatively, CSR is now "a common body of doctrine" that requires businesses to "play a leading part in achieving the shared objectives of public policy and making the world a better place" (Steurer 2010, p.1).

From one point of view, McLenan finds, that CSR initiatives are often built on values that differ from local understandings of development and community desires for connection and relationship (McLennan and Banks, 2018, p.117). Correspondingly, there is increasing expectation from governments, nongovernmental organizations (NGOs), consumers, employees, and other stakeholders that corporations will act responsibly in the conduct of their operations. As a result, a range of CSR initiatives and programs have appeared within corporations in recent decades, ranging from ad hoc donations and small projects to full CSR departments with a wide-ranging remit and including activities from environmental programs to employee benefits to community activities (McLennan and Banks, 2018, p.118). Such a wide-ranging remit means that much of what happens under the corporate banner of CSR (e.g., emission reductions), while certainly laudable, is not particularly relevant to the development aspirations or trajectories of communities in developing countries, where the pressures faced by companies are compounded by the expectations of impoverished and marginalized communities within the company's area of operation (McLennan and Banks, 2018, p.118).

When we are talking about the companies contribution to the community development there arises CCD (corporate community development) name and regarding to that McLennan mentions that these CCD initiatives—sometimes referred to as corporate community involvement, are often grouped under the umbrella of CSR and have led to the corporation increasingly playing a direct role as a development agent (McLennan and Banks,

2018, p.119). It becomes clear that in case of a good and effective relationship or cooperation, companies can contribute to the community development and be as a perfect local communities development tool. McLenan et al. add that this trend towards greater corporate involvement in community development can also be seen in other sectors, for example, the increasing social and economic support from tourism companies to host communities in developing areas and argue that it has become common for CSR practices in emerging economies to include social programs, such as health, education, and youth development (McLennan and Banks, 2018, p.119).

This increase in community development support has occurred alongside international calls for the private sector to play a more intentional and proactive role in international development and to become a "consciously engaged agent of development" rather than simply contributing to development through economic growth. Reflecting this increasing interest in the role of the private sector and the growing number of corporations, undertaking community development initiatives is a large and growing literature on CSR and development. Much of this is in business studies and tends to focus on the business case, best practices, and benefits to the company, including the social license to operate, risk minimization, cost minimization, regulation avoidance, corporate morale, customer satisfaction, market appeal, and long-term business sustainability. It is clear that much of what underlies these calls is a focus on how CSR can be made to work for the company. However, the corporate literature is also full of references to partnership and the commitment of corporations to the community.

McLennan mentions also that corporate CSR and CCD programs are typically clearly defined and demarcated. Environmental monitoring and management programs, compliance with international labor and human rights standards, and targeted, directed, and (usually) implemented community programs are pursued and reported in glossy public relations reports and materials (McLennan and Banks, 2018, p.121). As we discussed about the CSR as a good tool for community development we have also to show some mechanism about how CSR can contribute, trough which mechanisms it can have its support to local communities. Some authors find among these popular mechanisms as follows:

- Public Private Partnerships (PPPs), where local governments enter into partnership arrangements with business to achieve local sustainable development results, usually related to infrastructure or development projects.Local governments have the opportunity to influence the private sector by including binding environmental and

social outcomes in the contract. The Holdfast Bay development of a part of the South Australian foreshore in the early 2000s is held up as an example of a good PPP. The municipality of Holdfast Bay invested considerable time and resources, carefully selecting their private sector partner and working collaboratively with them to develop a sound relationship.

- Environmental protection agreements are government-business contracts intended to curb pollution or other kind of specific environmentally degrading process. Examples include Pollution Control Agreements, which were popular in Japan viii, as well as Environmental Upgrade Agreements (EUAs), which facilitate efficiency improvements in commercial buildings, such as implemented by City of Melbourne and City of Lake Macquarie in Australia. (NB: EUAs are also a financial mechanism). Sustainability partnerships are formed by local governments joining with business to achieve long-term sustainability outcomes. The Network for Sustainable Business Development in Northern Denmark ix led by the Cities of Aalborg and Hjørring (Denmark) aims to improve companies' competitiveness by focusing on environmental improvements in the production process. City of Melbourne's project to facilitate a business group joint purchase of renewable energy by some of the largest energy users in the city could be considered a sustainability partnership (See City of Melbourne, Powering the City case study). City of Oslo in Norway established a Business for Climate network (Scott 2019, p.12).

Regarding to the agreements or regulations related to CSR, we will bring the Indian example. Indian CSR context has recently undergone a radical legislative reform. Whilst previously, corporate actions with regards to social responsibility were neither compulsory nor regulated anyhow, the Section 135 of the 2013 Indian Companies Act1 introduced, inter alia, several provisions that aim at defining a new regulatory framework for CSR - making CSR compulsory to a large number of firms (Sridhar Murthy, RaoMohan 2016, p. 2). These kind of regulations are tools which make the process sure that CSR activities will be taken by companies and as a continuation of the fact that CSR activities are taken, McLennan et al. mention, for example, the website for Newcrest Mining Limited features a "Community" page highlighting their community policy and sustainability reports featuring local community development and investment. Carlson Rezidor has a "Responsible Business" section on their website, highlighting a "Think Community" program that aims to have a "ripple effect of positive change through strategic partnerships, meaningful pro-

jects, donations and community involvement" (McLennan and Banks, 2018, p.121). These publications and websites highlight a range of well-defined activities: schools are supported, health programs implemented, local businesses and contractors fostered and mentored, and employees supported. These activities—often designed in a coordinated and integrated fashion from the corporate perspective—set out the bounds of what (and where) the corporate understands its limits are in terms of "responsibility". But these corporate initiatives are also severely limited by the frame within which they are conceived. Large-scale corporate operations (in tourism, extractives, or other sectors) do not exist in a vacuum, even if they may appear as enclaves.

Frequently, there are a range of factors driving socio-economic and political and cultural change in communities around them. But we shouldn't forget that there was a kind of differences between the way how companies and communities imagine CSR/CCD actions in their communities and regarding to that McLennan mentions that one of the most important differences between the way in which companies and communities view CSR/CCD is related to the way in which each understands the nature of the relationships created. This includes the relationship between the company and the community and relationships within the community itself, where the narrow lens of the company usually fails to account for the complexity of communities, the agency of individuals and groups within these communities, and the way in which the "gift" of community development alters community dynamics. There is also a fundamental difference between companies and communities in terms of the importance placed on material benefits as opposed to relationships. Although communities may appreciate the benefits, they are likely to view development as more about relationships than simply these tangible benefits (McLennan and Banks, 2018, p.121).

Continuing our legislation example, Indian CSR context has recently undergone a radical legislative reform. Whilst previously, corporate actions with regards to social responsibility were neither compulsory nor regulated anyhow, the Section 135 of the 2013 Indian Companies Act1 introduced, inter alia, several provisions that aim at defining a new regulatory framework for CSR - making CSR compulsory to a large number of firms. This evolution is the result of strong social pressures and expectations in a country that, in spite of being one of the largest and fastest-growing economies in the world, still has to cope with 21,3% of its population living below poverty line2 (World Bank threshold of $1,9 per day) and a relatively low Human Development Index (0,609 in 2014, ranking India at

130th position3). In this context of uneven distribution of the benefits of economic growth, companies have been growingly pressured towards participating in the development of communities impacted by their activities. The Indian Parliament's adoption of the Companies Act in 2013 responds to these social demands (Sridhar Murthy, RaoMohan 2016, p.61).

Companies have a poor reputation when it comes to handling community relationships, and instead, they tend to view CCD in operational and business-focused terms. At best, this may mean that they see CCD as a way to help communities, alleviating aspects of poverty and providing material benefits to communities. Companies are also likely to view relationships through an understanding of the community that they construct themselves (as outlined above)—a largely one-dimensional lens focused on identified leaders and community groups. However, it is clear that the community identified by companies is rarely the bounded and homogenous entity companies would like them to be. Communities are complex, seldom stable, and often chaotic, defined as much by social differentiation and diversity as they are by common interests and inclusion. In this context, seeking a "social license" or "informed consent" from within this heterogeneous, geographically rather than socially defined community is often impossible and an exercise that reflects the corporate need for security and control rather than any real reflection of a broad community set of interests (McLennan and Banks, 2018, p.122).
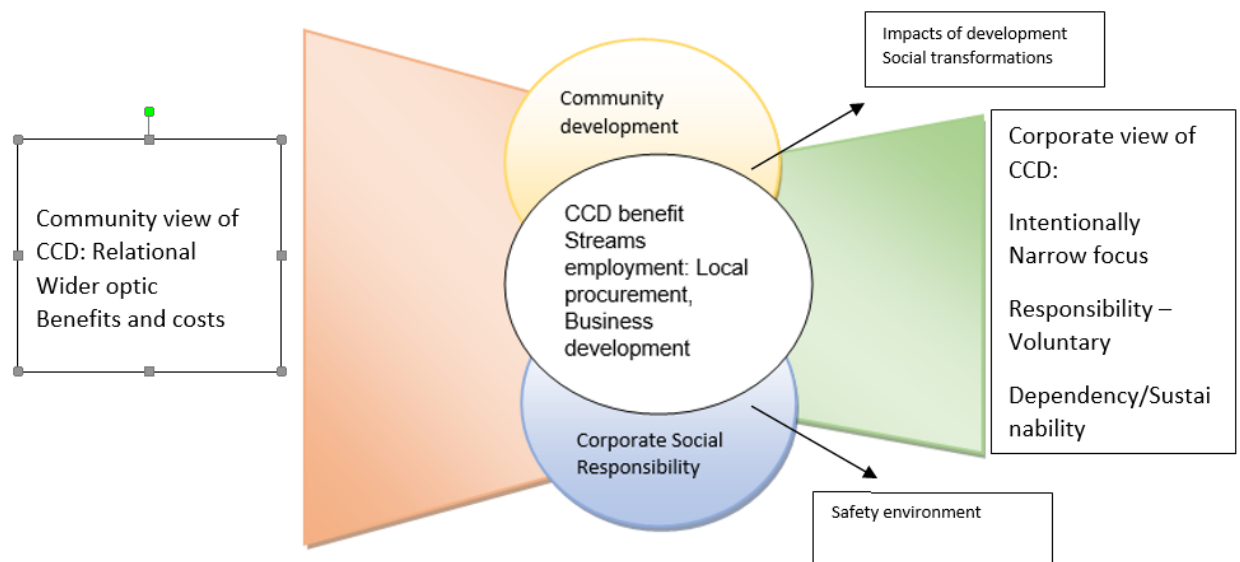

Figure 1: Reversing The Lens: A Conceptual Comparison of Corporate Social Responsibility (CSR) and Corporate Community Development (CCD), source: (McLennan and Banks, 2018, p.122).

McLennan has been talking about the community-corporation different approaches regarding to community development he brings figure 1 which seeks to illustrate the disconnect between corporate and community views of the contribution of CCD. The community perspective on their relationship with corporations typically overlaps with elements of the corporate vision but also, on the one hand, includes a much broader set of activities and processes wider than CSR. Hence, and critically, the social responsibilities of the corporation extend well beyond the scope of defined CCD initiatives. The conceptualization in Figure 1 illustrates how an intentional and often instrumental CSR-framed lens on community development emphasizes those elements over which the corporation has direct control. It highlights the voluntary aspect of a relatively narrow range of activities and benefits directed at the community and is typically concerned (in the rhetorical sense at least) with promoting a form of "detached sustainable" community development that moves communities away from a dependence on the corporation for their development (McLennan and Banks, 2018, p.122-123). So what can corporations do? The discussion and analysis above point to three main areas that responsible corporate can address so as to better contribute to more inclusive and sustainable forms of community development and, in an even more aspirational mode (McLennan and Banks, 2018, p.123). This first is recognizing that core practices (including those that may not be usually regarded as part of CSR efforts) can impact profoundly on community development and hence aim for greater coherence between CSR policies and ethical operating practices. This can call attention to two areas:

- In terms of core business activities such as local employment, procurement and business contracts, prioritize community development rather than emphasize business interests. Too often a cost-cutting, "bottom-line" focus will send potentially transformative local activities such as employment outside the local area, for example.
- Second, and more broadly but potentially also capturing activities in the above point, there is a need to transform the corporate ethos from one in which all activities are contained and closely controlled to one where the corporation is working towards community development in an integrated fashion with communities, industry, NGOs, government, and other private sector organizations. This latter approach gets around the typically piecemeal, unconnected, and ultimately unsustainable programs that characterize the bulk of existing CCD initiatives.

Next, Mclenan mentions that we would make a call for corporations to "embrace chaos." Large-scale industrial operations established by corporations—including the enclaves of extractive industries or tourism—are complex and involve sophisticated management and coordination across a range of systems, yet their relationships with communities and processes of social change and dynamics have historically been poor. Recent work in development and elsewhere in the social sciences highlights the challenges posed to those seeking to "manage" "wicked problems" and complex social environments. A central element of this is to recognize and address the ways in which CSR and CCD initiatives typically promote development that is conservative and a form of "anti-politics" that simplifies and depoliticizes the typically highly charged local political arenas within which development occurs. Ways to address or overcome these challenges—acknowledging again that there are no universal fix or one-size-fits-all approach—are currently proposed to lie in the adoption of much more adaptive, reflexive, and flexible approaches, underpinned by an ethos of inclusive participatory development and collaboration. Third, the argument above makes it clear that through a community lens, relationships are central to long-term sustainable community development prospects. Research elsewhere suggests that building relationships that foreground community goals and priorities is essential to promote a community-driven development vision and outcome (McLennan and Banks, 2018, p.123).

We try to find an answer to the following question "Why is it important to implement social responsibility towards local communities?".Social responsibility encompasses the commitments of business to the society and the various local communities, the expansion of these commitments beyond economic functions and the inclusion of social activities as appropriate. CSR as a concept applied in business management contributes to sustainable economic development, which is beneficial, both for the business and for society; it ensures the improvement of labor relations with employees, cares for their families, the local communities and the society as a whole and improves the quality of life. CSR implementation supports social, economic and environmentally sustainable development in society by maximizing the positive impact of the business and minimizing the negative one (Why is it important to implement social responsibility towards local communities? [no date]). In the Green Paper of the European Commission CSR has the following definition: "Declaring (their) social responsibility and voluntarily taking on commitments, which go beyond common regulatory and conventional requirements, which must be respected in

all cases, companies endeavor to raise the standards of social development, environmental protection and respect of fundamental rights and embrace an open management, coordinate the interests of all stakeholders in a common approach to quality and sustainability".

In this sense, CSR is defined as a system for managing relationships between the company and the surrounding environment (stakeholders and local communities). Companies implement CSR voluntarily, without being forced by law to achieve social and environmental objectives in their daily business activities. The hotel and restaurant sector is based on permanent relationships between people. Discussing about especially the hotel and restaurant sector RESPONS Learning Space finds that contact with local communities, both in everyday life and in the strategic management of businesses, has a great potential: only a healthy environment combined with loyal, dedicated, highly qualified employees, who are motivated in their work, provide quality services that satisfy their customers. On the one hand, small hotels and restaurants create wealth, jobs and improved living standards in local communities. On the other hand, their activities, successful business and prosperity depend on the favorable conditions within the community. Local authorities also have an important role in creating favorable conditions for successful business development and job creation. In this sense, the success of the hotel/ restaurant depends on the partnership between the local authority, business and the interests of the other local communities. The contact between the hotel and restaurant manager with the local communities is expressed in constant commitments to behave ethically and contribute to economic development, while improving the quality of life of employees and their families, the local community and society as a whole and to seek their support and assistance. This contact has two aspects: internal and external. The social part of the internal aspect includes relations to the staff:

- Investments in the human resources of the company, payment, training, career development, social benefits, and problem solving related to the seasonal nature of employment in the sector etc.
- Offering healthy and safe working conditions to the employees.

The social part of the external aspect includes the relations to the communities out of the enterprise:

- local community – the place where the company is located and where the workforce comes from;
- local companies, businesses and non-profit organizations;

- External stakeholders – customers, suppliers, subcontractors.

What are the specific benefits of the implementation of CSR? As a whole, the touristic sites – hotel, restaurant etc. applying the principles and the spirit of CSR will be able to achieve the following:

- more loyal and satisfied customers;
- better positioning of the product and building brand preferences;
- increasing the sales;
- creating new added value for the hotel/ restaurant – social responsibility to the staff, the local community and the business partners;
- more loyal, motivated and better skilled workforce;
- safe working places and safe environment for the customers;
- positive perception, image and attitude of the potential customers to the product and the service (Why is it important to implement social responsibility towards local communities? [no date]).

The ability to have positive impact in the community is a core part or element of companies CSR activities and regarding to that Samantha Muir finds that keeping social responsibility front of mind encourages businesses to act ethically and to consider the social and environmental impacts of their business. In doing so, organizations can avoid or mitigate detrimental impacts of their business on the community. In some cases, organizations will find ways to make changes in their services or value chain that actually delivers benefits for the community, where they once didn't (Muir 2015).

The common roles of CSR in CD according to Ismail Maimunah are discussed as follows:

1. To share the negative consequences as a result of industrialization. This is related to increasing conscience-focused marketplaces necessitating more ethical business processes. E.g. higher UK road tax for higher emission vehicles, thus reducing the burden of small vehicle owners in a community. By doing so, small vehicle owners share less the tax burden, hence could re-channel the money for more productive uses in the community.

2. Closer ties between corporations and community. Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services. By doing so, corporations and community would stay in peace and harmony. This becomes a social capital that is essential in community development.

3. Helping to get talents. Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates. It is also found that when employees view their organization's commitment to socially responsible behavior more favorably, they also tend to have more positive attitudes in other areas that correlate with better performance. They believe their organizations recognize and reward great customer service, act quickly to address and resolve customer concerns, and are led by people in senior management who act in the best interest of customers (Maimunah 2009, pp.204-205).

4. Role in transfer of technology (TOT). Closer ties help in TOT between MNCs that give concerns on CSR and communities in the host countries. MNC is a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they coordinate global management. Very large multinationals have budgets that exceed those of many small countries.

5. CSR helps to protect environment. Some of the world's largest companies have made a highly visible commitment to CSR, for example, with initiatives aimed at reducing their environmental footprint. These companies take the view that financial and environmental performance can work together to drive company growth and social reputation. This attitude can only serve to enhance the employment value proposition such as interest in "going green" gains traction. "We green the earth" slogan made by some MNCs in Malaysia who own large golf areas within the vicinity of residential areas is another CSR initiative seems to protect environment. Many non-profit organizations have been involved in learning and advocacy of environmental protection of CSR such as those reported by the United Nations. They are for example a) "Friends of the Earth" who highlights the environmental impact of some MNCs and campaign for stronger laws on environmental responsibility; b) "Green Peace mission" is another example of CSR initiative that gives benefit to society and community in preserving the latter's rights towards reaping healthy environment.

6. CSR is for human right corporate sustainability. The United Nations have launched the "Global Compact" – an initiative to convince international companies to commit themselves to universal principles in relation to protection of human rights. Being the world's largest voluntary corporate responsibility initiative, the UN Global Compact is also seen a strategic policy for businesses that are committed to aligning their operations and strategies within the areas of human rights, labor, and environment. By doing so, business, as a pri-

mary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. Never before have had the objectives of the international community and the business world been so aligned. Common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labor and the United Nations. This ever-increasing understanding is reflected in the growth of the Global Compact, which today stands as the largest corporate citizenship and sustainability initiative in the world -- with over 4700 corporate participants and stakeholders from over 130 countries.

7. Interdependency between a corporation and community. The close link between a corporation and community is another aspect of CSR role in CD because in long run it creates sustainable development. This could be seen e.g. Shell Foundation involvement in the Flower Valley in South Africa and Marks and Spencer in Africa. The CSR projects give aids to local organization and impoverished communities. This certainly leads to sustainable community development.

8. A CSR program can be seen as an aid to alleviate poverty. An example is a Malaysian reality program Bersamamu of TV3 which is sponsored by Syarikat Faiza Sendirian Berhad (SFSB), a local enterprise-cum-philanthropist who responds to government's appeal to help impoverished community to improve their livelihoods. SFSB gets help from the local media company TV3 for publicity and audience support. This TV program is focused on the life reality of the poor, helpless and misfortune people in their survival. Every purchase of Faiza's Product, will entitle the buyer to make a donation to Tabung Bersamamu TV3 (a fund of the broadcasting agency). Through this collaboration it may trigger other corporations to help the nation in its effort to alleviate poverty and, hence, in developing communities.

9. A CSR program helps in data gathering for other public organization function. For instance in the United States, Intel and IBM (examples of mega ICT firms) assisted understaffed police departments with information gathering and processing by installing cameras with video processing abilities in areas where there are high rates of crimes. Intel has also conducted initiatives to educate local communities on how they can use technology to prevent crime or at least to use it to detect who committed the crime. This is an example of technology companies implement CSR initiatives that both benefit community and support business objectives.

10. For corporate sustainability goals. In Europe and elsewhere outside the U.S., companies have been taking their social role seriously for years, often under the banner of corporate sustainability. The EU has developed a corporate sustainability framework, which identifies a progressive set of economic, social and environmental objectives that companies are encouraged to achieve. At Towers Perrin (2009), for instance, they have developed a methodology to assess the employee perspective on sustainable business practices (SBP). These practices represent a continuing commitment by a company to behave ethically and contribute to economic development while improving the quality of life of its workforce and family members, as well as the local community and society at large. Towers Perrin's SBP index specifically covers five areas: awareness and perceived importance among employees, employee sustainable behaviors, social and community performance, environmental performance, and ethical and legal performance (Maimunah 2009, pp.206-208).

In this subchapter we have been talking about also the mechanisms that local communities might have for influencing companies for corporate social responsibility. Now in detailed we will bring categories and the mechanisms in those categories which are the tools for influence (Scott 2019, pp.7-8).

Categories	Local government mechanisms to influence corporate responsibility	Examples
Awareness raising	• Award schemes • Information platforms • Campaigns • Training • Toolkits • Walking the talk/demonstration	• Local green business award • Sustainable business web page • Small business energy efficiency education campaign • Climate awareness training for business • Adoption and promotion of good practice by

		local government
Facilitation	• Networking • Linking • Multi-stakeholder dialogues • Collective action efforts	• Networks and forums of local governments, as well as local initiatives that create formalized networking and engagement with the local business community on an ongoing basis
Partnering	• Public-private partnerships (PPPs) • Environmental protection agreements • Voluntary planning agreements • Sustainability partnerships	• PPPs for urban renewal and development • Environmental Upgrade Agreements for buildings
Soft Law	• Codes of conduct • Endorsement/adoption of international principles • Linking corporate responsibility to public procurement • Socially responsible investment.	• Local government purchasing • Green fleet • Divesting funds from unsustainable businesses • Adoption of certified environmental management system, such as ISO 14001 or EMAS.
	• Targeted grants	• Small business efficiency

Financing	• Differentiated rating and access to special financial products	grants • Differentiated rates for preferred business activities • Special loan repayment terms for business environmental improvement activities
Planning	• Planning schemes • Regulations to set out the operational rules and criteria for development	• Zones for different business activity • Implementing special planning conditions and Overlays
Mandating	• Licensing • Enforcement of state or national laws • Local by-laws and codes	• Enforcing food health standards • National Building Codes • Pollution licenses

Table 3: Categories and The Mechanisms for Influence Influencing Companies For Corporate Social Responsibility

As it s seen from our table all above mentioned categories are kind of familiar to as and these categories are effective ways to have the necessary influence on companies to take required CSR actions which by its turn contributes to the local communities development. From our all this discussion it is clear the local communities really need that companies take CSR activities otherwise after some period of time the big gap will be found between those acting business (doesn't matter whether those companies are big, medium or small) and the society will not be loyal to them and companies should understand that CSR activities is also good for themselves as well as for community development.

CHAPTER 2. ARMENIAN LOCAL SELF-GOVERNMENT AND CSR IN LUSASHOGH RURAL COMMUNITY

2.1 Armenian self-government sector and CSR role on its

In this subchapter it will be discussed about the Armenian local self-government sector and CSR role on its. The aim in this part is to outline firstly, the structure of Armenian self-government sector, then to outline the importance, meaning and significance on Armenian local self-government. The study will represent in general about some companies in Armenia that take CSR activities. In the study will be tried to take those companies that take CSR activities especially in rural communities. This will help us to understand where Armenia stands regarding to CSR and give us imagination what kind of necessary changes or actions should Armenia take in the CSR field.

In this part it will be important to talk a little about the Armenian local self-government sector, to understand what especially say the Constitution and the "Law on Armenian local self-government" sector. According to the "Law of Armenian local self-government" sector, local self-governance is the right and the ability of local self-governing bodies to address public issues of community significance in their own right in accordance with the Constitution and the laws. Local self-government is implemented in communities. Local self-government is implemented throughout the Republic of Armenia (RA law on local government 2002, pp. 1-2). Local self-governing bodies are the Community Council and the community leader who are elected for a five-year term. The procedure for choosing the local self-governing bodies is defined by the Electoral Code of the Republic of Armenia. The Community Council is a representative body of the community and exercises powers prescribed by the Constitution of the Republic of Armenia, the Armenian local self-government law and other laws (RA law on local government 2002, p.2). As for Constitution it says that state and local self-governing bodies and officials shall be entitled to perform only such actions as are authorized by the Constitution or the laws (RA Constitution 2015, Article 3). As we see, the local self-governing bodies take responsibilities only by the law and Constitution. The powers of local self-governing bodies are for the purpose of solving their own, community mandatory and voluntary tasks, as well as delegated by the State. The community's mandatory tasks are defined by law, and voluntary issues by community council decisions (RA Constitution 2015, Article 182). This means that local bodies are not in dependence of state bodies and regarding to CSR they should take actions

accordingly only to the laws and Constitution. This also means that the local self-government bodies are free to develop CSR action plans themselves and try to implement in their local communities. About this initiativnes we will talk in more detailed in the last subchapter of this work.

Over the past ten years or so, the term "Corporate Social Responsibility" has been bounced around the Armenian business community from time to time, often in news stories featuring beaming CEOs sharing projects that warm our hearts and boost their reputations. It still remains confused with short-term and low-impact philanthropy in Armenia. Meanwhile, the very term corporate social responsibility (CSR) has already been replaced in many countries with concepts like "sustainability" and "creating shared value" (Seferian 2017). In recent years, Corporate Social Responsibility (CSR) importance and significance of the business environment has essentially risen. This can be regarded as both international and Armenian business' describing world's trends. The perception of CSR has increased and its types and application circles expanded. The importance of CSR is understood by Heads of State as well, as non-governmental organizations etc. CSR can have a contribution in following fields: application of sustainable business development tools, acquiring new of new customers, recognizing trademarks, implementing long-term strategies and widening the scope of employees and customers as well as promoting the company's positive reputation.

Nazaret Seferian wrote an article where he tries to explain the Armenian description of CSR. As he mentions, various reports have placed up to one-third of Armenia's population below the poverty line, and some statistics suggest an unemployment rate of around 18 per cent. At a minimum full-time wage of 55,000 AMD (about $150US) (now it is 65000 AMD-**Narine Galstyan**) a month and an average salary nationwide of only around 195,000 AMD (about $400US), even having employment is not a guarantee of being able to support a family with a decent standard of living. This makes for pretty bleak reading when it is examined on its own. But on the other side of the labor market there are around 3,000 high-paying jobs in the IT sector that local companies are struggling to fill. Ask any up-and-coming IT company in the country and they will tell you that finding skilled programmers in the country is a nightmare. Why is there this divide (Seferian 2017)? Nazaret Seferian also finds that the education system has not yet fully adapted to the reality of today's technology-driven economy. Engineering schools in Armenia are not producing the quality and quantity of IT professionals required by the business sector. The

sector is evolving at a rapid pace, but educational institutions continue to be rigid in the way they develop and modify their curricula. The good question here is to understand why this author is talking about the education level, connection with market and so on and does he connect it with CSR in Armenia. For that he gives the answer that the best way forward is for a meaningful partnership between IT companies and educational institutions. By working as a united sector and actively involving themselves in engineering education, the IT companies can dictate parts of the curriculum or whole programs, and even provide human resources to train instructors or deliver classes directly to learners. The educational institutions stand to gain by producing graduates who are better prepared to find well-paying jobs and hit the ground running when it comes to building their careers in IT. The companies gain by an enlarged labor pool that has been customized to meet their needs. And the state gains through an increase in employment and a growing middle-class that can afford to spend money and boost other sectors of the local economy. Such business-education partnerships are the cornerstone of CSR strategies around the world, and there is tremendous potential for growth in this area in Armenia. This is how author of the article explains the connection regarding to CSR. But with this Nazaret doesn't finish and then he turns to agriculture and tells that agriculture is a potentially big driver of economic development in Armenia, but one often gets the feeling that it has only realized a small percentage of its potential. Many farmers work on small plots of land that make little economic sense, and they do not have the money to invest in the technology that can increase their crop yield. Farmers with small crop yields, in turn, are less attractive as suppliers and have a harder time selling their products, which means that their incomes remain low and new technology continues to be out of reach. Agriculture cooperatives have proven to be a powerful way to overcome such issues.

Farmers can pool resources and share tractors, sales channels and clients. This is different to the Soviet approach of collective farms (kolkhoz) because each farmer directly owns a share of the cooperative, based on the size of the land or other resources that they brought with them to the partnership. But setting up cooperatives is not as easy as it sounds. Besides the negative legacy of the kolkhoz, many Armenian farmers do not have the organizational skills to come together in cooperatives, nor do they have the marketing and sales know-how to manage the business activities of these entities. Some local non-government organizations and international agencies are putting in time and money to establish cooperatives across the country, but their resources are not proving enough to make

change happen at a steady pace. Businesses stand to gain by actively investing in this concept in Armenia. More agricultural cooperatives mean a steadier supply of raw materials and less need to spend more time and money in contacting smaller farmers separately. The quality of the crops bought from cooperatives will also be better theoretically, since groups of farmers should have access to better seeds and machinery. So whether you're a supermarket stocking up your shelves with the freshest vegetables from the country's farms, or a cognac factory buying grapes for this year's barrels, cooperative farming can save you time and money, while providing you with higher quality supplies. There is also another big plus to developing agricultural cooperatives in Armenia. The concept dictates the need for collective decision making within a cooperative, which often means that over time, cooperative members learn to collect facts, weigh the evidence and debate various alternatives, before voting to choose a particular option. This makes them more politically and socially aware in general, suggesting that an increase in the number of cooperatives in Armenia would eventually lead to more mature voting across the country in future elections (Seferian 2017). As in each country in Armenia also there are specific directions on which companies can be interested and start CSR initiatives according to needs and demands and those directions that are kind of important to get prior solutions. Related to that, in many Armenian companies, discrimination against women and minorities is highlighted, and not always protected workers' rights (Corporate Social Responsibility: A Guide for Armenian Companies 2016, p.14).

Corporations or private companies in Armenia may be interested in the corruption issues, the relatively low level of human rights protection, improvement of education quality, regions' development questions, the fight against poverty, immigration etc.   Being interested on these issues corporations can organize their activities accordingly these needs and may contribute to the solution of these issues. For example, environmental preservation in Armenia is one of the key issues for which every company, which, as a result of its activities, causes harm to the environment, is obliged to provide a consistent approach. As a result of the production activities of a number of companies currently operating in Armenia, the atmosphere is polluted, the water basin of the lakes, numerous trees are cut off, many areas are deprived of green and so on. Unfortunately, few companies are worried and quickly respond to the problem of reducing environmental damage (Corporate Social Responsibility: A Guide for Armenian Companies 2016, p.11). Let us to bring some companies operating in Armenia, which implement CSR activities and CSR as a core direction in

their activity process. One of those companies is VivaCell-MTS. VivaCell-MTS CSR vision is to better enhance the status of the company and that by positioning and developing its role as a pre-eminent local financial and business center working for the benefit of Armenians, Armenia and its nation at large. VivaCell-MTS is well aware that Corporate Social Responsibility is the subject of increasing attention and discussion at national and international levels bringing the business closer to society. Businesses that choose to ignore their society can harm their own success. VivaCell-MTS believes in its capacity to contribute in promoting the understanding of multidimensional and evolving nature of CSR, hoping to set an example for other local institutions to follow the same steps.

For VivaCell-MTS CSR is to work and build business and social relationships based on respect, ethics, dedication responsibility and trust; to maintain healthy and safe workplace for all our employees; to provide the conditions which are conducive to the development of the professional strengths and sense of individual accountability; to strive for equal approach in employee hiring and promotion; to keep honest relationships with suppliers; to deliver quality service for all our citizens. Prosperity cannot be maximized in isolation; we must build it hand in hand, and it is hand in hand that we should walk towards future Armenia. (Corporate Social Responsibility [no date]).

Why should companies care about their social and environmental responsibilities? "Environmental and Social Responsibility should beat at the heart of every business leader." -Anita Roddick. Businesses don't exist in a geographical or social vacuum; they are a part of society and located physically in particular communities and areas. This is in part a general civic and social responsibility towards the local communities in which business operates.

VivaCell-MTS believes in Armenia and recognizes this responsibility and thus the Company has been always striving to integrate it in the core of any strategic thinking and planning, and this is reflected in its daily operational behavior. Developing and communicating a comprehensive CSR strategy takes time, commitment, focus, dedicated people and financial resources. It requires as well commitment from the top management down. CSR strategy must permeate all what we do – from hiring to branding to manufacturing to sales.

Vivacell-MTS approach regarding to CSR benefits to Businesses is that the increased awareness and focus on corporation's responsibilities gives the business the opportunity to be important and powerful actor in society. It makes a business more competitive, resilient to shocks, and more likely to attract and hold both consumers and best employees.

The basic requirement for the economic development is sustainable business; the success of each business itself depends on the well-being of its citizens, society in its broadest sense. Taking into consideration the fact that CSR aims at achieving advanced economy, development of harmonious society and preservation of natural environment, corporations and business communities should be the most interested identities in being engaged in CSR. It's not by chance that CSR is also recognized as "win-win policy". The awareness of CSR is becoming so high that every stakeholder will demand information concerning its treatment in the companies. Customers will require companies to contribute to broader societal goals beyond the usual role of making profit, paying taxes etc. What is Corporate Responsibility from VivaCell-MTS perspective?

Corporate Social Responsibility (CSR) reflects the commitments of any business and other organizations, whether in the private or the public sector, towards the society in which they operate. The fact is that companies have an impact on society and the environment through their operations, products and services and through their interaction with key stakeholders such as employees, customers, investors, local communities, suppliers and others. CSR means understanding such impacts and managing business processes in a way to add social, environmental and economic value for producing a positive sustainable outcome for both society and the business. In other words it's a living managerial language, which penetrates into each function and cannot be confined to random programs conducted by few departments in isolation from one another. CSR is about believing and translating the words and the promises into real actions. There is no universal definition of CSR because this concept is always being redefined thus, serving to needs and times, giving each company individually the freedom to define the values and principles it stands for. Nevertheless, there are essential elements of CSR that need to be acknowledged:

- CSR is voluntary in inspiration
- CSR is multidimensional and diverse in application
- CSR is interactive in building bridges between corporate bodies and society
- CSR approach and implementation evolves and develops over time in an ongoing learning process (Corporate Social Responsibility [no date]).

Taking one of famous operators in Armenia as an example of strong CSR activities' we did a little research on that company. VivaCell-MTS uses ISO 26000. What is ISO 26000? This is an International Standard offering voluntary guidance on social responsibility to any organization regardless of type, size or place. 80 out of the more than 160 ISO

member countries have so far adopted ISO26000 as a national standard (ISO 26000-an introduction [no date]). But for not having misunderstanding regarding to ISO 26000 standard implementation we should mention that the national adoption of this standard doesn't mean that companies/organizations must use the standard in that country. It simply means that the stakeholders in that country have decided through national standard body (NSB) that a standard is relevant to their market. And it becomes clear that companies/organizations can decide to use it or not. And one of those organizations who uses ISO26000 is VivaCell-MTS. VivaCell-MTS is the first mobile operator in Armenia and the CIS that has successfully implemented ISO 26000 guidelines. The official confirmation of the implementation of the recommendations of the ISO 26000 Guideline was received on January 31, 2013. Remarkable about VivaCell-MTS is that besides being value-driven, most of the projects in the sphere of CSR are strategic in terms of their benefit to the society in that they are long-term, continuous, and result-oriented with clear targets and measurable mid-term and end-of-project objectives. In some of them the mobile network of the Company is one of the key infrastructural elements based on which the modernized system operates.

VivaCell-MTS has been guided by CSR principles in the management process since its inception, but they have not yet been regulated and approved. Having a dedicated staff, operating regulations and procedures as well as valuing CSR strategy advantages, the company wanted to move to a new level of corporate culture. Steps were taken to raise staff awareness on the principles of ISO 26000 and to ensure staff engagement in their implementation, as well as their support for professional information and advice. For the smooth implementation of ISO 26000, the company has adopted the approach best suited to its structure, the basis of which is the idea of transferring knowledge from one company to another. Thus, the training started with a group of 10 employees from various departments of the company, who, through extensive training on the ISO 26000 standard, helped to organize trainings for other employees of the company, elaborating a training program and training materials as well as overseeing the effectiveness of the project.

The next step of the company was the acquisition of monitoring tools and software, which helped to identify the shortcomings and draw up a map of actions to correct them. The key tool of evaluation is the GRI key performance indicator (KPI), which simplifies data collection when compiling CSR reports. It took almost a year to prepare for the initial audit. On the last working day of 2012 year "VivaCell-MTS" announced that it has suc-

cessfully integrated ISO 26000's recommendations into the organization's strategy. The ISO 26000 standard has been reviewed and approved by the auditor. In terms of VivaCell-MTS, the ISO 26000 standard helps the company develop a comprehensive CSR strategy, practically applying theoretical approaches and best practices (Corporate Social Responsibility: A Guide for Armenian Companies 2016, p. 51). The story of Vivacell-MTS on its CSR road is very interesting and inspiring for other companies in Armenia for taking CSR activities especially in local communities.

Besides the above mentioned example regarding to ViviaCell-MTS, we will bellow bring some other examples on CSR activities in Armenia. The next one is the cooperation between "Ashtarak Kat" and farmers. Ashtarak-Kat, one of the largest dairy producers in Armenia, has already understood the importance of the problems of the villagers as a factor influencing "outside". In the beginning, lack of trust among farmers was a problem for the company. The farmers, cooperating with their new counterparts, were not sure whether the milk payments would be timely or not. The second important issue was a small amount of milk. The average number of cows in the farms was 2-3 chapters and, as a result, the number of milk was low. The question arose about expediency of continuing milk production, as the company had a long-term goal of promoting the development of border villages by establishing storage points at border distances (120-180 km) away from processing plants. The company gradually gained farmers' trust and problems were gradually solved. Payments for milk were regularly and timely. It was also important to note that the entire process of harvesting was transparent, and providers could at any time see the fat and weight gained by the person.

Farmers understood that Ashtarak-Kat had acquired a reliable partner, gradually increasing the number of cows, and 2-3 years after the start of cooperation, the average livestock farms in the communities cooperating with the company reached 5-6. Farmers were mostly in poor condition. The cattle-breeder needed repair, the level of mechanization was too low, and the sanitary condition was insufficient. At the start of the collaboration, a great deal of work has been done by the company's staff to improve the sanitary conditions of farms. Collaborating with many foreign companies, the company has been able to provide some of the farmers with milk aggregates, and the shipping centers through milk cooling systems. The payment for the aggregates was unexpected and was realized at the expense of the milk provided by the farmer to the "Ashtarak Kat". It has contributed to the improvement of milk quality and the development of farms. Over the years, the number of

communities collaborating with the company has grown and geography has expanded. At present 6000 farmers of 300 communities of 9 regions of the republic cooperate with the company (Corporate Social Responsibility: A Guide for Armenian Companies 2016, p. 25). We brought in general as example to those companies that act in Armenia as CSR action takers companies and as we see in Armenia there are many directions and perfect opportunities for companies firstly, to be more famous to our society and the second and most important, to bring a big contribution to our environment as well as economic and social development. Talking especially about rural communities we see the examples of above mentioned companies which with their CSR initiatives has developed right the rural companies. Our research has shown that of course in Armenia it was/is kind of difficult to build CSR activities as at the beginning it is difficult to settle trustable relationships between interested parts but the experience shows that it is possible.

2.2 The features and the role of CSR in Lusashogh rural community

In this subchapter our main purpose is to understand the very specific features of CSR in especially rural communities as we are going to bring a special case study. Our case is going to be an Armenian rural community in Ararat region with the name Lusashogh. We will discuss especially about CSR activities taken by small and medium entrepreneurs as in rural communities (in our case especially in Lusashogh) there are no big companies and corporations. But thinking about the very importance of CSR activities in small communities we are going to make a suggestion how improve the CSR in that kind of communities. For our aim firstly, we will bring some foreign examples related to the fact how in general CSR is affecting in small communities and that will help us to create our concept of community development. We will outline features of CSR in case of SMEs and for that also we will bring some examples and then create ours.

Despite the fact that the word "corporate" is part of the CSR term, responsible business is also referred to small and medium-sized enterprises (SMEs). True, the historical development of CSR has started with corporations, as a result of which the word "corporate" has become part of the term and continues to be used, but even the smallest companies have to do in these areas. This is especially emphasized in the ISO 26000 international standard, for which it is simply a guide to social responsibility so that it can be used in the

context of small businesses (Corporate Social Responsibility: A Guide for Armenian Companies 2016, p.39).

Regarding to the CSR activities and SMEs connection then some authors mention that the road to the development of a comprehensive theory of SMEs' approach to CSR and of the role of CSR in SMEs' strategy is still long. In particular, two important, entwined issues have received explicit call for further development: the analysis of the nature of the relationship between CSR and strategy in SMEs and the presentation of guidelines and best practices of enclosure of CSR in SME strategy. It seems particularly dangerous and counter-productive to transpose the principles of CSR for multinational corporations (MNCs) to SMEs. First, in SMEs, the CEO's commitment is crucial to starting or boosting CSR practices.

In particular, their values will significantly influence the CSR policies. SMEs are also more powerfully impacted by their local embeddedness than MNCs. Their insertion within a large supply chain will be fundamental for driving their CSR initiatives. In this regard, the partnerships (horizontal or vertical) developed with local actors may be fundamental to attract resources and talent and to stimulate innovation. SMEs also have a specific type of human resources management. Although these companies often invest in social capital, they don't always express this initiative through a formalized CSR policy. Last, as SMEs have limited resources (e.g. time, money, human capital), they are also more dependent on their partners and local public actors/governments to support their CSR actions (Laguir, Laguir and Elbaz, 2015, pp. 2-3). According to Lamberti and Noci (2012) evidence suggests that SMEs are generally aware of their social and environmental responsibilities but also that they hardly include their CSR agenda in their business strategy, the entrepreneurs being mainly motivated by personal moral convictions when approaching CSR (Lamberti and Noci, 2012, p.403).

Lmaberti and Noci (2012) also find SMEs' approach to CSR emerges as strongly linked to the concept of interactive social control, where stakeholders set standards and SMEs dialogue with the community to meet them. The interactive connotation of SMEs' CSR suggested moving the focus from the stakeholder theory characterizing the analysis of CSR in large firms to the theory of social capital (Lamberti and Noci, 2012, p.404).
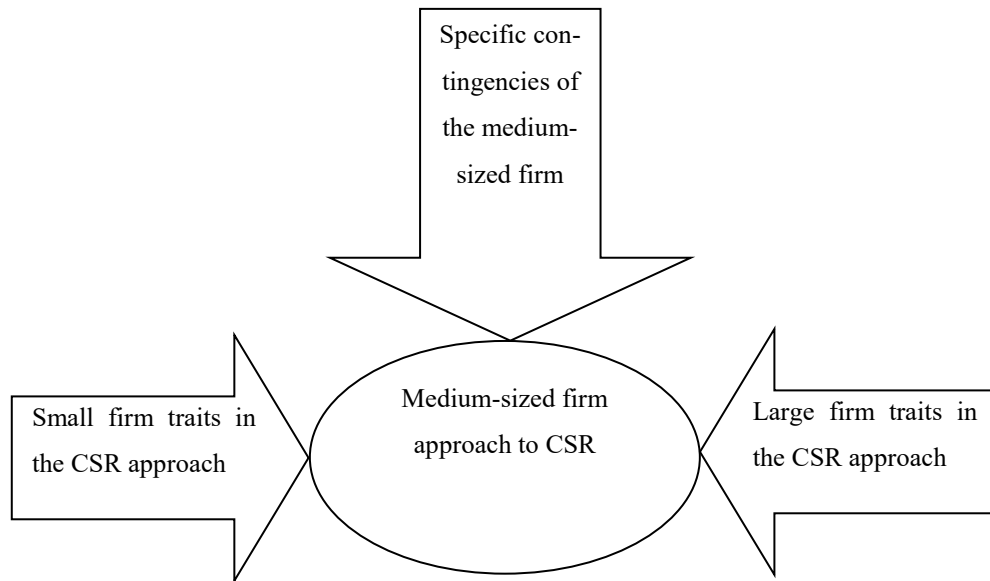
Figure 2: Medium-sized Firm Approach to Corporate Social Sesponsibility (CSR) As a Mix of Small and Large Approaches and Contingencies (Own interpretation)

Lmaberti and Noci (2012) come to the conclusion that medium sized companies seem to represent a self-standing size class of companies in terms of their approach to CSR. A class synthesizing elements of the small and the large firms' approach, but apparently, according to the scarce evidence generated so far by the literature, going beyond a simple juxtaposition, and presenting a mix of traits balanced according to specific contingencies case, growth; in our case internationalization and search for efficiency) (Figure 1). The study of the mechanisms through which this balance happens would benefit the research community and policy makers alike by providing a suitable framework for a greater incorporation of CSR strategies into corporate strategies in middle-sized firms (Lamberti and Noci, 2012, p.413).

Pro-active policies and practices towards gender mainstreaming becoming a part and parcel of new systems of societal governance which has been emphasizing more socialized market drivers may open up the opportunity for women. Empowering women and promoting their entrepreneurial spirit is a vital aspect of CSR for business houses like SAIL, Tata Group, HUL, Vedanta, Hindalco, Jindal and banks like ICICI and much more (Acharya and Patnaik, 2017, pp. 8-9). Study evidence shows that companies are working in joint collaboration with Self Help Groups (SHGs) and women's organizations to address gender issues and seeking active engagement of women in the community development

programme such as livelihood promotion, skill and capacity building programme, maternal and child health issues, right to information, entitlement and representation and so on. Women empowerment as one of RSP's core CSR activities since development and empowerment of women has been seen is ultimately imperative for the inclusive growth of the nation. Hence, it is imperative to study the relation between women empowerment and its influence on corporate CD imperative. (Acharya and Patnaik, 2017, pp. 8-9).

The Indian CSR context has changed in the last few years: there is now a requirement for corporate firms to devote 2% of their net profit to social impact. The stake is particularly crucial for extractive and manufacturing companies, as community engagement and development is essential to gain their social license to operate. Through the cases of Ambuja Cements and other Indian companies, authors present the four key factors of success of such strategies: co-creation, sustainability, local teams and long-term investment (Sridhar Murthy, RaoMohan 2016, p.61). Key factors have to be kept in mind by companies that are willing to launch a community engagement strategy. As a matter of fact, for a company that has already gained some local license to operate, a wrong step can mean going back to starting point again, and lose all legitimacy that it struggled to conquer. According to Sridhar Murthy, RaoMohan they identified four key aspects that a company should keep in mind when launching local CSR programs:

• Sustainability

• Co-creation

• Local team

• Long-term investment

For sustainability they say ensuring that a CSR initiative is sustainable is primarily achieved by developing a healthy relationship with local communities and working with them as partners. Rather than treating them like beneficiaries and mere receptacle of corporate donations, the company should work on teaming up with the community, and other local stakeholders like the Government, rural entrepreneurs, etc. to create winning collaborations that can sustain over the long-term (Sridhar Murthy, RaoMohan 2016, p.63).

Regarding to local team they say having a dedicated on-ground implementing team is an essential feature. A local team, contrary to a corporate one, lies at the interface between the company and the community. By its knowledge of the field, it can easily avoid mistakes and it can re-orientate the strategy as soon as difficulties or blockages emerge. In addition, its proximity with the community is the guarantee of continuous corporate/ com-

munity dialogue and personal engagement of team members in initiatives that affect their own community(Sridhar Murthy, RaoMohan 2016, p.63). A broader view of the corporate–community relationship, which takes account of the wide range of individuals and groups that form the community, also highlights the way in which community development activities are always embedded in power relationships. These power relationships extend beyond the (unequal and) dualistic relationship between the company and community and include the diverse range of political, cultural, and social power relationships within communities. Indeed, although many studies rightly focus on the power held by the corporation, a broader focus draws attention to the way in which outcomes are negotiated between company and community and the influence community expectations have on the CSR agenda (McLennan and Banks, 2018, p.122). Another example bring Lamberti and Noci which is talking about a furniture company based in Bassano del Grappa (Northeastern Italy); the company asked to be referred to through a pseudonym (Alpha). Nowadays, the Alpha group (composed of four companies operating in Italy, Lithuania, and Madagascar) has some 120 employees and an annual turnover around €18 million. This company was selected in the context of a larger scale research project on the CSR strategies, policies, and actions adopted by SMEs in Northern Italy. Alpha demonstrated an outstanding level of integration of CSR policies in the corporate strategy, and as such, it represented a perfect locus for exploring the role of stakeholders, the balance, and the dynamics between proactive ethics and self-interest, the role of the entrepreneur, as well as the scope and outcomes of the CSR initiatives adopted. Alpha has never particularly promoted its CSR actions among customers and other stakeholders and we were suggested to deepen its case history by the Chamber of Commerce of Bassano del Grappa. The suggestion by a third party and the absence of instrumentalism in the promotion of CSR practices by the company made us more confident in the reliability of the information gathered (Lamberti and Noci, 2012, p.406).   The power held by the company is not absolute and cuts through the interface between the community and the company, which means at times and in places, one party to the relationship has greater ability to shape agendas and outcomes, but this is rarely predetermined or static. Communities are active participants in shaping CCD activities and their outcomes—not simply passive recipients, and agency is continuously negotiated throughout CCD and CSR activities. Indeed, although to date there has been little attention paid to the role played by indigenous actors and institutions in informing the way community development could and should be implemented, the "quest for development is

clearly spearheaded by many communities themselves, particularly by way of 'autonomous' forces 'from below', such as community-led

collective action or social activism" (McLennan and Banks, 2018, p.122).

The next and one of important things in CSR activities for community development we realize the necessary skills needed by CSR Managers in Community Development.

Maimunah Ismail (year) finds that the success of CSR is determined by both internal and external factors. Internal factors are economic considerations, culture of the firm including the CEO and employees, and ethical influences; while external factors are compliance with legal requirements and technological influences as well as national culture. Skills possessed by CSR managers are among the internal factors determining the success of CSR practices especially in helping community. Because CSR profession is so new, transferable skills and knowledge from other related specialization such as environmental management, business ethics, community development, and human resource development are valuable. Specific skills for CSR managers are very hard to clarify due to the diverse roles and range of disciplines involved. However, based on the UK's experience in CSR, three main areas of skills are relevant. They are business skills, people skills and technical skills. Business skills include building insight, communication skills, decision making, commercial awareness, information technology, innovation, strategic awareness, leadership and problem solving. People skills cover adaptability and empathy, developing others in the community, influencing without power, integrity, political awareness, altruism, volunteerism, and adult learning.

Finally, technical skills include technical expertise, understanding evaluation and impacts, stakeholder dialogue, human rights and understanding sustainability. Based on the above skills grouping, CSR managers should have six core competencies. They are understanding community and community development, building capacity, questioning business beyond profit making, stakeholder relations, strategic business and community partnership, and harnessing diversity. Hence, CSR managers have a wide range of career options such as in marketing, human resources, health and safety, environmental management, ethical investment, public relations, ethical science, community resource development and social research (Maimunah 2009, p.207).

Based on the peculiarities of SMEs, from the practical point of view of the development and implementation of CSR programs, unlike the big companies, one can expect the following:

- Mechanisms for decision-making in SMEs are relatively fast. Therefore, it is possible to establish and implement new CSR programs more quickly. It is also advisable to ask stakeholders more often to express an opinion on these programs and to make changes to their observations in a short time. For example, the café can place a small announcement near its sink, which contains information on the company's savings policy for water and paper and urges the customer to take this initiative of the company while washing and drying hands, following a few steps to save water and paper. After placing such an announcement, one can ask customers each day to ask if they have noticed the announcement before they have ever thought about these issues and are ready to support the café's policy.

- Problems that may affect "outside" can have a serious threat to SME growth, but at the same time, companies of this scale cannot have enough resources to fight them. For SMEs, it is much more profitable to cooperate with other companies to look for solutions to these problems, even if the matter is about rivals. For example, one of the primary problems facing emerging startups in Armenia is the lack of qualified and experienced developers in our workstation. In many cases, university programs do not provide the knowledge and skills that can be immediately enrolled in this area of work after graduation (about this we have been talking in our previous subchapters). And without the necessary level of programmers, there is a serious danger of becoming stagnant and uncompetitive in startups. A single solution can be the introduction of an educational / training program developed and implemented jointly by several companies. Because, the caregiver is developing a program that will be based on the requirements of starters and will help companies adjust the knowledge they provide to their specific needs and requirements.

Company employees can share the burden of developing and implementing the software, for example, to use and customize the online programming trainings and run the courses themselves. This solution of the common problem will also help to save everyone's financial and human resources. Thus, SMEs are a vital necessity for staff motivation and dedication to be sustained, which greatly contributes to the participation of CSO staff in the project, which will be more apparent in the case of SMEs. Even the financial results of CSR activities may be more significant for SMEs. Savings in electricity, water, gas, paper, and other sectors can generate a tangible percentage of the monthly budget.

As SMEs usually do not have large quantities and sized units, it is much easier to invest in a comprehensive CSR program and to use it throughout the daily work. Large companies where a CSR usually have a separate unit or workforce are required to provide equal knowledge and participation of all company units on CSR programs. The image in SMEs is different. Each employee is present at the head of the principal / owner.

Unlike large companies, the positive impact of the CSR in many cases is more visible and tangible in the case of SMEs. For example, in SMEs, a whole function is one person's responsibility because there are no big sections. Naturally, leaving a person's job is a bigger problem for a smaller company than a large company, where a few individuals can handle the same function. A company with a model approach to SMEs in SMEs in Armenia can be considered as the "Green Bean" café network in Yerevan. Below are examples of possible participation in the context of cooperation between state bodies, private companies and non-governmental organizations(Corporate Social Responsibility: A Guide for Armenian Companies 2016, p.44).

Governmental bodies	Private companies	Non-governmental organizations
Taking into consideration country's community development program can take the responsibility to implement programs strategic systemizing	Can create workplaces and improve community's economic conditions	Can give an information about community problems
Can help to understand better and implement programs taking into consideration the community needs and features	Can convey their experience in organizing the procurement and value chain management process more effectively	Can assure the big community representatives' participation
In case of necessity can provide an organizational assistance during project implementation	Can participate to infrastructures development projects	Can implement independent and loyal control during the work

Can be as financer or co financer party	Can provide equipment, skilled workers and project managers	Can inspire with trust for the program in local as well as international level
	Can be as financer or co financer party	Can provide equipment, skilled workers and project managers
		Can be as financer or co financer party

Table 4: Possible Participation in the Context of Cooperation Bbetween State Bodies, Private Companies and Non-Governmental Organizations.

As we see above mentioned table 4 if we have a kind of cooperation when all these three parties are involved for community development then it can have a very strong effects. taking into consideration all these factors we consider the very importance to have included all above mentioned parties.

ANALYSIS, AND RESEARCH PROPOSITION

As there was described and brought some examples regarding to CSR activities by SMEs' in communities, now will be made our suggestion for Lusashogh rural community. The population of that community is approximately 550. There is acting 3 small entity. As we said that the community manages itself all incomes and outcomes to its budget, so according to the Armenian law on local self-government sector, the council of village decides itself how much local tax has to pay the entity acting in the village. It is good from our perspective, as we see that community is able to direct its money to own problem solutions. Now let us to describe how and what to do for having effective relationships between those acting small entities, rural municipality and population.

We think that the most effective way to use the taxes paid by those small entities is to solve the prior problems. Lusashogh community has many problems, but the concentration in our case will be on public transport lack. In this village after Soviet Union collapse does not exist any public transport. The village is located 29km far away from the c. Vedi where Lusashogh villagers get all social services. Why do we put this problem solution as a priority? Have been doing a research among Lusashogh villagers we found that the public transport is one of the problems which needs a. According to our research results, 96% of respondents (they are 35% of all households in village) find there is need of public transport.
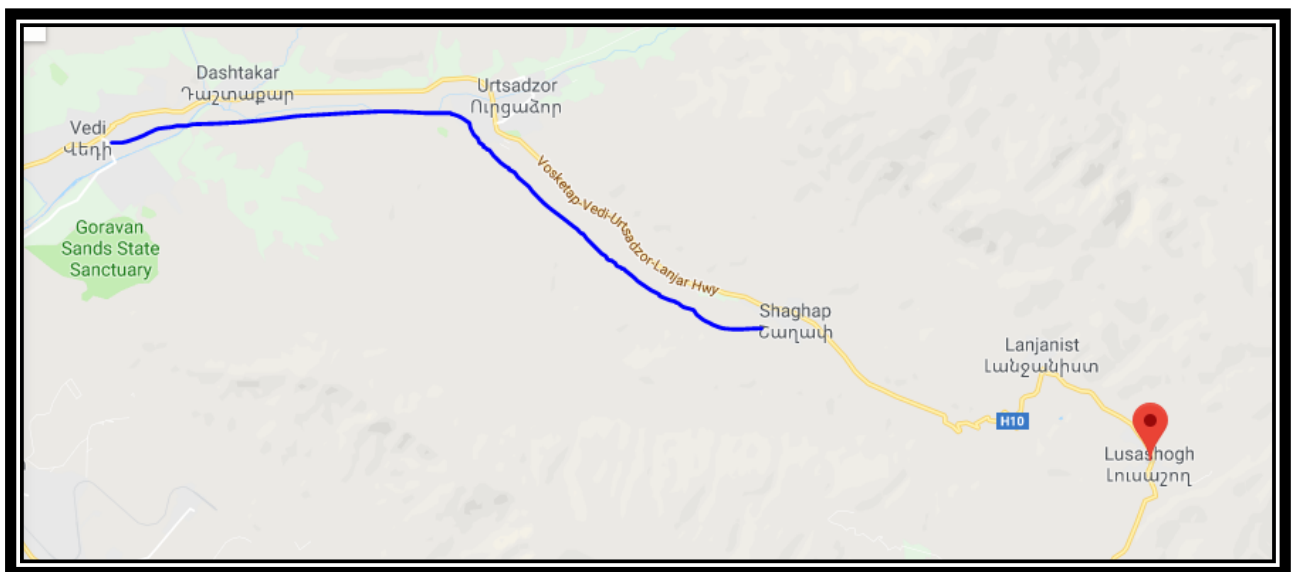

Figure 3: (Google Maps, n.d.)

In this map the blue line shows the existing transport line, so we see that starting from c. Vedi till the village Shaghap the public transport works. Also we see that these villages and the city Vedi are in the same road line. For our additional and important information we have to mention that the whole social services' infrastructures for serving Lusashogh community population (not only Lusashogh but the other villages also are served in Vedi) are placed in the city of Vedi. So from this point of view having the transport from Lusashogh to Vedi is vital for the population as usually people cannot do necessary things in time because of public transport lack (according to the research I have done). We have also to mention that solving the public transport problem we give two additional and very important solutions to the following:

1) Lanjanist (amalgamated community with Urtsadzor) is a very small village and is near to the main road where we plan to have a public transport. So the population of that village will also use the public transport.

2) In both Lusashogh and Lanjaninst villages there are no medical workers because of the lack of professionals/specialists in those villages. As there is no public transport no one from Vedi, Urtsadzor or Shagap is willing or able to work in those villages. So, we will create opportunity for specialists with using the public transport to come and work in those villages. With this we solve one of vital issues also in those communities

According to my collected data we know that the public transport from Vedi to the Village Shaghap has 3 traffic. In the bellow table is seen that those three times are at 08:30 in the morning, at 14:00 pm and at 18:50 pm. Between those times the bus has also additional traffics between Vedi and Urtsadzor.

Vedi	Urtsadzor	Shaghap
(start) 08:00 ➡️	08:15 ➡️	08:30
09:00 ⬅️	08:45 ⬅️	08:30
09:30 ➡️	09:45	
10:05 ⬅️	09:50	
11:30 ➡️	11:45	
12:00 ⬅️	11:45	
13:00 ➡️	13:15 ➡️	13:30
14:30 ⬅️	14:15 ⬅️	14:00
15:00 ➡️	15:15	
15:45 ⬅️	15:15	
16:30 ➡️	16:45	
17:05 ⬅️	16:50	
18:20 ➡️	18:35 ➡️	18:50
(finish) ⬅️	19:05 ⬅️	

Table 5: Transport timetable from Vedi to Shaghap (Own construction)

Therefore, considering this problem and with all our this paper work this investigation found that CSR activities can be taken by companies for the purpose to solve the community problems, this study shows that the small entities acting in Lusashogh can contribute to the solution of this problem. We suggest the following: the council of Lusashogh municipality accepts a decision which directs all those taxes and other payments made by those entities to the public transport investment. According to my research it is found that population's willing to pay for one direction from Vedi to Lusashogh in average is 400-500 AMD (which is ≈0.85 euro). So for two directions it will be ≈1.7 euro.

According to the information given from the Ministry of Transport, Communication and Information Technologies from Shaghap to Lusashogh and for coming back (two directions included) all transportation costs are 4000 AMD (≈7 euro) including depreciation. And as we plan to extend the traffic from Shaghap to Lusashogh (bellow please find the table of extended traffic) and to have two traffic during each day (at 07:30 and 13:00,

which shows that transport will not stop in Shaghap, but will continue its way to Lusashogh at mentioned times) we can count our costs per day which is 2*7=14 euro.

Vedi	Urtsadzor	Shaghap	Lusashogh (including Lanjanist)
(start) 08:00/07:30	→ 07:45	→ 08:30/08:00	08:15 →
09:00	← 08:45	← 08:30	← 08:15
09:30	→ 09:45		
10:05	← 09:50		
11:30	→ 11:45		
12:00	← 11:45		
13:00	→ 13:15	→ 13:30	→ 13:45
14:30	← 14:15	← 14:00	← 13:45
15:00	→ 15:15		
15:30	← 15:15		
16:30	→ 16:45		
17:05	← 16:50		
18:20	→ 18:35	18:50 →	
(finish)	←	←	

Table 6: Timetable of transport from Vedi to Lusashogh (Own construction)

We plan to cover all costs only by the money which is gained from the taxs paid by small enteties acting in Lusashogh. After some period of time these small companies finish their support to the transportation costs, we think the transport will continue to work as the population already will surely know that there is no need to ask someone or to stay on the road to wait for an accidental transport for going Vedi which serves for villagers as a service provider center from all points of view (food markets, shops, banks, hospitals, connection to other cities, villages', police and so on). So, with our suggestion we see the very practical example how small entities by taking CSR activities are involved for the solving community's problems. This can be called real responsibility.

CONCLUSION

Last but not the least, this thesis, represented the CSR's role on local self-government sector, particularly CSR role in Lusashogh rural community in the Republic of Armenia. Summarizing the main findings of the study, according to the research objective and problems set out in the introductory part of the study, this study came to the following conclusions:

- CSR components and features depending on the country, society and companies can be different. CSR activities are different also when it refers to small and medium entrepreneurs as well as to communities. Even if there is no generally accepted rules or regulations, CSR activities have big and important effect on the environment development.

  CSR in generally is kind of an effective tool for all stakeholders, companies, societies and other interested parties. It can be concluded that not seriously taking CSR from companies can bring not good results for all interested parties among them: society, environment, economics of country etc. CSR can be seen as one of good development tools.

- In the local self-government sector CSR role can be very usfull and differenet. As in local self-governmental bodies problems are different and the direction of problems and the ways of solutions are different, accordingly CSR activities ay and should be different. There cannot be used only one approach of CSR. Local communities really need that companies take CSR activities otherwise after some period of time the big gap will be found between those acting business (doesn't matter whether those companies are big, medium or small) and the society will not be loyal to them and companies should understand that CSR activities is also good for themselves as well as for community development.

- In case of Armenian companies CSR activities there are many directions and perfect opportunities for companies firstly, to be more famous to Armenian society and the second and most important, to bring a big contribution to our environment as well as economic and social development. Talking especially about rural communities it can be said that CSR initiatives can ensure the community development. In Armenia it was/is kind of difficult to build CSR activities as at the beginning it is difficult to settle trustable relationships between interested parts but the experience shows that it is possible.

- In Lusashogh rural community till this moment there is no any CSR activity taken. In case small entities acting in Lusashogh take CSR actions, Lusashogh rurual community problems can be solved more effectively and rapidly. Considering small income of small entities in Lusashigh it can be organized in the way that all money gained from these entities are directed only to the solution of specific problem. In our study the first and important problem in case of Lusashogh was transport lack, so immediately after the solution of that problem the small entities can start the solution of other problems. Step by step taking CSR initiatives and implementing in Lusashogh it can have minimum these two effects:

  - Small entities acting in Lusashogh will be more responsible to their community and society,
  - The rural population will have an opportunity to get all necessary services on time,
  - The trust and believe society and those small entities will grow which will bring other sides positive effects.

BIBLIOGRAPHY

DEAN, P. and AMES, M. (2016). Corporate Social Responsibility. *The Blackwell Encyclopedia of Sociology*, pp.1-3.

DOBERS, P. (2009). Corporate social responsibility: management and methods. *Corporate Social Responsibility and Environmental Management*, 16(4), pp.185-191.

DOLAN, C., Gilberthorpe, E. and Rajak, D. (2018). Corporate Social Responsibility. *The International Encyclopedia of Anthropology*, pp.1-6.

Jamali, D. and Karam, C. (2016). Corporate Social Responsibility in Developing Countries as an Emerging Field of Study. *International Journal of Management Reviews*, 20(1), pp.32-61.

Kim, Y., Kim, Y. and Kim, H. (2017). Corporate Social Responsibility and Internal Control Effectiveness. *Asia-Pacific Journal of Financial Studies*, 46(2), pp.341-372.

Lindgreen, A. and Swaen, V. (2010). Corporate Social Responsibility. *International Journal of Management Reviews*, 12(1), pp.1-7.

McLennan, S. and Banks, G. (2018). Reversing the lens: Why corporate social responsibility is not community development. *Corporate Social Responsibility and Environmental Management*, 26(1), pp.117-126.

Moon, J. (2007). The contribution of corporate social responsibility to sustainable development. *Sustainable Development*, 15(5), pp.296-306.

Park, E. and Kim, K. (2018). What drives "customer loyalty"? The role of corporate social responsibility. *Sustainable Development*.

ACHARYA, JYOTIRMAYEE and PATNAIK, S. N., 2017, Corporate social responsibility in community development and sustainability: Rourkela Steel Plant, a unit of SAIL, India. *Asian Journal of Business Ethics*. 2017. Vol. 7, no. 1, p. 53-79. DOI 10.1007/s13520-017-0079-5. Springer Nature

HOQUE, NAZAMUL, RAHMAN, ABDUL RAHIM ABDUL, MOLLA, RAFIQUL ISLAM, NOMAN, ABU HANIFA MD. and BHUIYAN, MOHAMMAD ZAHID HOSSAIN, 2018, Is corporate social responsibility pursuing pristine business goals for sustainable development?. *Corporate Social Responsibility and Environmental Management*. 2018. Vol. 25, no. 6, p. 1130-1142. DOI 10.1002/csr.1527. Wiley

MAIMUNAH, ISMAIL, 2009, Corporate Social Responsibility And Its ROLE IN Community Development: An International Perspective. *International Social Research*. 2009. Vol. 2, no. 9.

MUIR, SAMANTHA, 2015, Top 5 benefits of Corporate Social Responsibility. *Cube Group*[online]. 2015. [Accessed 31 March 2019]. Available from: http://cubegroup.com.au/top-5-benefits-of-corporate-social-responsibility/

SCOTT, HELEN, 2019, *Local Government Guide to Fostering Corporate Responsibility*. RMIT University : Centre for Urban Research.

SRIDHAR MURTHY, SRIKRISHNA, RAO, SANJEEV and MOHAN, AARTI, 2016, Developing Communities around Factories through Strategic CSR : A Critical Step towards Shared Value in India. *Field Actions Science Reports, The journal of field actions* [online]. 2016. [Accessed 31 March 2019]. Available from: http://factsreports.org

STEURER, REINHARD, 2010, *The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe*. Universität für Bodenkultur Wien.

Why is it important to implement social responsibility towards local communities?, [no date]. *RESPONSE learning space* [online].Accessed on ……put the date

Corporate Social Responsibility, [no date]. *VivaCell-MTS* [online],

Corporate Social Responsibility: A Guide for Armenian Companies, 2016. *OSCD Yerevan office, BSC center*,

ISO 26000-an introduction, [no date]. *ISO 26000* [online],

RA Constitution, 2015. , Referendum.

RA law on local government, 2002. , Yerevan : RA Parliament.

SEFERIAN, NAZARETH, 2017, How Responsible Business Can Drive Armenia's Development. *EVN report* [online]. 2017. [Accessed 31 March 2019]. Available from: https://www.evnreport.com/economy/how-responsible-business-can-drive-armenia-s-development

Acharya, J. and Patnaik, S. (2017). Corporate social responsibility in community development and sustainability: Rourkela Steel Plant, a unit of SAIL, India. *Asian Journal of Business Ethics*, 7(1), pp.53-79.

Laguir, I., Laguir, L. and Elbaz, J. (2015). Are Family Small- and Medium-Sized Enterprises More Socially Responsible Than Nonfamily Small- and Medium-Sized Enterprises?. *Corporate Social Responsibility and Environmental Management*, 23(6), pp.386-398.

Lamberti, L. and Noci, G. (2012). The relationship between CSR and corporate strategy in medium-sized companies: evidence from Italy. *Business Ethics: A European Review*, 21(4), pp.402-416.

Google Maps. (n.d.). *Vedi-Lusashogh road*. [online] Available at: https://www.google.com/maps/@39.8601424,44.9621057,15z [Accessed on 12 April 2019].

LIST OF ABBREVIATIONS

CSR   corporate social responsibility

SRI   socially responsible investing

NGO   nongovernmental organization

ECOSOC   Economic And Social Council

UNCTC   UN Commission On Transnational Corporations

WBCSD   The World Business Council For Sustainable Development

CCD   Corporate Community Development

EUAs   Environmental Upgrade Agreements

TOT   Transfer Of Technology

SFSB   Syarikat Faiza Sendirian Berhad

EU   European Union

SBP   Sustainable Business Practices

AMD   Armenian Dram

KPI   Key Performance Indicator

SME   Small and Medium Entrepreneurs

LIST OF TABLES AND FIGURES