

**Corporate social responsibility (CSR) in the Russian banking sector: Through an institutional lens.**

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### **ABSTRACT**

Knowledge on how Russian companies perceive and practice corporate social responsibility (CSR) is limited. The objective of this study is to fill this gap and analyse how the institutional environment in the country determines CSR practices and motivations of Russian financial organisations.

The project employs institutional perspectives as the primary lens through which CSR is observed in the Russian context, arguing that such approach allows grasping a wide range of factors that may influence CSR processes in a given environment. In particular, the thesis strives to understand what forms CSR in Russia takes, what drives and motivates organisations to engage in socially responsible behaviour, and what institutional factors have their say in shaping these processes.

To answer these questions the study examines the construction of meanings across fourteen Russian banks. In particular, it applies qualitative methods to analyse publicly available information on CSR, such as CSR reports, annual reports, and website sections. Findings explain that the understanding and practice of CSR in Russia is determined by the country's institutional environment and unique history, which assumes organisations to contribute to social development. However, the project also addresses to 'crossvergence' of CSR in Russia, meaning that responsible practices in this framework are not exclusively shaped by the national context, but also by global processes and practices.

**KEYWORDS:** Banking, Corporate social responsibility (CSR), Emerging market, Institutional theory, Russia.

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## 1. Introduction

The negative consequences of globalisation such as social inequality, gap in incomes and the emergence of global environmental issues have called for protection against these changes and for organisations to take on responsibilities toward societies in which they operate (Muthuri & Gilbert, 2011). In recent years, corporate social responsibility (CSR) has become an important conceptual and practical issue in the West (Kuznetsov, Kuznetsova, & Warren, 2009).

Academic scholarship on CSR has grown exponentially in the last few decades (Aguinis & Glavas, 2012). Simultaneously, there is a growing recognition that meanings and understandings of CSR are contextual (Brammer, Jackson, & Matten, 2012) and CSR practices cannot be understood apart from the institutional environments in which businesses operate (Jackson & Apostolakou, 2010). Indeed, institutional theory, with its long tradition in social science (Scott, 2001), has become a useful theoretical lens for exploring the impact of the institutional environments on the CSR decisions of firms (Campbell, 2007), and for understanding why corporations across different national contexts act in a socially responsible manner (Hadfield-Hill, 2014). Institutional theory presumes that firms are influenced by institutional settings that they operate within (Marquis, Glynn, & Davis, 2007). According to Scott (2001) three main aspects, namely, regulative, normative and cognitive, determine a specific institutional setting.

Guided by the growing importance of CSR beyond western contexts and to account for localized manifestations of CSR, this study employs an institutional lens to examine CSR motivations and practices among financial organizations in Russia.

Research on emerging markets (e.g., Brazil, India, China, Russia, Indonesia) offers a rich site of investigation as there is yet a limited understanding of the challenges and opportunities that corporations face in this context (Marquis & Raynard, 2015). Although “BRIC” (Brazil, Russia, India and China) countries have been in the spotlight of the discussion on emerging markets, CSR research is not equally distributed across these nations (Fifka & Pobizhan, 2014). For example, a respective amount of research has been done on CSR in India (e.g. Chapple & Moon, 2005; Chaudhri & Wang, 2007; Kanchan, 2010; Sahay, 2004) and China (Kolk, Hong, & van Dolen, 2010; Liu & Anbumozhi, 2009; Zeng, Xu, Dong, & Tam, 2010), Brazil has been examined already less (Duarte, 2010; Young, 2004) and Russia has been researched occasionally (Fifka & Pobizhan, 2014). However, this gap has to be addressed since CSR is becoming an important factor in the Russian business environment (Kuznetsov et al., 2009). Even though economic liberalization is rather a slow process in the country, its progressiveness shifts responsibility from the government to the private economy (Alon, Lattemann, Fetscherin, &

Schneider, 2010; Preuss & Barkemeyer, 2011). Furthermore, as CSR becomes a well-recognized global business practice, Russian organizations need to actively understand and engage with CSR (Kuznetsov et al., 2009).

As previously stated, the primary aim of this research is to investigate CSR engagement among Russian financial corporations to extend our knowledge and understanding of responsibility in this specific context. Socially responsible banking is becoming a well-established notion in the financial industry (Scholtens, 2009). Financial institutions are realising the need to invest in the establishment of responsible business (Sholtens, 2009) and the necessity to take into account a broader range of stakeholders, especially after the major banking upheaval in 2008 (Hadfield-Hill, 2014). Given the importance of banking sector in contributing to the economic development of a country and national growth, investigating CSR practices of the industry's key players is therefore principal at this time (Levine, 2005). Moreover, given the global interest in financial responsibility (Hadfield-Hill, 2014), researching banking industry on CSR makes it a relevant study.

The overarching research goal of this thesis is to examine how the institutional environment in Russia is influencing and shaping CSR meanings and practices of the financial sector in the country. Specifically, the thesis asks:

*RQ1: In what forms of CSR activities do Russian banks engage?*

*RQ2: How do Russian banks frame their motivation to engage in CSR?*

*RQ3: What institutional (f)actors do Russian banks address in their CSR strategy (approach)?*

Answer to the first research question allows this study to understand what CSR means for the Russian financial organisations, in what forms their responsible behaviour is constructed. The second question, in turn, further guides our understanding of CSR practices in Russia by revealing motives, which stand behind the forms of responsible behaviour. And finally, the last research question puts the findings in the broader context of institutional setting that has its influence both on the forms and motivations for CSR.

Establishing the relevance of this study it should be highlighted that examination of emerging markets opens new opportunities for a research. It not only allows testing already existing theories, but also developing new ones (Jamali, 2014). Moreover, exploring emerging markets through an institutional lens helps tracking economic and social changes, which are not widely understood in this context (Jamali, 2014). Localising and contextualising understandings of such a universal phenomenon as CSR contributes to the development of global scholarship on this issue outside the western paradigm. Diverse views on CSR are necessary to maintain

conversation around this subject and understand the ways businesses are conducted across the globe.

As stated before, behaviour of financial firms contributes to the growth of a nation (Levine, 2005). This means that understanding the way financial institutions assume corporate responsibility can contribute to the society's sense making of that enterprise behaviour. Thus, societal relevance of this study lies within its attempt to explain organisational practices through the consideration of political, social and economic system of a country (Hoskisson, Eden, Lau, & Wright, 2000).

Drawing upon institutional theory as the central concept for CSR research, I argue that such approach contributes to this study on several levels. Firstly, it helps grasping what CSR presumes in various institutional settings, therefore creating different definitions of CSR across the contexts. Secondly, it provides more insights into normative questions, such as what types of institutions create efficient business environment. As such, rather than viewing CSR only as a voluntary activity, institutional perspectives place CSR in a wider context of different market conditions and state regulations (Brammer et al., 2012). And finally, taken that institutional framework is not limited by formal institutions, such as laws or business associations, but accounts for informal institutions, such as religion or traditions (Brammer et al., 2012), it allows this research to grasp a wide range of factors that may influence CSR processes in Russia.

In order to construct the understanding of CSR in the Russian context, the thesis is organised in the following manner. The section on theory and previous research presents CSR framework relevant for this study and research questions at hand. Firstly, conceptual background on CSR enables to 'map the territory' of this research and understand its central concepts. As such, I start by outlining CSR definitions and meanings, and arguing for contextual embeddedness of this phenomenon and limited possibility for it to be understood from a single perspective. Then, proceeding from the diversity of meanings I comprise relevant forms of socially responsible behaviour. This step enables to establish connection between the existing theoretical conceptualisations and practical manifestations of CSR forms in the Russian context. I conclude conceptual background on CSR by putting this concept in the context of existing theories and models. Secondly, I proceed with landscaping organisational motives for CSR engagement, arguing for the necessity to balance micro-macro levels of CSR research. Concluding theoretical framework I establish relevance of institutional perspectives on studying CSR meanings across contexts. Thirdly, I explain specific methodological choices and procedures that guided this study, and finally, present findings on established research questions, rounding of with an overarching conclusion.

## 2. Theory and previous research

### 2.1. Conceptual background on CSR

#### 2.1.1. CSR meanings

CSR as a prominent area of research established itself in the recent decades. Despite a wide range of academic works written on this subject, there is limited agreement on what it actually means (Jackson & Apostolakou, 2010). Besides a large scope of related to CSR terminologies, such as corporate citizenship, corporate social performance, business ethics, stakeholder management, etc. (Waddock, 2004), responsible behaviour also covers a reach spectrum of initiatives, starting from construction of quality products to engagement in environmental or community development. Carroll (1999) states that Votaw best articulates this concern by expressing that social responsibility ‘means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of “responsible for,” in a causal mode; [...]’ (p.280).

CSR has a long history, which evolved with the development of businesses and coincided postulations that businesses have to meet emerging needs of society (Jamali, 2007). One of the earliest definitions of CSR was given by Bowen in 1953, who raised the question on possible responsibilities that businessmen may be reasonably expected to assume (Rahman, 2011). His definition refers to *obligations* of businessmen to pursue those policies and make those decisions that are desirable in terms of values of our society (Rahman, 2011). Bowen argued that freedom of economic decisions could not be justified unless it demonstrated greater societal benefits (Rahman, 2011). Later debate on CSR put a question whether corporate actions should be understood from wholly philanthropic approach. Friedman (1970), for instance, argued that overall aim of business is to generate profit for shareholders, outlining that CSR can only be conceived if considered within the realm of profit (Friedman, 1970). In an effort to allude various definitions and take into account different responsibilities, Carroll (1979) suggested that social responsibility of businesses should include economic, legal, ethical, and discretionary dimensions. Later on, however, he replaced discretionary component with philanthropic and placed these four features in a pyramid-like structure (Carroll, 1991). Putting economic responsibility at the base of the pyramid, Carroll argues that this dimension constitutes a major element of CSR, because businesses have to stay viable and profitable at first place in order to consider practicing other areas of CSR. Economic responsibility is followed by legal component, which entails that organisations should operate according to the laws and regulation. Next, Carroll puts ethical responsibility, which presumes that firms need to do their business in



accordance with ethical expectations, such as avoiding harm or discrimination. And lastly, at the top of the pyramid are philanthropic responsibilities, which may include variety of activities, such as charities, orphanages, or addressing environmental concerns. This pyramid, however, as argued by scholars (e.g. Visser, 2008) conceives rather Western perspective, meaning that it may not be well suited for other country contexts. Visser (2008) reorganised Carroll's pyramid for developing markets, arguing that while economic responsibility should be attributed first place, the second obligation should be philanthropic responsibility, followed by legal and ethical concerns. The reason for prioritising philanthropy comes with the need to tackle contextual problems in non-developed countries, such as poverty or unemployment.

At this point it becomes clear that corporate social responsibility not only varies in meanings that have been evolving throughout the time, but also has different activity-related priorities in different contexts. What it actually means to be socially responsible, and how responsible behaviour might manifest itself are the questions debated by scholars and practitioners.

To grasp a wide range of possible meanings Dahlsrud (2008) conducted a study on thirty-seven CSR definitions and explained that CSR is often defined along five dimensions: economic, social and environmental value creation, stakeholder relations and voluntariness (Dahlsrud, 2008). The first three dimensions are often referred to as the Triple P/ bottom line (TBL): Profit, People and Planet (Elkington, 1998). 'Profit' refers to creation of value through goods and services, employment and sources of income; 'people' refer to social dimension, which includes various aspects such as human rights, education, health, etc., and, finally, 'planet' is the environmental dimension, which deals with business effects on the natural environment. The fourth element of CSR that is mentioned – stakeholder relations – encompasses companies' clarity about their purposes and maintains a balance between some conflicting interest and power of stakeholders, such as shareholders, customers, employees, business partners, the government, etc. (Dahlsrud, 2008). And the fifth – voluntariness – dimension implies actions, which go beyond behaviour regulated by the law (Dahlsrud, 2008). Specific manifestations of these elements, however, may vary within diverse institutional environments. Supporting this point of view, scholars (e.g. Brammer et al., 2012; Graafland & Zhang, 2014) argue that CSR should be seen through a wider field of institutional surroundings. For instance, a common understanding of CSR as a situation in which an organisation goes beyond compliance with the law and takes actions to benefit society and the environment (Carroll, 1979; Davis, 1973; McWilliams, Siegel, & Wright, 2006) may have distinct implications in diverse contexts. This definition, on one side, providing with the understanding from where organisations take the motivation to practice CSR – functioning according to the desirable *values and beliefs* in a given society (Suchman, 1995) –

would not completely fit within contexts similar to the Russian. This comes with the fact that in transition economies the rule of law is weak and CSR falls within the minimum norm of behaviour, meaning that it is hard to identify the line between the law and altruistic actions (Kuznetsov et al., 2009). Thus, the point addressed already in early scholarship that CSR means something but not the same thing to everybody seems to fairly represent the reality – which is also manifested in the need for CSR to be understood contextually. Indeed, as argued by Brammer et al. (2012) a universally valid definition of CSR is not even desirable, since ‘rather than being the generic label for a particular field of corporate action, CSR may become a more limited label for a particular form of business-society interaction.’ (p. 21).

### 2.1.3. Forms of CSR

Diverse and non-unitary meanings constructed around CSR concept result in variety of forms that CSR might take. Even though CSR debate offers a broad range of responsibilities that companies may consider, there seems to be a prevailing consensus that economic, environmental and social concerns are critical dimensions of CSR (Jamali, 2006). Detailed analysis of possible CSR forms identified that employee and customer relations also establish prominent areas of socially responsible behaviour among different organisations. In order to explain how each of these forms may be manifest and constructed, I combined relevant academic research and organised it in the following table (Table 1):

**Table I. Possible forms of CSR**

<b>Economic concerns</b>	
<b><i>Organisational level</i></b>	On the organisational level companies manage their financial viability. They may focus on such concerns as reducing the costs of doing business, attracting investors, or address to the issues of product and process innovation (Jamali, 2006; Graafland & Zhang, 2014). In addition, organisations may manage their shareholder and investor relations, for instance, establish fair and honest relationship with financial community or protect shareholder rights (Jamali, 2008).
<b><i>National level</i></b>	On the national level economic issues can be aimed at developing country’s economy, such as attracting investors, developing important economic spheres and industries, and contributing to overall sustainable economic development of the nation (Jamali, 2006).
<b>Environmental concerns</b>	
<b><i>Resource efficiency</i></b>	Issues on resource efficiency can include various aspects, such as energy

	saving and recycle economy. Energy saving may include such features as making use of renewable energy, or economic use of stationary and other office materials (Gao, 2011; Krasodomska, 2015). Recycle economy takes care of waste segregation, recycling of computer hardware or papers (Gao, 2011; Krasodomska, 2015).
<b><i>Reducing environmental impact</i></b>	In order to reduce negative environmental consequences organisations can take actions aimed at minimising or controlling pollution (eco-friendly furniture and cars). Moreover, organisations may practice responsible investment, support environmental initiatives or events that promote ecology (Gao, 2011; Krasodomska, 2015; Lindgreen, Swaen, & Campbell, 2010).
<b>Social concerns</b>	
<b><i>Community and society</i></b>	Social concerns may include aspects such as improving financial literacy of the population, providing vocational trainings, supporting small and medium sized businesses (SMEs), contributing to employment and job creation, providing access to capital, developing social infrastructure, etc. Apart from that, issues of public health can be addressed, implemented in a form of donations to hospitals and sanitations. Social concerns can be further developed through support for socially vulnerable groups, support for education, sports, culture and arts (Gao, 2011; Krasodomska, 2015; Muthuri, Moon, & Idemudia, 2012).
<b>Employee relations</b>	
<b><i>Compliance</i></b>	In relation to their employees, organisations can report compliance with labour laws and human rights, and implement internal employee policies (Gao, 2011; Graafland & Zhang, 2014).
<b><i>Employee benefits</i></b>	Employee benefits may include internal welfare systems, such as providing staff with healthcare insurance, support employee families, pay employee holidays (Gao, 2011; Krasodomska, 2015; Jamali, 2006). Moreover, personnel benefits can be provided in a form of remuneration, such as rewarding employees for their good performance or long years of work for the company (Krasodomska, 2015).
<b><i>Favourable workplace environment</i></b>	Favourable working environment within the organisation can be established through the issues of equality, such as fostering diversity, protecting minority workers, ensuring fair treatment of all employees,

	<p>equal pay for equal work, etc. (Gao, 2011; Krasodomska, 2015).</p> <p>In addition, workplace environment can be enhanced through the improvement of corporate culture and relationships among employees. This can be done by establishing corporate portals for open and flexible communication, and organising leisure time events for the employees (Gao, 2011; Jamali, 2008).</p>
<b><i>Professional development of employees and their health</i></b>	<p>To develop employees' professionalism companies can invest in employee training and education, as well as implement efficient motivation systems (Belal, 2001; Krasodomska, 2015; Gao, 2011).</p> <p>To take care of employees' health, organisations may take control over workplace safety, organise medical check-ups and promote healthy lifestyle among its staff (Gao, 2011).</p>
<b>Customer relations</b>	
<b><i>Customer products and services</i></b>	<p>In constructing services for customers organisations can emphasise the quality of its services, their responsible or environmentally friendly construction, full disclosure and truthful promotion. Moreover, products and services can be aimed at reflecting the needs of diverse groups of society, such as aged people or young families (Gao, 2011; Jamali, 2008; Menasa, 2010).</p>
<b><i>Customer satisfaction</i></b>	<p>In building their responsible relationships with customers companies may measure their level of satisfaction and improve performance based on feedback. Also, efficient ways to inform customers and respond to their complaints can be implemented (Gao, 2011; Lindgreen et al., 2010).</p>

Having now considered the diversity of CSR meanings and forms, it is important to establish a link with existing theories and approaches in order to progress the discussion towards a more meaningful construction of CSR concept.

#### **2.1.4. Putting CSR in context: Theories and frameworks**

The effort to map the landscape of CSR ideas and theories once again shows complex nature of this phenomenon and points out ambiguous agreements around this subject. Garriga and Mele (2004) identified four main types of CSR theories: instrumental, political, integrative, and ethical.

First, instrumental theories hold the belief that corporations pursue CSR in order to achieve economic results and maximise shareholder value (e.g. Friedman, 1970). This group also includes theorists that express CSR activities in terms of gaining a competitive advantage or generating new markets, such as developing or emerging countries (e.g. Porter & Kramer, 2002; Prahalad & Hammond, 2002). In line with this perspective, Carroll and Shabana (2010) refer to business case of CSR, which entails that by investing in its attributes companies aim to derive various benefits, such as reputation enhancement or employee securement.

Second, political theories highlight the notion of organisational power and its relationship with responsibility within the society. These theories include concepts of corporate citizenship and social contract between business and society that guide firms to accept social duties and responsibilities towards communities within which they function (Garriga & Mele, 2004).

Third, integrative theories put the emphasis on satisfying social demands by considering issues of legitimacy and stakeholder management. Freeman's (1984) work on stakeholder approach shifted the focus from shareholders to stakeholders, stating that diverse groups of stakeholders can affect or are affected by organisation's achievements. This means that customers and suppliers, employees and managers, governments and NGOs (non-profit organisations) all should be considered as organisation's stakeholders. Today stakeholder perspective has become an important area for CSR research, addressing different questions such as stakeholder communication strategies, stakeholder participation in CSR processes (Morsing & Schultz, 2006), or stakeholder pressure for CSR engagement (Perez-Batres, Doh, Miller, & Pisani, 2012).

And fourth, ethical theories understand CSR as a form of justice and duty of organisations towards society. This approach presumes that businesses have to contribute to social development by providing products and services in a responsible and fair manner, and respect individual rights (Garriga & Mele, 2004).

Evaluating existing theoretical frameworks, Windsor (2006) addresses critique that these approaches are limited in their ability to address the complex nature of CSR. For instance, ethical perspectives do not reflect complexity of dynamic socio-economic environment and offer rather broad principles, missing to address prescription for behaviour (Windsor, 2006). Such debate around CSR on one side shows richness and complexity of approaches towards this topic, but on the other side creates a gap between its individual concepts, giving less possibility for them overlap (Windsor, 2006).

The limitation of the on-going CSR debate is that contextualised descriptions are often missing, making it hard to evaluate some of the more generalised claims that are made about the

potential of CSR (Lund-Thomsen, 2004). One of the ways to overcome this gap is to view CSR from perspectives that account for various influences on responsible behaviour and allow looking at this concept through different levels of analysis.

## **2.2. Understanding CSR motives**

Diversity of CSR conceptualisations and forms through which organisations can develop socially responsible behaviour raises a question of relevancy of responsibility for companies, in other words, why they would want to be responsible and strive for positive social impact. Motivations for CSR may be quite complex and varied, starting from aspirations relating to gaining competitive advantage and maintaining employee satisfaction to achieving national and international legitimacy (Jamali, 2014). Kurucz, Colbert and Wheeler (2008) identify four main categories of benefits that firms may obtain from practicing CSR. The first category is cost and risk reduction, which implies that stakeholder demands can be of a potential threat for the company's viability but this can be mitigated through a sufficient level of social or environmental performance. The second category, gaining competitive advantage, means that CSR initiatives can be used as a differentiator from other companies. Through the third category, developing reputation and legitimacy, organisations are able to illustrate that their actions are consistent with the norms and expectations of the society. And the fourth category – seeking win-win outcomes through synergistic value creation – is aimed at satisfying stakeholders' demands and meantime allowing a company to pursue its own interests.

Advancing our understanding of CSR motives, corporate social performance and its body of research suggests progressive multi-layered framework, presenting individual, organisational, and institutional motives for corporate social responsibility (Wood, 1991). Institutional level suggests that organisations' aim in pursuing CSR should be to establish social legitimacy and become responsible as a social institution that does not abuse its power (Wood, 1991). On the organisational level firms are responsible to solve problems that they have caused, as well as help to solve social issues related to their business operations and interests (Wood, 1991). Thus, social concerns should be related to the company's interests and actions. This principle, however, leaves room for managerial discretion in determining relevant social issues, what brings us to the next level of motivation – individual. Guided by Carroll's (1979) CSR classification of firm's discretionary responsibilities, individual level motivation for CSR refers not to community or philanthropy programs, but to the managerial discretion to make certain choices in CSR decisions (Wood, 1991). As such, these actions are not prescribed by formal procedures, but come from the moral individual principles.

Even though suggested frameworks give a sense of why organisations would want to pursue CSR, they mostly speak from firm perspective by placing CSR motive within organisations and excluding broader institutional impact. Exclusion of macro-phenomena (e.g. regulations, traditions, culture) in favour of micro-phenomena in research on corporate motivations for CSR received criticism of several scholars (e.g. Campbell, 2007; Brammer et al., 2012). Institutional perspectives in that sense offer a way to balance these two factors and identify conditions under which firms are likely to be socially responsible. In other words, institutional perspectives suggest that corporations do not make decision regarding CSR without taking into consideration a broader social context (Jackson & Apostolakou, 2010).

### **2.3. Institutional perspectives on CSR**

Even though institutional theory comes in various forms, its starting point is that organisations (and organisational processes) cannot be properly understood without considering wider social processes. Institutional perspectives are especially useful to this project, since it bears the goal to situate CSR in larger framework of social factors. Applying institutional theory to the study of CSR provides a better understanding of the diversity of CSR, how and why CSR assumes different forms in different countries (Brammer et al., 2012).

Institutional theory has a long history of development, with a wide range of definitions and interpretations. Scott (2004) sees institutions as “regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (p.56). North (1991) defines institutions as “humanly devised constraints that structure political, economic and social interaction” (p.87). Communication scholars Lammers and Barbour (2006), in turn, define institutions as “constellations of established practices guided by enduring, formalized, rational beliefs that transcend particular organizations and situations” (p. 357). Based on this definition we can derive the meaning that governments, NGOs, and media can be identified as institutional actors that both enable and restrain organisational behaviour. This means that institutions are different from organisations and exist independently from them.

Essential point emphasised by institutional theorists is the role that social processes, norms and expectations play in explaining a firm’s behaviour (Meyer & Rowan, 1977). Institutional perspectives specifically suggest that the spread of organisational practices is affected by regulative, normative, and cognitive aspects in a given institutional environment. These three pillars represent the base of organisational legitimacy (Scott, 2001). Regulative aspect of institutions means that institutions constrain and regulate corporate behaviour by establishing rules or manipulating sanctions (Scott, 2001). Normative pillar includes both values

and norms that bring prescriptive and evaluative dimensions to social life (Scott, 2001). And the cultural-cognitive aspect brings shared perceptions that establish social reality and frames through which meaning is made (Scott, 2001). This way, organisations are being reinforced and constrained by institutional order, interpreting institutional features, cues, and signals (Jamali & Neville, 2011).

Employing institutional perspectives, scholars such as Campbell (2007) argue that CSR requires strong institutional conditions to put pressure on companies to be socially responsible. This means that CSR would not occur within weak institutional environments, where regulatory systems, specialised intermediaries and contract-enforcing mechanisms are weak. Also, the presence of civil society organisations such as NGOs and media that monitor organisational behaviour can contribute to encouraging CSR. Yet, success of these organisations to put enough pressure on firms to behave socially responsible again depends on the institutional environments within which they operate.

Criticising a one-sided view of this approach, scholars note that instead of focusing on how CSR is undermined in weak institutional contexts, it is necessary to explore how corporations actually achieve responsible business in given circumstances (Amaeshi, Adegbite, & Rajwani, 2014). A study by Amaeshi et al. (2014) addresses to institutional voids theory in order to identify the main motives of why corporations adopt CSR in the contexts other than developed markets. Amaeshi et al. (2014) identify three main motives of CSR engagement in weak institutional contexts. Those are normative, relational and instrumental. Normative approach is described through certain values of a company, when CSR is seen as the right thing to do. Relational approach comes with the need of firms to comply with societal ideas, to identify themselves and belong to a certain environment. Lastly, through an instrumental approach companies intend to mitigate the risks or benefits from engaging in CSR.

Importantly, making the point for CSR in challenging institutional environments, scholars suggest that various institutional factors have their influence on both the design and expression of CSR in these contexts. Jamali (2014) suggests that these factors are ‘cultural and religious systems, the nature of political systems, the nature of socioeconomic systems and priorities, as well as institutional pressures exerted by other institutional actors, inclusive of development and welfare agencies, trade unions, business associations, and civil society organisations.’ (p. 29). As such, recognising that they exist within a wider system of different institutions, organisations have to position themselves in relation to their external environments, adopting internal practices to conform to external resource environments (Lammers, 2003). Indeed, Scott (2008) points out that an important element of institutional research is to ascertain what elements are at play in a given context, and how they reinforce or undercut each other.



Studying CSR activities of different organisations with the help of institutional theory has been widely practiced by researchers. A number of studies have explored cross-national variations of business responsibilities, suggesting that CSR perceptions are shaped by different cultures and take specific forms in different countries. Matten and Moon (2008) studied regional differences of CSR, building on explicit and implicit forms of it in comparison of USA and Europe. The researchers note that even though United States and Europe are similar in their democratic and capitalist systems, the differences between their CSR traditions are significant. While CSR in the US takes an 'explicit' form, driven by corporate programs, policies, and strategies, CSR in Europe (excluding UK) takes an 'implicit' form, driven by values, norms and rules. Another significant difference comes with the fact that in Europe CSR is largely driven by the government, while in the US it is largely voluntary.

An institutional lens has been also adopted in studying emerging and developing markets. Jamali and Neville (2011), for example, made a case for CSR in Lebanon, applying multi-layered institutional framework. Researchers found that behaviour of firms in developing countries is not a pure response to global institutional pressure, but also to national institutional factors, such as state, consumers and citizens. Scholars argue that even though CSR practices in Lebanon have a short history and are not stable, they present richly contextualised space in which firms are trying to develop a common understanding for CSR.

Examining CSR philosophy and approach in China's emerging market, Yin and Zhang (2012) discuss that Chinese understanding of CSR is largely grounded in the context of ethical and discretionary actions. Researchers argue that this focus is mainly connected to the dominant role of government and cultural traditions in Chinese CSR. This study implies that institutional infrastructure and cultural ethics are important influencers of CSR approach in emerging economies.

Russia has also received scholarly attention, with some researchers implementing institutional theory in exploring the country's CSR status. For instance, Fifka and Pobizhan (2014) found that awareness of CSR in Russia has been fostered by influence of Western business concepts, but the understanding and practice of CSR is mainly determined by the country's institutional context, its national political and socio-economic environment. Scholars argue that stemming from the country's communist history, Russian businesses still assume a strong social role. Contributing to the understanding of how institutional setting has its influence on CSR meanings in Russia, this study, however, does not explicitly address possible motives for responsible behaviour in such a challenging institutional environment. Moreover, taken that Russia and its institutional context for CSR has not been widely researched (Puffer & McCarthy, 2011; Fifka & Pobizhan, 2014) there is a prominent need to address this gap in literature.

Studies that employed institutional perspectives for CSR research give an example of how such approach offers macro perspective on this phenomenon, and allows explaining the nature of CSR in a specific context. It appears that differences in national regulations, social beliefs, or institutional factors (such as the role of consumers or citizens) have their say in CSR shaping and expression. By considering complexity of institutional environment in Russia and thus forming contextual understanding of corporate responsible behaviour, this research makes an important contribution to institutional research and perspective on CSR.

As such, the thesis focuses on the following research questions:

*RQ1: In what forms of CSR activities do Russian banks engage?*

*RQ2: How do Russian banks frame their motivation to engage in CSR?*

*RQ3: What institutional (f)actors do Russian banks address in their CSR strategy (approach)?*

### **3. Method**

This study employs qualitative method to examine the meanings of corporate social responsibility in the Russian context. Patton (2002) notes that methodological choices should be made based on the research purpose and research questions. Taken that this study is aimed at constructing the meanings of CSR in a specific context, a qualitative method is appropriate. A number of scholars (e.g., Marquis & Raynard, 2015) also note that a study using qualitative methods can help capturing the richness and diversity of a country/region's institutional landscape.

#### **3.1. Sampled organisations**

The decision to choose banks as the subject of research was made upon the following reasons. In the first place, studying implementation of CSR by banks is particularly important, as their activities have an impact not only on a wide range of their stakeholders (e.g. customer, investors), but the economy as a whole (Krasodomska, 2015). Secondly, since importance of banking industry has grown over the years, banks are expected to fulfil their responsibilities and participate in formation of desired socio-economic order, especially in developing countries, where the social and economic challenges are generally felt most (Dorasamy, 2013). Thus, banking industry promises a rich base for studying CSR meanings and motivations in the given context.

Sampling procedure started with the investigation of top 20 Russian banks. They were evaluated for the presence of CSR information on their website and in the form of CSR reports and/or Annual reports addressing CSR. To identify the largest banks (by their assets) I used a Russian website banki.ru, which is an information resource specialised in financial data. Selection of the banks was performed in November 2015, meaning that the positioning of the banks may have changed during the time. Also, it has to be noted that certain changes took place during the process of working with the information. The Bank of Moscow changed its name in May 2016, now being called VTB Bank of Moscow since it got united with VTB Bank. Nevertheless, this thesis relates to the bank as the Bank of Moscow, keeping its original name.

Focusing this research on the largest banks has three main reasons. First of all, big organisations have a more solid financial and human resource base to engage in CSR activities; second of all, they usually act as advocates of CSR and tend to engage in its development; and finally, large companies are more likely to share their CSR engagement with a broader audience (Fifka & Pobizhan, 2014). The first two arguments are especially appropriate for the Russian context since large organisations tend to be quicker in their response to the demand of

incorporating CSR and announcing “various steps in the direction of greater transparency, community support, environmental reporting, etc.” (Kuznetsov et al., 2009, p.37).

### **3.2. Qualitative content analysis**

The primary method involves a content analysis of CSR reports in Russian banks to examine how they communicate about their CSR motivations, practices, and the institutional factors addressed. Qualitative analysis is a process of interpretation, which helps discovering concepts and relationships in raw data (Strauss & Corbin, 1998). It also helps producing findings that cannot be reached by statistical procedures (Strauss & Corbin, 1998).

The content analysis technique has been widely used in previous studies to gather information on business practices of CSR (Fifka & Drabble, 2012; Fifka & Pobizhan, 2014; Monteiro & Aibar-Guzman, 2010). Within CSR, content analysis builds on the belief that organisations have the desire to report on the activities out of self-interests in order to communicate with their stakeholders (Husted & Allen, 2006). Content analysis technique employs both the quantitative and qualitative aspects. With quantitative analysis it is possible to measure disclosures using different units, such as number of words or sentences. (Monteiro & Aibar-Guzman, 2010). Quantitative analysis is aiming at making generalizations from the study sample to the population, while qualitative approach is aiming at understanding a phenomenon (Forman & Damschroder, 2007), which is the primary purpose of this research.

#### **3.2.1. Use of software**

The analysis was conducted with the support of software tool, namely, Atlas.ti (<http://atlasti.com>). The software allowed bringing structure to the process of analysis, ensured easier navigation within the dataset, and helped not to lose any important pieces of information. Scholars (e.g. Hwang, 2008) also point out that using software for a qualitative study enhances credibility of the research, making the process of analysis more transparent and replicable.

### **3.3. Specific procedures**

This research focuses on CSR and annual reports to derive CSR business practices and meanings of Russian financial institutions. Annual reports are described as important documents in CSR due to their sufficient level of credibility of information contained (Unerman, 1999). Reports can be viewed as corporate image management tools and are used to deliver messages about their responsibilities to build and maintain legitimacy with various stakeholders (Zhao, 2012). If a stakeholder or a certain aspect of CSR is important for the company, it is likely to use the report to inform about its activity (Zhao, 2012). Critics of annual reports as a CSR methodology tool point to imbalance between social disclosure and actual performance, that

gives limited possibility to measure CSR (Sweeney & Coughlan, 2008). However, the purpose of this study is not to measure CSR, but use reports to study forms and meanings (as opposed to extent) of CSR conducted by firms. In that sense, the extent of disclosure can be taken as an indicator of the importance of an issue to the reporting organisation (Sweeney & Coughlan, 2008). These arguments justify the choice of reports as the primary source of information. Also, since this research is committed to address a gap in CSR literature by studying its contextual manifestations in Russia, it was crucial to not exclude information on CSR that was made public by banks. As such, the sample also includes one website section, since CSR information in annual report of one of the organisations was missing. Studying available CSR information from websites was also practiced by scholars (e.g. Fukukawa & Moon, 2004; Castelo & Lima, 2006) and is considered to provide efficient information on company's CSR practices and convey their intentions and actions to their stakeholders (Chapple & Moon, 2005).

To ensure a comparable and feasible sample, foreign banks operating in Russia were excluded from analysis. Also, firms that did not communicate any CSR practices were excluded from the sample. Where such information was present, the analysis included a study of websites, annual reports and CSR reports available online. The time period for the analysis was the last year of available reports. The latest released version of annual/CSR reports for all the organisations at the moment of data collection was from the year of 2014, meaning that the analysis was conducted for this year of the reports. The decision to analyse reports within the scope of a single year was made based on the richness and quantity of pages that it comprised. The final assessment of appropriateness of top 20 banks for the analysis left me with 14 banks, which complied with the requirements of this research. As a result, nine CSR sections of annual reports, four full CSR reports and one website section were analysed, in total comprising 364 A4 format pages. Three out of fourteen CSR information sources were only available in Russian, which means that they had to be translated prior the process analysis. More detailed information on the selected organisations can be found in Appendix 1.

In the process of information analysis it was crucial to decide which sections of annual reports should be treated as CSR. Some organizations use an explicit headline, such as corporate social responsibility, social responsibility, etc. However, due to different definitions that CSR can take and due to its embeddedness in certain cultures and countries, I also encountered different section names bringing a certain degree of challenge in deciding what should be treated as CSR. But keeping in mind the specific context of this research, in which CSR is primarily understood through philanthropic actions (Amaeshi et al., 2006), in situations where explicit CSR terminology was missing I was looking for those CSR sections that corresponded with societal and charity dimensions. Table 1 presents headlines of selected CSR report and CSR

sections in annual reports, as well as websites. Also, this table indicates the amount of pages analysed for each bank. Since this research includes a variety of sources, it is unavoidable that stand-alone CSR reports comprise biggest amount of pages, also meaning that this factor influenced prevalence of quotes from one bank over another.

**Table I. CSR report headlines and CSR sections of annual reports/websites**

<b>Organisation</b>	<b>CSR report headlines</b>	<b>Amount of pages</b>
1. Sberbank	Corporate social responsibility report	63 pages
2. VTB Group	Social report	138 pages
3. Alfa-Bank	Social report	89 pages
4. AK BARS Bank	Corporate social responsibility report	27 pages
<b>Organisation</b>	<b>Website section</b>	<b>Amount of pages</b>
5. Gazprombank	Social responsibility and international cultural cooperation	3 pages
6. VTB24	Bank and society	4 pages
7. FC Otkritie	Corporate social responsibility	4 pages
8. Russian Agricultural Bank	Corporate social responsibility	13 pages
9. Bank of Moscow	Information on sponsorship and partnership, and charity	6 pages
10. Credit Bank of Moscow	Sustainable development	6 pages
11. Bank Saint Petersburg	Relationships and responsibility	9 pages
12. Khanty-Mansiysk Bank Otkritie	Sponsorship and charity activities	Less than 1 page
13. Sovcombank	Social activity	Less than 1 page
<b>Organisation</b>	<b>Website section</b>	<b>Amount of pages</b>
14. Promsvyazbank	Social responsibility	1 page

Another aspect that was also important to take into account for this study is use of academic literature. In particular, due to the context of this research, identification of specific CSR dimensions was drawn upon the studies on emerging and developing markets, as well as from Eastern European studies, excluding western-oriented perspective. This approach allowed

keeping the focus on the main research purpose – contextualisation of CSR concept. In addition, it had to be taken care of that these dimensions would not be very unrelated to financial industry in order to create a stronger correlation with this study.

### **3.3.1. Units of analysis**

There are several levels existing for coding information: word level, line-by-line level, sentence level, or paragraph level (DeCuir-Gunby, Marshall, & McCulloch, 2011). After reading several reports I realised that coding on a word level or line-by-line is not very meaningful for this study. With regard to sentences, it was not always possible to establish an appropriate meaning using only this approach, while paragraph level often featured a variety of themes making it hard to assign a single code. Therefore, based on these factors, I decided to use the *level of meaning* as a unit of analysis, which has been employed in prior academic studies as well (DeCuir-Gunby et al., 2011). From this perspective I was able to split the text on different locations, enabling a code to capture word, line, sentence or paragraph as long as it provided a meaningful whole.

### **3.4. Thematic analysis of CSR reports**

Within the available content analysis techniques, I used the thematic approach to analyse the information. Thematic analysis enables the data to be analysed in terms of the principal concepts and themes (Vaismoradi, Turunen, & Bondas, 2013). The process involves the identification of themes in the data through its careful reading and re-reading (Fereday & Muir-Cochrane, 2006). As a result, emerging themes become the categories for analysis (Fereday & Muir-Cochrane, 2006). There are two main approaches within the thematic analysis: inductive, when themes and patterns are being discovered through the data, and deductive, when the findings are organised according to an existing framework (Patton, 2002). The method chosen for this study had to be a hybrid approach, due to the nature of the research. This approach incorporates both data-driven inductive approach and theory-driven deductive approach.

In order to guide the process of analysis, a codebook was developed with initial codes derived from the literature. The full version of the codebook can be found in Appendix 2. Codebook provides this research with theory-driven concepts, while data-driven (inductive) codes were not neglected and also reflected upon to make sure that the information is not simply fitted in within the existing concepts. Theory driven codes were developed in the following way: first, codes were generated, second, codes were reviewed and revised in the context of the data and third, reliability of codes was determined (distinctiveness, non-repetitiveness, inclusiveness) (Boyatzis, 1998).

To make the process of analysis transparent, Braun and Clark’s (2006) six-step thematic analysis technique was applied (Table 2).

**Table II. Phases of thematic analysis (Braun & Clarke, 2006)**

<b>Phases</b>	<b>Description</b>
Familiarising yourself with your data	<ul style="list-style-type: none"> <li>• Transcribing data, if necessary</li> <li>• Reading and re-reading the data</li> <li>• Writing down initial ideas</li> </ul>
Generating initial codes	<ul style="list-style-type: none"> <li>• Systematic coding of interesting features of the data</li> <li>• Collating data relevant to each code</li> </ul>
Searching for themes	<ul style="list-style-type: none"> <li>• Collating codes into potential themes</li> <li>• Gathering all data that is relevant to each potential theme</li> </ul>
Reviewing themes	<ul style="list-style-type: none"> <li>• Checking whether the themes work in relation to the coded extracts (Level 1)</li> <li>• Checking whether the themes work in relation to the entire data set (Level 2)</li> <li>• Creating a thematic map of the analysis</li> </ul>
Defining and naming themes	<ul style="list-style-type: none"> <li>• Defining and naming each theme</li> <li>• Refining each theme</li> <li>• Refining the overall story that the analysis tells</li> </ul>
Producing the report	<ul style="list-style-type: none"> <li>• Selecting compelling extract examples</li> <li>• Final analysis of selected extracts</li> <li>• Relating back to the research question and literature</li> <li>• Producing a report of the analysis</li> </ul>

The first step of the analysis involves familiarisation with the data, when the researcher has to read and re-read the data, writing down initial ideas (Braun & Clarke, 2006). At this point it is important to organise information into manageable categories by classifying them according to research questions (topical areas) (Patton, 2002). For this study the topical areas are ‘CSR terminology’, ‘understanding of CSR’, ‘forms of CSR activities’, ‘motivations for CSR’, and ‘institutional actors addressed’.

The second step of the analysis presumes generation of initial codes – systematic coding of interesting features in the data (Braun & Clarke, 2006). At this stage of the analysis it is



important to ensure that all data extracts are coded (Braun & Clarke, 2006). The third step involves the process of collating codes into potential themes, gathering all the data that is relevant to each potential theme (Braun & Clarke, 2006). In this phase the researcher deals with the challenge of convergence – figuring out what fits together (Patton, 2002). The fourth step involves theme revision. This is done on two levels: on level one the researcher checks whether the themes work in relation to the coded extracts, and on level two whether they work in relation to the entire dataset (Braun & Clarke, 2006). Patton (2002) suggests that created categories should be assessed by two criteria: internal homogeneity (the extent to which the data that belongs to a certain category hold together in a meaningful way) and external heterogeneity (the extent to which differences between the categories are clear). In case of emergence of several classified systems priorities should be made taking into account such factors as utility, salience, credibility, uniqueness, heuristic value, and feasibility of the classification (Patton, 2002). The fifth step of the analysis defines and names the themes (Braun & Clarke, 2006). Researcher refines the specifics of each theme and the overall story that the analysis tells, while creating clear definitions for each theme (Braun & Clarke, 2006). During this process it is important to make sure that there is meaningfulness and accuracy between the dataset and the classification system (Patton, 2002). And the final sixth step is concerned with production of the report (Braun & Clarke, 2006). Researcher has to select compelling extract examples, make final assessment of those, and relate the analysis back to the research question and literature (Braun & Clarke, 2006).

Before starting my analysis I had to decide upon several questions, as guided by Braun and Clarke (2006). First, it had to be determined at which level themes were to be identified. There are two main approaches existing – semantic and latent approach. With semantic approach the themes are found within the explicit or surface meaning of the data, during the process at this level of analysis the researcher doesn't look beyond what is being written. The process eventually moves from description (where the data was simply organised to show patterns in semantic context and summarised) to interpretation, where attempt is made to theorise and contextualise the significance of the patterns, their meanings and implications (Patton, 2002).

Latent level, on the other hand, goes beyond the context of the data, starting to identify underlying ideas, assumptions and ideologies that shape semantic content of the data (Braun & Clarke, 2006). Thus, this process involves interpretative work and produced analysis is no longer a description but already a theorised work. For the purpose of this study the semantic approach was used, which allowed the researcher to stay as close to the initial data as possible, and minimising the possibility of initially subjective interpretations. Conceptualising the findings in the end of the analysis process allowed to make sense of the data as a whole.

Other questions that had to be considered before starting the process of analysis is epistemology. Thematic analysis can be conducted within both realist and constructionist paradigms (Braun & Clarke, 2006). With realist approach researchers can theorise motivations, experience, and meanings in a straightforward way, since unidirectional experience is assumed between meaning and language (Braun & Clarke, 2006). Language reflects and enables the researcher to articulate meaning and experience. Constructionist approach, on the other hand, does not focus on motivations, but rather aims to theorise the sociocultural contexts and structural conditions that enable the individual accounts that are provided. For this study realist approach was used, since it makes a better fit with semantic level of analysis (Braun & Clarke, 2006).

### **3.5. Reliability and validity**

There are several ways to establish trustworthiness of a qualitative research. First, it is necessary to ensure methodological coherence, meaning that there is congruence between the research questions and the components of the method (Morse, Barrett, Mayan, Olson, & Spiers, 2002). I established methodological coherence by pointing out the nature of my research, which requires qualitative method.

Second, it is necessary to choose the most suitable meaning unit, trying to avoid too broad or too narrow units (Graneheim & Lundman, 2004). For each specific research it is necessary to understand what makes it a meaningful unit of analysis. In this research, after initial reading through the data, I realised that the most suitable unit of analysis is its level of meaning, since it helps focusing on the essence of what is being said.

Third, the researcher needs to be explicit about what he is doing, meaning that what he says he is doing matches up with what he actually does (Braun & Clarke, 2006). To establish transparency of my analysis I identified each step of it and followed the plan precisely.

Fourth, in order to establish credibility of the research it is necessary to see how well categories and themes cover data so that no relevant pieces are being excluded or irrelevant are being included (Graneheim & Lundman, 2004). After I collected all my themes I went through each of the codes to make sure that the themes have enough evidence to be supported, that they are consistent and distinctive, and make a match with the whole dataset, as well as with my research goal.

Final and very important step to establish trustworthiness of a qualitative research is its transferability (Graneheim & Lundman, 2004). This means that the findings of the research can be transferred to another settings or groups. To ensure transferability, it is necessary to give a clear and distinct description of culture and context, selection of the data and the process of

analysis. A rich presentation of findings together with appropriate quotations helps establishing transferability. Throughout this research I made sure I was transparent in all the processes, starting from my data collection, method description, and ending with rich description of my findings.

## 4. Results

### 4.1. Forms of CSR in the context of Russian financial institutions

This chapter presents findings for the first research question: *In what forms of CSR activities do Russian banks engage?* As a first step, the chapter defines CSR terminology that Russian financial organisations use, as well as explains how they *understand* and frame CSR as a concept. As a second step, it explains through which *forms* CSR is manifested.

#### 4.1.1. Understandings of CSR

When it comes to terminology, scholars (e.g. Gatti & Seele, 2014) argue that wording used in CSR or annual report titles and throughout the text tend to reveal concepts that companies consider appropriate in describing and communicating their CSR approach. Therefore, by identifying the terminology used, we are able to gain insights into how companies interpret CSR (see Table 1 for the examples).

Russian banks generally do not use a very wide range of CSR terms (e.g. corporate/business citizenship, corporate social performance, triple bottom line, etc.), giving preference to ‘corporate social responsibility’ and ‘social responsibility’. It is interesting to see that while organisations use the term ‘social responsibility’ they do not use the term ‘corporate responsibility’, emphasising the social aspect of responsible behaviour. Social aspect also manifests through headlines such as ‘social activity’ or ‘bank and society’. Even in their titles of responsibility reports, two banks (out of four) chose to name it ‘social report’. Another term that organisations use is ‘sustainability’ and ‘sustainable development’ (SD), which is seen less frequently than ‘CSR’ or ‘social responsibility’. Scholars (e.g. Baden & Harwood, 2013) argue that sectors that have relatively little environmental impact, such as finance and non-industrial sectors, make less use of the term SD and rather prefer terms such as CSR. It is argued that CSR as a term does not specifically promise sustainability, but indicates that the organisation is aware of its societal responsibilities (Baden & Harwood, 2013).

**Table I. CSR terminology of Russian banks**

<b>CRS report headlines</b>	<ul style="list-style-type: none"><li>• Corporate social responsibility report</li><li>• Social report</li></ul>
<b>Annual report and website CSR headlines</b>	<ul style="list-style-type: none"><li>• Corporate social responsibility</li><li>• Social responsibility</li><li>• Relationships and responsibility</li><li>• Bank and society</li><li>• Social activity</li><li>• Sustainable development</li></ul>
<b>In-text terminology</b>	<ul style="list-style-type: none"><li>• Corporate social responsibility</li><li>• Social responsibility</li></ul>

	<ul style="list-style-type: none"> <li>• Sustainability</li> <li>• Sustainable development (often seen through sustainable economic and social development)</li> <li>• Business ethics</li> </ul>
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Even though the use of CSR terminology is not too diverse and rather stays within the same lines, it seems that specific conceptualisations of CSR do vary among the firms in the same industry sector. However, a common approach is visible – organisations primarily see CSR through the lenses of societal and stakeholder dimensions (in line with Dahlsrud’s (2008) conceptualisation).

From stakeholder perspective organisations stress that it is up to stakeholders to guide the ‘*development activities in all CSR areas*’ (Sberbank, p. 5) of the organisation. CSR is seen as a way to take into account interests of all stakeholders, develop their trust and improve the level of partnership. This eventually helps to overcome challenges and ‘*strengthen [bank’s] position in the future*’ (VTB Group, p. 5). In identifying what responsibilities banks hold towards their stakeholders, AK BARS Bank comprehensively summarised it in the following statement:

***AK BARS Bank:*** *The Bank also bears the responsibility before shareholders - for the results of its activity, before clients - for the quality of providing banking services, before business partners - for the appropriate execution of its duties (p. 5).*

Social perspective, in turn, is built on the understanding that organisation should develop responsible behaviour towards its employees and society at large. Russian Agricultural Bank states that CSR is ‘*a way of thinking that drives a desire to upgrade living standards for its employees and society as a whole*’ (p. 121). Supporting the same approach, Credit Bank of Moscow strives to be ‘*responsive to social needs*’ (p. 5), while Alfa-Bank believes that ‘*social responsibility of any company is primarily built on being a good employer*’ (p. 83). In developing their understanding of responsible behaviour towards the society, organisations make the point that ‘*social responsibility should not be limited to emergency situations and charity*’, but should be extended by employee participation in corporate initiatives, which manifest ‘*in the form of direct support to those who need it most*’ (FC Otkritie, p. 52).

Except for understanding CSR from its social and stakeholder perspectives, for some firms being responsible means realising the ‘*unique role in developing national agriculture*’ (Russian Agricultural Bank, p. 113). Therefore, CSR is perceived as a concept through which an organisation can achieve specific business goals.

Despite the various approaches to CSR, Russian financial institutions generally agree that responsibility should be '*integral part of company's activity*' (AK BARS Bank, p. 4) and remain '*one of the priority corporate values*' (Gazprombank, p. 72). '*Strictly adhering to social responsibility principles*' (Bank Saint Petersburg, p. 62) in organisational business operations is given a great importance.

#### 4.1.2. Identified forms of CSR

The diversity in CSR understandings shows through the variety of forms that CSR activities take. Russian banks engage in a multitude of issues, although social concerns dominate. Analysis identified the following forms: a) Social concerns, b) Employee and customer relations, c) Environmental and economic concerns. Except for these main subjects that emerged, other forms of CSR are also discussed in this chapter, which did not get attention of many organisations, but are still worth mentioning. These are: a) Anti-corruption, b) Anti-money laundering and counter-terrorism financing, c) Compliance.

##### **Social concerns**

As stated, 'social concerns' appear as the most frequently addressed form of CSR in the context of Russian financial institutions. They are addressed by 100% (fourteen out of fourteen) of banks in the sample.

Within the scope of social concerns there are several issues addressed: a) Support socially vulnerable groups, b) Improve socioeconomic conditions, c) Support education, culture and sports (detailed and illustrative quotes can be found in Table 2 below).

The analysis revealed that philanthropy plays a major role in the banks' activities. Organisations state that they '*place a strong emphasis on philanthropic work*' (Alfa-Bank, p. 1) and give '*a lot of attention to charitable activities, seeing it as a contribution to social development*' (Bank of Moscow, p. 107). To ensure smooth realisation of charity and sponsorship activities, organisations set special charity committees, which specify the main development directions for charitable activities, handle requests for charity donations and select charity foundations. Committees also take under their control that the donated money is spent within the requested purpose.

Throughout the support that the banks provide to the society, almost no projects are undertaken without employee participation, which has generally become '*a long-standing tradition*' (VTB24, p. 56). Employees take part in fundraising events and directly engage with the groups of society that the banks aim to help. Consider the following examples:

**Russian Agricultural Bank:** *Volunteer projects evidence that the Bank's staff upholds and embraces the Bank's commitment to socially responsible practices. The Bank actively engages its staff in volunteer projects benefiting local communities (p. 122).*

**Promsvyazbank:** *Our employees do not only take part in fundraising events to buy all the necessities needed to improve living conditions of children, but also pay visits to children, give them presents and sweets, organise workshops, and play educational games together with children ('Social responsibility' website section).*

### Support socially vulnerable groups

In their approach to social issues, financial institutions pay considerable attention at providing 'social support to disadvantaged citizens, including orphans, pensioners, veterans, and disabled people' (Khanty-Mansiysk Bank Otkritie, p. 31), as well as raising public awareness on different issues in the society. Special attention within this framework is given to children from orphan houses and boarding schools – the range of activities taken to support them is extensive. This can be explained by the fact that orphan children present a relatively important problem in the Russian context. According to external source – the Ministry of Education and Science of the Russian Federation – there are almost half a million children left without parents (Children's Rights Commission of the Russian Federation, 2015). Governmental funds to support these children are lacking, which is why the banks in the sample address to this issue. Banks provide help in constructing family homes for orphans, renovating their rooms, equipping their gym and computer classes, etc. Employees frequently engage in projects to support children. They organise fundraising events and entertainment programs, provide children with games and toys, collect clothes and school necessities. One of the major problems that organisations address in their work with children is their socialisation. Banks see it as a common problem, since 'according to statistics, only two or three children out of hundred who leave boarding school can adapt to living normal lives' (Alfa-Bank, p. 6). Therefore, employees prepare workshops and contests for children to develop their life skills and understanding of modern technology.

#### *Support children's health*

In their support for children, organisations aim at improving child health. This help comes in a form of both financial and non-financial support. Non-financial support is aimed at moral wellbeing of children. For example, VTB Group in their project 'from heart to heart' aims at creating 'a warm atmosphere that facilitates the speedy recovery of little patients in hospitals' by gifting them 'works of art' (VTB Group, p. 107). Financial support for children who suffer

from heavy diseases comes in a form of fundraising events by employees. Collected funds are directed at financing high-tech surgical procedures, which children otherwise could not afford.

#### *Support needy families*

Financial corporations engage in supporting families that are bringing up seven or more children by organising charitable programs that help collecting clothes and household items. In order to encourage children from unfortunate families to go to school, banks help them prepare for new school year by providing ‘*a comfortable school uniform and footwear for receiving a necessary bundle of knowledge*’ (AK BARS Bank, p. 24).

#### *Support for aged people*

In assisting socially vulnerable groups, organisations aim to support aged groups of the population. This support is provided in a form of donating medications and hygiene necessities to retirement homes. Moreover, due to the country’s engagement in many wars throughout the history, there is a significant financial burden for Russia to support veterans. This fact can explain banks’ special attention to this group of people. Every year food and household necessities are donated to the veterans, and Victory Day celebrations are organised. Also, assistance is provided to the hospitals for war veterans, with projects aimed at modernising their material and technical base.

#### Improving socioeconomic conditions

In order to improve socioeconomic conditions in the country, organisations invest in human and economic capital of the population. With the aim to improve human capital, issues on financial literacy of the population are addressed, where banks take the responsibility to educate diverse public (children and senior citizens) on financial matters. With regard to economic capital, issues on development of SMEs, and employment and job creation are addressed.

#### *Developing social infrastructure*

To satisfy the needs of the population organisations engage in the development of social infrastructure. It includes improvement of transport infrastructure to enhance mobility of citizens (such as metro, airports, development of transport links between cities, road maintenance, cycling lanes, etc.), communal and housing services, development of health care institutions, kindergartens, recreational centres and other social facilities. Improvements in this sphere of social life are seen as a way to ensure social stability by satisfying public needs.

#### Support education, culture and sports

By assisting these three aspects of social life organisations aim at covering certain gaps or enhancing certain aspects of civil development. By supporting education, banks target at



developing intellectual base for the future progress of Russia. Educational institutions in the country are not able to function properly only from governmental funds, resulting in a situation where schools cannot afford modern equipment, especially in remote areas of Russia. Financial organisations address this issue by purchasing the necessary equipment and helping renewing material and technical base of educational entities.

Support for culture and sports is not seen as an issue that needs to be solved, but rather an area where organisations want to make themselves visible. Russian banks '*provide sponsorship and organisational [...] support for different sport events*' (Sovcombank, p. 70), sponsor cultural exhibitions and festivals, theatrical and musical performances, as well as book and film production. Special attention is paid at supporting leading museums of Russian, such as the Hermitage or State Russian Museum to help them organise large-scale exhibitions and events. When supporting sports organisations aim at improving material and technical base of sport facilities (both professional and amateur sports) also bearing the aim to promote healthy lifestyle among Russian citizens.

Such a diverse range of charity and sponsorship programs that banks engage with suggest that Russian organisations bear the aim to facilitate social and economic development of the country. Conceivably, these social projects have altruistic intentions to aid the Russian society in its stable development. Thus, one could argue that societal relevance of banks' activities outweighs the business case or strategic considerations for CSR. This argument is supported by the fact that the problems addressed do not fit with the dominant principle that CSR activities should align with a company's core competence, but are rather framed in terms of national relevance. However, a claim can be also made that by using corporate resources for 'doing good' outside of immediate business activity, organisations realise possible benefits, such as improvement of corporate reputation and extension of market opportunities. Also, the scope of banks' presence in different regions of the Russian Federation comes with the need to establish positive relations with the local communities to ensure effective business. By actively participating in social like and creating favourable conditions for social prosperity, organisations create conditions for their own long-term successful development (Morozova & Britvin, 2013).

What may also explain such an overwhelming emphasis on social concerns is historical perspective on the role of businesses in Russia. In particular, during socialist times organisations were *assigned* to provide social support. This past behaviour, according to scholars, continues to manifest in practices of modern companies that invest in country-specific issues, such as support for orphans and veterans – but plausibly approach it voluntarily (Crotty, 2014).

Social activities discussed above are not completely unique to the Russian context. Going back to the forms of CSR discussed in the literature, we can identify similarities – support to socially vulnerable groups, support for SMEs and contribution to job creation, development of social infrastructure, support for education and sports have been found in developing country contexts in previous studies (e.g. Gao, 2011, Muthuri et al., 2012). This, however, does not take away the argument that CSR concerns are contextualised by the Russian realities, since we can observe that certain issues, such as care for orphan children are much strongly emphasised than other issues typical for similar to Russian economies (e.g. development of social infrastructure). As a result of this discussion one could argue that while addressing similar concerns throughout the same market contexts, organisations can hold different motives or be pressured by diverse factors, which are embedded in a specific historical or cultural framework.

**Table II. Social concerns**

<b>Range of activities</b>	<b>Selection of quotes</b>
<p><u>1) Support socially vulnerable groups</u></p> <p>a) Support orphan houses and boarding schools (renovating and equipping children houses, socialisation of children, vocational trainings)</p> <p>b) Support children’s health (moral support and financial support, blood donations)</p> <p>c) Support needy families</p> <p>d) Support for aged people (with an emphasis on veterans)</p> <p>e) Encourage public participation in charity and volunteerism</p>	<p><b>Promsvyazbank:</b> <i>‘Connecting hearts’ is the name of our program within which <b>our employees help orphan and boarding school children</b>. Our employees do not only participate in fundraising events [...] but also visit the children, give them presents and sweets, organise workshops, and play educational games together with children (‘Social responsibility’ website section).</i></p> <p><b>FC Otkritie:</b> <i>Otkritie Holding regularly holds donor days, when <b>employees can donate blood to children undergoing treatment for cancer</b> [...] (p. 51).</i></p> <p><b>Alfa-Bank:</b> <i>From May 6 to 8, ten teams of three employees went to <b>visit former prisoners of war</b> with food packages and flowers. <b>Unfortunately, the end of the war did not bring an end to suffering to all of the veterans</b> (p. 32).</i></p>
<p><u>2) Improving socioeconomic conditions</u></p> <p>a) Human capital (financial literacy of the population)</p> <p>b) Economic capital (support SMEs; employment and job creation)</p> <p>c) Developing social infrastructure (transport infrastructure, housing, kindergartens, etc.)</p>	<p><b>Sberbank:</b> <i>As a part of our <b>efforts to improve the population’s financial literacy</b>, we provide information about basic banking products, form a responsible attitude to personal finances and explain how to use new online services (p. 26).</i></p> <p><b>Russian Agricultural Bank:</b> <i>Multi-purpose lending to individuals and businesses helps <b>support employment rates and economic development across the regions in which the Bank is present</b> (p. 116).</i></p> <p><b>VTB Group:</b> <i>The modernization of housing and communal services has a <b>direct influence on quality of life</b>, and affects the interests of many citizens and businesses. [...]. Group companies have traditionally financed <b>projects aimed at reforming and modernizing housing and communal</b></i></p>

	<i>services (p. 49).</i>
3) Support education and science (material and technical resources of educational institutions, renovation and equipment of laboratories)	<b>AK BARS Bank:</b> <i>Today's pupils and students will lead the large multinational corporations and research centers tomorrow, <b>move forward the national economy</b>, and represent it on the international scene. <b>But only on one condition, if the education system is modern and effective.</b> Therefore, one of the most important directions of charitable support of AK BARS Bank is in educational institutions (p. 23).</i>
4) Support sports and healthy lifestyle (sponsor professional and amateur sports, improve sport facilities)	<b>Gazprombank:</b> <i>In encouraging a healthy lifestyle, <b>Gazprombank sponsors organizations that promote sports</b> (football, hockey, rowing, tennis, handball, and others). [...] The Bank has also been a long-time supporter of dance sport competitions [...] (p. 72).</i>
5) Support culture and arts (cultural exhibitions and festivals, theatrical and musical performances, book and film production) a) Support national events and celebrations (City Day celebrations, Victory Day celebrations, etc.)	<b>Alfa-Bank:</b> <i>One of the cultural and educational priorities of Alfa-Bank is <b>supporting national art</b>. Throughout its history, the Bank has been <b>involved in major projects aimed at the development of Russian culture</b> and preservation of art treasures and historical monuments (p. 36).</i>  <b>Sovcombank:</b> <i>In all the regions of its operation Sovcombank sponsored events dedicated to all-Russian and traditional events: [...] Mothers Day, Defender of the Fatherland Day, Victory Day [...etc.] (p. 70).</i>

### Employee and customer relations

One of the most explicit forms of CSR in the context of Russian financial institutions is employee relations. Employee concerns are addressed by most of the banks in the sample (eight out of fourteen), making it the most pronounced form of CSR after social concerns.

Employees are addressed in CSR activities in several ways: a) Organisations strive to create a favourable corporate culture, which is aimed at helping employees realise their full potential, b) considerable attention is given to the professional development of employees, realised through education and trainings, as well as motivation programs, c) Organisations ensure employee wellbeing by providing social welfare and controlling their occupational health, d) Companies pay attention to employee protection and equality, and e) Manage firms' potential workforce (detailed and illustrative quotes can be found in Table 3 below).

A strong focus on employee management, as argued in academic literature, has a positive effect on organisational functioning. Bhattacharya, Sen and Korschun (2008) state that by showing their commitment to CSR, organisations inspire employees to work harder and be more productive. Moreover, growing evidence shows that by developing responsible behaviour companies are able to attract and retain employees, turning CSR into a source of advantage (Bhattacharya, 2008). Evidence from this research shows that employees in Russian banks are closely associated with volunteerism – organisations engage their staff with groups of population

that are under their CSR focus. A study conducted on employee volunteerism in Russia (based on in-depth interviews with employees) shows that staff members who volunteer through their workplace have a higher degree of satisfaction with their work than those who do not volunteer (Krasnopolskaya, 2013). Yet, in order to ensure that employees have the desire to help others, they have to be taken care of as well. This, however, does not seem to be an issue in the Russian context – the role of an employer as a ‘caretaker’ appears as a strong characteristic of the Russian business system – solid relationship between employee and organisation manifested through employee welfare has been established during Soviet period and as research shows (e.g. Fifka & Pobizhan, 2014) is still present nowadays, especially since public social security system in Russia remains weak. Evidence from this study, however, demonstrates that Russian organisations progressed employee relations from its welfare form towards more professional wellbeing of staff. Preserving Soviet perspective to some extent, organisations simultaneously seek to develop embeddedness in global economic processes.

#### Establishing favourable corporate culture

Establishment of a favourable corporate culture is seen as an umbrella of overall employee success, since the atmosphere within the organisation either drives or restrains employees from fulfilling their professional goals. Establishment of a good corporate culture is generally seen as ‘*an important strategic factor in mobilising all of the Bank’s structural elements and its individual employees to achieve the goals set out in the Bank’s mission statement*’ (Credit Bank of Moscow, p. 76).

The process of establishing favourable corporate culture is reached through *open internal communication* and different *corporate events*. To establish efficient and open communication, banks provide employees with corporate magazines, news digests, as well as create internal corporate portals. These portals allow organisations to inform employees about internal processes (‘*between three and ten articles on important business transactions, new products and services*’ Alfa-Bank, p. 68), establish dialogue *with employees* and *among employees*. Open internal communication is also ensured through more conventional means of interaction, such as meetings among regular employees and their managers, or managers and CEOs, where the effort is made to answer employees’ questions and establish *horizontal* way of communication. Such meetings also bear the aim to build an open discussion about internal problems and establish ‘*transparency and openness between the employees within the Bank, regardless of the position*’ (Alfa-Bank, p. 68).

To further strengthen favourable corporate culture firms organise corporate events, leisure time activities and teambuilding events for employees (sport activities among employees

and their families, joint employee visits to performances and musicals, etc.). They serve the purpose of building a strong team and establishing a positive connection among the workers.

### Professional development of employees

Organisations report engaging in professional development of employees, '*committed to ensuring that employees can fully develop their talents and abilities*' (Alfa-Bank, p. 83), since '*qualification and competence of employees have a decisive impact on the productivity and efficiency of the Bank*' (AK BARS Bank, p. 9). Professional development is ensured through the implementation of a) employee education and training programs, b) motivation systems, and c) encouragement to share business ideas.

Employee trainings are provided by the companies systematically and are adjusted for different divisions. Educational programs are provided to the new staff, regular employees, managers and middle-level managers. Organisations are increasingly focused on developing distance learning since it helps educating a bigger number of employees at minimum costs.

Motivation system for employees is developed on material level that includes bonuses or salary increase, and non-material level, such as praising employees for their commitment to the organisation, provide feedback on their performance and measure their level of satisfaction.

The last point that should be addressed in the discussion on employees' professional development is organisations' effort to incorporate employee interests and ideas in business decisions. It is noticeable that employees are regarded as strategic thinkers on behalf of the organisations, and are encouraged to participate in the development of organisational goals. Employees are asked to share their ideas to solve the issues that they are dissatisfied about in their work, such as improving corporate culture or remuneration system. Apart from that, employees are encouraged to share their ideas on corporate portals when organisation needs help in solving current issues, such as resource efficiency, ideas on fraud detection and unreliable clients, or optimisation of certain services. Employees who provide organisation with useful ideas are rewarded by both financial and non-financial means.

### Employee wellbeing

Employee wellbeing is another important area of employee relations, described as such by the banks. This is referred to in a form of employee welfare and their occupational health and safety. When it comes to welfare, the range of benefits provided to employees is extensive. It includes medical and accident insurance, one-off payments for family emergencies, financial aid in exceptional circumstances, paid leave, corporate pension plan, etc.

Control over employee health is an important topic for the banks that address employee concerns in their CSR disclosure, since it ensures stability in organisational processes and the ability of staff to do their work. It includes control over occupational health of the workers, such as evaluation of working conditions, employee medical checks, availability of medical posts at the office, etc. Apart from the regular observations of employees' health, banks engage in the promotion of a healthy lifestyle by encouraging employee sports.

#### Employee protection and equality

In their responsible approach towards the employees, organisations promote personnel protection '*based on principles of responsibility, non-discrimination and mutual respect*' (Russian Agricultural Bank, p. 122), as well as on the '*principles of equal rights and opportunities for all employees*' (AK BARS Bank, p. 15). Equality and diversity is achieved through the maintenance of optimal balance between male and female staff – both among regular employees and managers, as well as the number of young employees and more experienced specialists.

#### Managing potential employees

As a sub-theme of employee relations, a subject emerged on banks' management of potential employees. This issue is addressed in the form of attracting students by providing career guidance events to school and university students, organising internships and graduate programs, open days and workshops, participating in diploma events to pick the most promising students.

To ensure access to talented youth, banks sign agreements with educational institutions from where the work with potential employees can start. This cooperation is regarded by the banks as highly important, since it allows them to '*create a personnel reserve for the future*' (AK BARS Bank, p. 21) and enhance firm's image as a potential employer. Students are often seen as '*ambitious and self-motivated people*' (Alfa-Bank, p. 84), who need to develop together with the organisation.

When telling their story of responsible attitude towards employees, it was evident that organisations view their staff as important force of successful development. This manifests through the way organisations '*interconnect*' the notions of '*company success and corporate holidays*' (AK BARS Bank, p. 19), or employee motivation and performance indicators.

Drawing upon existing literature on employee relations as a form of CSR in other than developed country contexts (e.g. Gao, 2011; Jamali, 2006; Belal, 2001), it is noticeable that

Russian case does not suggest its own specific way of responsible approach towards employees. Even though the country's history, as discussed before, has its say in a form of lifelong connection between employees and firms, the way Russian banks handle responsible staff management does not differ from similar contextual frameworks. It rather becomes even more evident that care for staff members is a commonly accepted norm of responsible behaviour, since companies realise importance of employees in achieving organisational goals. Investment in human resources and development of intellectual capital is commonly understood as a valuable aspect of organisational functioning (Morozova & Britvin, 2013).

**Table III. Employee relations**

<b>Employee relations</b>		
<b>Organisations</b>	<b>Range of activities</b>	<b>Selection of quotes</b>
1) Sberbank 2) VTB Group 3) Alfa-Bank 4) Russian Agricultural Bank 5) Bank Saint Petersburg 6) Credit Bank of Moscow 7) AK BARS Bank 8) FC Otkritie	1) <u>Favourable corporate culture</u> a) Establishing open internal communication (corporate magazines and portals, meetings with managers and CEO) b) Corporate events (leisure time activities, teambuilding events)	<b>AK BARS Bank:</b> <i>Corporate events are an important part of organizational culture and a promoter of corporate values. Corporate events bring employees together and allow them to be on the same page. It is a unique opportunity to meet colleagues so called "without ties", in an informal atmosphere and to learn about people from the other side (p. 13).</i>
	2) <u>Professional development of employees</u> a) Employee education and training programs b) Motivation systems c) Encourage employees to share their business ideas	<b>Alfa-Bank:</b> <i>«Our Champions» is one of the largest and the most loved motivational programs at Alfa-Bank. [...] Over the last two years, 7,000 employees across Russia took to the stage and received their well-deserved awards to the sound of applause of their colleagues [...]. «Our Champions» is an opportunity to thank the staff who do a little more than others [...] (p. 81).</i>
	3) <u>Employee wellbeing</u> a) Employee welfare (social benefits) b) Employee health and safety	<b>Sberbank:</b> <i>We actively promote healthy lifestyle among our employees and help them to develop good habits. In large offices of Sberbank, in-house doctors not only advise employees in private but also participate in mass preventive actions including long-term campaigns to control blood pressure and cholesterol [...] (p. 40).</i>
	4) <u>Employee protection and equality</u>	<b>Russian Agricultural Bank:</b> <i>In its internal social policy, the Bank promotes personnel protection based on principles of responsibility, non-discrimination and mutual respect (p. 122).</i>
	5) <u>Managing potential</u>	<b>VTB Group:</b> <i>The Group regards students and</i>

	employees (career guidance events, grant programs, internships and graduate programs, workshops and trainings)	<i>young professionals as an important potential human resource. In 2014, the Group was actively engaged with leading Russian educational institutions, took part in Russian and international career events, and organized internships for students from financial universities (p. 78).</i>
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**Customer relations**, in contrary to employee relations, do not manifest through a wide range of responsibilities, but have one primary focus – developing quality products and services. The following aspects were identified: a) Improving banking services and data protection, b) Customisation of services, c) Construction of socially-oriented services, d) Customer satisfaction (detailed and illustrative quotes can be found in Table 4 below). Such a customer-centric attitude of Russian financial organisations can be explained by holistic stakeholder approach, when firms acknowledge that different stakeholders have different CSR preferences and needs (McDonald & Lai, 2011). As such, scholars have demonstrated that general CSR such as charity, cultural and social contribution, or protection of natural environment are not especially appreciated by customers in banking sector (McDonald & Lai, 2011; Perez & Bosque, 2014). In line with that, findings from this research present service-oriented nature of CSR in customer relations of Russian banks.

In improving their banking services organisations pay attention at enhancing customer experience by simplifying paper work, ensuring efficient and speedy operation of bank offices, and monitoring competitors to better adjust their services. Development of remote banking and mobile applications is seen as a major progress in consumer experience enhancement, as it *‘allows retail customers [...] to get access to the required services anytime and anywhere, to perform various operations independently’* (VTB Group, p. 68). Availability of financial services to all citizens is another issue addressed by the banks within the scope of service improvement. Banks take into account the diversity of Russian landscape in terms of its development and aim at improving access to banking for customers in rural and underdeveloped areas.

Taking into account that customers trust their finances to organisations, banks hold the responsibility to ensure their security. This issue is seen as an important area of organisations’ functioning – banks report implementing up to date technologies to protect customer transactions and personal data, as well as constantly improve anti-skimming measures at self-service machines.

In framing their responsible behaviour towards customers, a number of organisations focus on developing customised services for *‘clients in certain industries’* in order to respond to *‘each client’s needs’* (Bank Saint Petersburg, p. 57). These groups include SMEs, aged



customers, public-sector employees, young customers and customers in hardship. In their relations with various social groups, banks pay attention to their specific needs and circumstances of their lives in order to design appropriate products and services. For instance, special conditions are developed for aged customers, who are provided with services on low interests rates, while young customers are provided with student loans on favourable terms. Customers in hardship are seen as a vulnerable group of people that needs support when it comes to handling financial issues. Therefore, special conditions and services are offered to this group of people, such as reduction of interest rates on their borrowings and arrangement of free consultations on how to handle their financial situation.

In order to understand how satisfied consumers are about financial services, organisations carry out regular customer satisfaction surveys (telephone surveys and questionnaires, as well as interviews) for different segments of consumers. These surveys act as indicators for companies to understand their performance and see areas for further improvements. As part of managing customer satisfaction, organisations also report on identified customer complaints and the ways they handle them.

These features of responsible behaviour towards consumers resonate with previous findings in emerging and developing market contexts, (e.g. Gao, 2011; Jamali, 2008; Menasa, 2010; Lindgreen et al., 2010), however, looking back at the literature, we see that such aspects as full or truthful product promotion, or environmentally friendly product construction are not found in customer relations of Russian banks. This, one could argue, can be explained by the specific financial industry, where features such as improvement of services or customisation of services can be seen as more important. For instance, Taiwanese banking customers expressed that their CSR preferences are mostly focused on receiving efficient banking services and timely response to their concerns (McDonald & Lai, 2011). Such approach to consumer relations offers its benefits to organisations, since customer-centric initiatives can act as a stimulus for consumers to recommend the bank and visit the bank, as well as improve their attitude towards the bank (McDonald & Lai, 2011). However, a point can be also made that presented features of banks' customer relations demonstrate very basic concerns that every bank would consider, be it within or outside CSR concept. Yet, taken that half of the banks in the sample present these features as part of their corporate responsibility can signal that in the given country and industry context quality of offered products and services reflects upon customer needs and concerns.

**Table IV. Customer relations**

<b>Customers</b>		
<b>Organisations</b>	<b>Range of activities</b>	<b>Selection of quotes</b>
<p>1. VTB Group 2. AK BARS Bank 3. Sberbank 4. Credit Bank of Moscow 5. Bank Saint Petersburg 6. Russian Agricultural Bank 7. Bank of Moscow</p>	<p><u>1) Improving banking services and data protection</u> a) Improving products and services (simplifying paper work, develop employee professionalism, monitor competitors, develop remote banking and ATM networks, create up to date and convenient service outlets) b) Ensuring availability and accessibility of services to all citizens (citizens in rural areas) c) Securing customer data and transactions (powerful IT infrastructure, protection of payment data and security of customer transactions, prevent information leaks)</p>	<p><b>Sberbank:</b> <i>When designing our network we are trying to provide <b>equal access to our services to customers throughout Russia</b>, including underdeveloped and low-populated areas, where doing business could be economically challenging. [...] the share of branches in those regions increased by percentage point and constituted 27% (p. 21).</i></p> <p><b>Credit Bank of Moscow:</b> <i>The Bank pays great attention to the construction of [...] <b>powerful IT infrastructure</b>. As it is necessary to ensure [...] <b>first and foremost, customer transactions</b> [...] and] elimination of single points of failure (p. 76).</i></p>
	<p><u>2) Customisation of services</u> a) Services for SMEs b) Services for aged customers c) Services for public-sector employees d) Services for young customers e) Services for customers in hardship</p>	<p><b>Bank of Moscow:</b> <i>Support healthcare workers, educational, government, and law enforcement officers – people whose work is important for our daily well-being, health, safety, and the future of society. In 2014, the Bank of Moscow launched a unique program called People of Action, which is a package of financial services on favorable terms (p. 43).</i></p>
	<p><u>3) Constructing socially-oriented products and services</u> (housing loans, maternity capital)</p>	<p><b>Bank Saint Petersburg:</b> <i>For the past decade the Bank has been issuing and servicing the “Newborn” and “Preschool” social benefits cards to which child benefit payments are credited [...]. The terms and conditions for using such cards ensure targeted receipt and spending of the child benefit funds (p. 58).</i></p>
	<p><u>4) Customer satisfaction</u> (questionnaires, telephone surveys, interviews) a) Handling customer complaints</p>	<p><b>VTB Group:</b> <i>VTB Group companies conduct regular customer satisfaction surveys, which allow them to react swiftly to changes in satisfaction and loyalty levels. Satisfaction surveys are also one of VTB’s customer feedback channels [...] (p. 68).</i></p>

### **Environmental and economic concerns**

Environmental concerns as part of corporate social responsibility are addressed by half of the banks in the sample. This issue is developed both on organisational and national levels.

Organisational level includes: a) Measurement of organisation's environmental performance, b) Optimisation of resource use, c) Pollution control or reduction. National level includes support for environmental projects and campaigns.

As a base for performing environmental responsibility, organisations report integrating environmental concerns into their corporate culture, following environmental policies, and establishing special committees to manage environmental issues (detailed and illustrative quotes can be found in Table 5 below).

Generally, bankers consider themselves to be in a relatively environmentally friendly industry in terms of emission, pollution or even energy, water, and paper use (Biswas, 2011). In showing their attitude towards environmental issues, Russian banks also express this point of view by stating that they '*do not operate in sectors responsible for significant environmental pollution*' and that their actions may only '*suggest a negative environmental impact*' (VTB Group, p. 113). However, banking sector is one of the major sources of financial investment (Biswas, 2011), therefore, one could argue that banks hold indirect responsibility towards the environment since their borrowers may invest resources in environmentally harmful projects. This indirect responsibility can be controlled by practicing environmentally responsible investment. Yet, only one bank from the sample (Credit Bank of Moscow) sees responsible investment as part of their CSR, reporting '*careful selection of borrowers and comprehensive social and environmental assessment of projects financed by the Bank to minimise any risks of adverse environmental impact*' (p. 78).

Expressing their care for the environment banks focus on optimising use of resources to reduce harmful impact from their activities. Organisations implement energy efficient equipment, undergo audit to form a program for energy saving and efficiency, as well as apply resource-efficient technologies. Banks also aim at reducing paper consumption by implementing electronic management system. Furthermore, to reduce pollution from organisational activities banks replace company cars with higher emission standard ones, as well as recycle paper and hazardous waste. The effort to reduce environmental impact is often accompanied by systematic measurement of used resources in order to establish control over these processes and view the progress throughout the time.

Outside of company-specific activities, organisations support various environmental projects and campaigns on national level, which are aimed at different causes, such as protection and support of natural areas or greening of urban territories. It is interesting to observe that more banks report engaging in environmental issues on national level than on organisational level, especially when it comes to '*environmental responsibility to preserve and restore natural*

*resources*’ (Russian Agricultural Bank, p. 120). Special attention is paid to protection of species under the threat of distinction, such as Amur tigers.

Generally, even though Russian banks do engage in a range of environmental activities, which are also found in academic literature (e.g. Lindgreen et al., 2010; Gao, 2011), the fact that environmental concerns are given rather less attention, especially compared to community or employee concerns, signals that the notion of ‘green banking’ as a CSR concept is not yet well established in Russia. This on one side can be explained by the assumption that banking is rather environmentally friendly sector, on other side, the lack of interest on the issue among stakeholders (Biswas, 2011).

**Table V. Environmental concerns**

<b>Environment (organisational level)</b>		
<b>Organisation</b>	<b>Range of activities</b>	<b>Example</b>
1. Russian Agricultural Bank 2. Sberbank 3. VTB Group 4. Credit Bank of Moscow	1) <u>Measure organisation’s environmental performance</u>	<b>Credit Bank of Moscow:</b> <i>To minimise the negative impact on the environment, the Bank is [...] measuring and monitoring consumption of resources in physical and monetary terms (electric energy, oil, gasoline, natural gas [etc.]) (p. 79).</i>
	2) <u>Optimise use of resources</u> (energy, heat, paper, water)	<b>Sberbank:</b> <i>Sberbank is a financial institution with the largest network of customer service outlets in Russia. For maintaining our operations we need significant amounts of electricity and heat. We are taking steps to save energy in order to minimise our impact on the environment [...] (p. 46).</i>
	3) <u>Pollution control or reduction</u> (environmentally-friendly cars, reduce use of plastic)	<b>VTB Group:</b> <i>In 2014, water purifying equipment with integrated filters was installed in order to gradually abandon the use of bottled water and reduce postconsumer plastics [...] (p. 115).</i>
<b>Environment (national level)</b>		
1. Gazprombank 2. Russian Agricultural Bank 3. Alfa-Bank 4. AK BARS Bank 5. VTB Group 6. Sberbank	1) <u>Support environmental projects and campaigns:</u> a) Protect and support natural areas (preserve natural habitats of animals, protect animals, protect the Arctic) b) Upgrade infrastructure to reduce the use of resources (diesel consumption, fuel consumption) c) Greening	<b>AK BARS Bank:</b> <i>Support of programs aimed at environment protection is another direction of socially responsible activity of AK BARS Bank. Providing support of the Kazan zoological and botanic garden in the exhibition and management of a snow leopard takes a special place among the ecological projects (p. 27).</i>  <b>Sberbank:</b> <i>In 2014, the third Green Marathon of Sberbank took place. [...]. Over 5,000 of new trees have been planted around the country over the three years of the Green Marathon (p. 48).</i>

**Economic concerns** in the context of Russian financial institutions are the weakest form of CSR, since it is rather hard to distinguish whether issues in this sphere manifest responsible behaviour, or are simply the way of conducting business. Economic concerns are addressed on two main levels: organisational level and national level. Five out of fourteen banks from the sample (Sberbank, VTB Group, Russian Agricultural Bank, Credit Bank of Moscow and AK BARS Bank) report dealing with economic issues on organisation level, which includes optimisation of business processes (managing personnel costs, optimising occupied premises) and shareholder and investor relations (honest and transparent communication and protection of shareholder rights). Even though these issues indeed represent financial matters and are conceptualised as a way of practicing CSR in previous studies on developing countries (Jamali, 2006; Graafland & Zhang, 2014; Gao, 2011), Russian banks do not clearly demonstrate these concerns as manifestations of CSR. Being part of their CSR reports or CSR sections in annual report, these processes rather appear as a way of regular business conduct. Even when addressing to shareholders and investors as a priority stakeholder group and reporting banks' honest communication with shareholder community, the way these matters are addressed in the reports do not convince the reader that this is CSR and not part of regular business. For instance, AK BARS Bank states:

*According to the principles of information and financial transparency, the Bank reveals full and reliable information in a timely manner, including its financial situation, economic indicators, and ownership structure, thus providing shareholders and investors with the ability to make reasonable decisions (p. 5).*

Thus, one could argue that by including this information under their CSR sections, banks were aiming at informing their stakeholders about business management processes.

National level economic concerns also receive attention of five banks (Sberbank, VTB Group, Gazprombank, Russian Agricultural Bank, Bank Saint Petersburg) and include development of industries of importance (manufacturing, oil, airline industry) and attraction of investors to national economy. In contrast to organisation level economic concerns, Russian banks do manifest these issues through the lens of CSR. Contribution to the growth of national economy is regarded by the banks as a highly important sphere of development, especially due to the current economic challenges that Russia is facing (imposed sanctions).

**Russian Agricultural Bank:** *The Bank will further pursue adopted CSR policies, placing a special focus on its pivotal role in supporting the financial*

*stability of agribusiness enterprises, especially when this industry comes to the forefront in resolving national scale tasks leading to Russia's economic prosperity (p. 124).*

Turbulence in economic sector guides Russian banks to place high importance on attracting investors to the national economy. This is done through arrangements of strategic events, which are used as a platform for dialogue and aimed at improving international cooperation and enhancement of Russia's investment attractiveness (themed forums and conferences – rail business forum, petroleum congress, etc.). These efforts bear the aim to ensure stability of the Russian economic and social life. For instance, by initiating investment forum under the name 'Russia calling!' VTB Group seeks to develop '*direct dialogue between international investors, representatives of Russian business [...] to find ways for mutually beneficial cooperation and sustainable development of the Russian economy*' (p. 98).

Jamali and Mirshak (2007) in their research on Lebanese CSR note that in contexts other than developed countries there is a range of issues that organisations should pay attention to in their pursuit of CSR. One of these is contribution to national economic factors. Thus, showing themselves as important engines in developing country's economy, Russian banks seem to move their CSR efforts in the right direction.

### **Other**

This section includes forms of CSR, which got limited attention from the organisations, but still give interesting insights into the data. These forms include a) Anti-corruption, b) Anti-money laundering and terrorism financing, c) Compliance. Jamali and Mirshak (2007) note that detection of fraud and corruption control should be areas of CSR advancement in developing country markets. Four banks in the sample (VTB Group, Sberbank, AK BARS Bank, Credit Bank of Moscow) do address to the issues of fraud by adhering '*to zero tolerance policy for corruption*' (VTB Group, p. 25) and setting gift-regulation and anti-corruption trainings for employees. Two banks in the sample (Sberbank and VTB Group) report fighting against money laundering and terrorism financing by implementing financial monitoring within companies and controlling customer transactions. It is, however, not certain how closely banks tie these issues to their CSR concept, since they are addressed in a formal way of reporting business processes. Nonetheless, one could argue that even though these issues are not yet strongly conceptualised as SCR, they are important components of business conduct in the given context, as noted by Jamali and Mirshak (2007).

Finally, four banks (VTB Group, Sberbank, AK BARS Bank and Credit Bank of Moscow) report compliance with the legislation in their country of operation (e.g. compliance with corporate management requirements, labour protection, procurement processes, etc.). Legal responsibility is often seen as a minimum requirement for business conduct, which might be followed involuntarily out of fear of punishment, rather than out of internal moral conviction (Lantos, 2001). This fact raises concerns whether compliance should be unconditionally interpreted as a CSR concept (due to its involuntary nature). However, taking into account that in the contexts other than developed countries legal obligations are weaker and do not exert enough pressure on firms to behave responsibly (Jamali, 2014), compliance with country's legal requirements can be seen as crucial component of responsible business behaviour.

The results suggest that CSR in Russia overlaps two main approaches. On one side, it presents community-oriented non-embedded approach, since Russian banks seek to make a positive contribution to social life, not aligning responsible activities to their core business and not aiming to gain financial returns (Maon, Swann, & Lindgreen, 2015). On the other side, it presents outcome-oriented, embedded approach to CSR, when Russian banks view responsible behaviour as a way to achieve organisational goals (such as in case with employees).

Even though findings on the first research question may appear somewhat descriptive and repetitive with what is already known about forms of CSR in academic literature, they offer an important starting point for understanding CSR processes in the Russian context and give the possibility for creating a meaningful discussion towards motives and institutional factors.

## **4.2. Expressed motives to engage in CSR**

This section provides an answer to the second research question: *How do Russian banks frame their motivation to engage in CSR?* Having understood how Russian banks make sense of CSR and in what forms of CSR they engage, it is time to highlight how their motivation is framed, what drives and guides them to take certain decisions.

The data revealed generally two levels of motivations: moral motive and strategic motive. Moral motive emerged through a strong desire of companies to contribute to the social development, mostly through philanthropy. Strategic level, in turn, presents a few factors, which drive organisations to be socially responsible, such as image and performance enhancement.

These two motives, presenting a paradoxical combination, give interesting insights on CSR in Russia. As results show, financial institutions report engaging in a wide spectrum of social activities, starting from donations and programs involving the orphans and aged people, to

art and cultural development type activities, to sports and education programs. These activities contribute to social development while not being tied to the core competence of the companies. Such approach is characterised by scholars (e.g. Jamali, 2007) as an altruistic or moral corporate motive. However, Jamali (2007) also argues that since there is a misconception present that strategic philanthropy or strategic CSR is self-serving and insincere, many companies prefer to report on those CSR initiatives that are distanced from their core business activities. In practice, however, moral and strategic motives can legitimately exist and function together – while achieving organisational interests firms may also search for ways to align these interests with the larger good (Jamali, 2007). Discussion below gives an explanation to why overlap of these two motives is particularly important for the Russian context.

#### 4.2.1. Moral motive

Earlier discussion on CSR understandings by the Russian financial firms addressed that organisations primarily view responsibility through its societal and stakeholder lens. Societal perspective is tied with the idea that companies desire to make a positive contribution to civil life. Such understanding connects with moral motive to engage in CSR, which holds the idea that business has an ethical duty to give back to society (Graafland & van de Ven, 2006). Even though some researchers such as Kotler and Lee (2005) argue that strategic reasons often replace altruistic motives for CSR, a number of academic studies hold the idea that the desire to make a positive contribution to society's future continue to be powerful drivers of socially responsible enterprise (Vidaver-Cohen & Bronn, 2008). By realising their role in the society, expressing commitment to human values and sentiment to bring tangible help to the population, Russian banks build upon moral motive of engagement in CSR. Employees play an important role in driving the process of companies' moral responsibilities and can be even seen as the main factor through which this moral motive can be realised in practice.

In explaining their motivation for engaging in socially responsible business practices, organisations share the view that business has to serve the public. CSR is framed as a moral duty of businesses towards society. This sentiment often translates into organisations' philanthropic actions and the desire to engage in '*many volunteer efforts, charity and cultural events, and social projects*' (Alfa-Bank, p. 1), which are driven by the '*commitment to basic human values*' and the desire to be '*a responsible corporate citizen*' (Russian Agricultural Bank, p. 123).

Expressing their commitment to society, Russian banks stress that their effort to realise public needs will always remain one of the most important business priorities, while not holding in mind pure '*commercial, but also social benefits*' (Sberbank, p. 9). By building corporate behaviour upon charity and sponsorship programs that allow firms to engage in community life and '*contribute to social development*' (VTB Group, p. 97), organisations fulfil their



philanthropic responsibilities, which plausibly are not aimed at tracking feasible financial returns (Jamali, 2007). This argument is supported by the choice of language that organisations developed – not emphasising on costs and benefits, but employing more normative language by using words such as ‘commitment’, ‘help’, ‘support’, ‘serve’, or emphasising the aim of their CSR activities, which is to achieve ‘*more positive results for the benefit of society*’ (AK BARS Bank, p. 4). Commitment and support to the public is also expressed through the tasks that the banks set for themselves, such as to improve living standards, provide care to socially vulnerable groups, contribute to the overall welfare of the population.

**Russian Agricultural Bank:** *Russian Agricultural Bank believes that CSR is a way of thinking that drives a desire to upgrade living standards for its employees and society as a whole. This sentiment translates into the tangible help that the Bank gives local communities via charitable activities, sponsorships and donations (p. 121).*

Further developing the perspective of moral motivation of Russian financial institutions, it is noticeable that employees are generally seen as a strong force in *realising* moral duties of the organisations that proactively encourage ‘*volunteer initiatives of its employees*’ (Bank Saint Petersburg, p. 63). Banks tend to express that their corporate culture and values shape the indifference of their staff towards each other and the society at large.

**Credit Bank of Moscow:** *A priority in the Bank’s activities is the maintenance of amicable relations in its team based on mutual help, trust, assistance to each other [...]. Thus, care for people, mutual help, kindness and mercy shape the core of the social, corporate values shared by the Bank’s employees (p. 76).*

Employees are described as people who are always ready to give a helping hand to anyone in need and ‘*never remain indifferent*’ to other’s sorrows (AK BARS Bank, p. 26). Such statements are often supported by evidence – banks highlight that thanks to their employees someone got a chance to live a better life. The atmosphere of indifference eventually becomes a motivation on its own, when companies build upon the idea that their business has a positive effect on the everyday life of people.

**Promsvyazbank:** *It is very pleasant to realize that we work among people who are ready to give a helping hand – it forms that feeling of protection and*

*stability. We are happy with our [charity] results and will further continue developing in this field ('Social responsibility' website section).*

Moral motive for CSR is also found in academic literature. Graafland and van de Ven (2006) note that CSR does not only aim at maximising profit, but is pursued because of organisation's moral duty towards the society. Business culture of an organisation can contribute to the motive to uphold to moral business practices (Graaflans & van de Ven, 2006). To support the argument that the existence of moral duty is a justified motive, Graafland and van de Ven refer to stakeholder theory of Evan and Freeman (1988), who address that all stakeholder groups have the rights not just to be treated as a means to some end (maximisation of the shareholder value), but as an end to itself. Results suggest that for the Russian banks moral motive is closely related to social concerns, and belief that firm resources – be it financial support or employee volunteerism – should be dedicated to enhancement of civil life.

When speaking about employees as a mean for realisation of organisational moral motive banks present them as willing participants of socially responsible actions. Organisations also make it seem that the staff members are driven by one and only motive, which is to assist the Russian society in achieving its stability. In this scenario, employees become a subject of CSR, a group that needs to perform responsibility so that the organisation can achieve its CSR goals (Siltaoja, Malin, & Pyykkonen, 2014). The subject role of employees becomes evident in explicit CSR, which points out that through the duties that employees carry out, organisations can fulfil their commitment to CSR (Preuss, Haunschild, & Matten, 2009). Developing this argument, Bhattacharya, Sen and Korschun (2008) suggest that by engaging employees in CSR processes organisations create the feeling that employees are part of the corporate mission and share company's values. Moreover, it gives the ability to humanise the organisation, depicting it as a contributor to society and not purely as an entity that aims to maximise its profits (Bhattacharya, Sen, & Korschun, 2008).

However, such approach towards personnel may raise a question on whether employees have a chance to express their opinion on something that they are made responsible for (Preuss et al., 2009), making it that employees' ethical interests are channelled in ways that fit the brand image. As a result, the earlier argument on intertwined existence of moral and strategic motives seems to come through in the given examples. Academic literature also stresses that these two forms of motivation frequently overlap, and it is sometimes difficult to determine whether CSR initiatives are generally guided by moral or strategic concerns (Bronn & Vidaver-Cohen, 2008).

#### 4.2.2. Strategic motive

Motivations on strategic level present a set of factors that drive organisations to be socially responsible. During the analysis it became clear that the Russian financial institutions aim at achieving two goals at the same time – gaining a positive socially responsible image at home and bringing themselves closer to the level of international corporations. CSR on strategic level includes a) Effort to develop global presence and become globally embedded, b) Develop positive image and corporate reputation, and c) Improve organisational performance through employee management. These strategic aspects suggest that organisations work on two levels – on one side they are aiming at gaining financial returns, and on the other side they seek for intangible outcomes, such as increased goodwill and loyalty among potential customers (Jamali, 2007).

At the stage of international cooperation, Russian banks look at the actors, which exist around them and express the desire – or are pressured – to organise certain actions or decisions upon these external actors. Following this idea, Russian banks express the desire to belong to a larger space than that of their home country, trying to become embedded in global processes. Social responsibility in that sense moves beyond the actions aimed at improving certain aspects of local social life, and progresses to establishing international relationships. For the Russian banks cooperation with foreign countries is performed on various levels, such as cultural, educational or professional. By developing such partnerships organisations have the aim to improve ‘*Russia’s image abroad*’ (VTB Group, p. 97), as well as to use international cooperation as an ‘*effective tool for the Bank’s positioning abroad*’ (Gazprombank, p. 73).

One of the examples of international cooperation that has an aim of image enhancement both for the organisation and Russia as a country is an internship program developed by Alfa-Bank. The program aims at improving relationships with world leading countries, such as USA, UK, and Germany. Through this program the Bank tries to build a bridge between Russia and foreign countries, so that ‘*after returning from Russia alumni of the Program continue to pursue careers in senior positions in private companies and governmental agencies [... and] influence the decision-making process on issues related to economic, legal and political interaction with Russia as experts with practical experience in this country*’ (Alfa-Bank, p. 57).

The effort to become globally embedded also manifests through compliance of Russian banks with international best practices and international codes and standards. On one side, ‘*maximum compliance to international standards*’ acts as a strong motive for organisations to improve their ‘*corporate procedures and its internal regulatory base, systems of internal control and risk management*’ (AK BARS Bank, p. 7) and other internal and external processes. On the other side, however, accounting with the standards that are ‘*applied by leading international*

*financial institutes*' (Credit Bank of Moscow, p. 78) and making decisions that are '*guided by global best practices*' (VTB Group, p. 24) does not disclose what stands beyond these statements and what it actually means for the corporations. It is not clear whether compliance with foreign actors is guided by globalisation pressures, or is seen as a way to increase their investment attractiveness. It is also a question how closely compliance effort is related to CSR concept itself. Only four out of fourteen banks issue CSR reports, and only two of those comply with 'soft' international standards, such as Global Reporting Initiative Sustainability Reporting Guidelines (GRI Guidelines) (Sberbank and VTB Group). This shows that Russian financial organisations are still lacking compliance with international standards (or use them selectively) related to CSR – lack of CSR reports in general, and non-compliance with international standards in the construction of those reports in particular. These findings may suggest that even though organisations have the desire to get closer to international corporations to gain certain advantages, these efforts are still on their development stage.

The second factor on strategic level that drives companies to pursue CSR is achieving a positive image and building corporate reputation. CSR is seen as a driver of public trust through creating a positive impression of organisations' activities in supporting educational, medical, cultural and other aspects of social life. Consider these examples:

**Russian Agricultural Bank: *Charitable activities, sponsorships and donations***

*[...] give rise to the positive impression of the Bank's operations for its wide and diverse stakeholder base (p. 121).*

**Bank of Moscow: *The Bank of Moscow sees sponsorship activity as an important factor, which forms the Bank's positive reputation, helps gaining contacts with customers in different segments and regions (p. 110).***

The process of banks' positioning to the public is performed in a form of a continuous mission. Banks report developing long-term partnerships with societal institutions, which in turn results in gaining publicity or recognition for '*the significant contribution of the credit organisation [...]*' "For Participating in Territory Social Problem Solving and Development of Corporate Charity" (AK BARS Bank, p. 40). Thus, the banks' interest in social wellbeing appears to reflect the need to be seen to be responsible, which in turn can form increased stakeholder awareness of responsible business practices. This point clearly addresses the idea of Jamali (2007) that philanthropy can have its strategic aspects, which should be rather seen as a positive aspect, since such organisational behaviour creates a win-win situation for both the company and society within which it operates. Lantos (2001) also suggests that practicing

strategic CSR by providing charitable help or supporting cultural aspects of social life, organisations develop grateful feelings towards themselves, which may result in a better publicity of that organisation.

The fusion of strategic motive and the larger good is also manifested through the understanding of the role that financial institutions preserve in social processes and recognition of their own power. Realisation of the *'measurable influence on the socioeconomic development of the Russian Federation'* (VTB Group, p. 41) and trust of *'millions of clients'* in bank *'as a reliable member of the banking market'* (AK BARS Bank, p. 40) comes with the need to justify this position by being responsible and developing *'products that satisfy the actual needs of its customers and to promote sustainable economic development'* (VTB Group, p. 41). This example shows the process where organisational responsibility gets embedded into its core business activity – aspect generally seen as part of strategic CSR. By tackling responsibility through customer satisfaction organisations develop loyal consumer attitude and strengthen their market position.

Another strategic motivation frequently expressed by the Russian banks is to pursue CSR because of its observed power to improve organisational performance. This motive is related to the management of internal stakeholders – employees. By providing employees with social benefits, controlling their health and safety, and contributing to their professional development organisations invest in their own wellbeing. Care for employees is not only seen as a way to enhance efficiency of existing staff members, but also as a way to maintain or improve organisation's position by appearing as *'one of the most attractive employers on the market'* (Alfa-Bank, p. 66) and thus bring in new talents.

Companies recognise the role of the individual worker in the process of achieving organisational tasks and the effective functioning of the company. For instance, motivating staff to involve in managerial processes by thinking on behalf of the bank and suggesting ideas to improve organisational performance is seen as an important strategic component. Organisations show that there is clear *'economic effect of their [employees' ideas] implementation amounted to RUB 4.1 bn.* (Sberbank, p. 8). The banks express that staff development is important for maintaining competitiveness in the market, reduce operational risks and generally preserve highly professional and loyal staff.

**VTB Group: *Personnel competency is one of the most important contributions to the Group's success, which is why VTB focuses strongly on corporate training. [...]. VTB regards investing in personnel as an investment in its future (p. 81).***

As discussed in academic literature, strategic component of CSR is a fairly strong driver for companies to practice socially responsible behaviour, since it brings a win-win relationship between CSR and overall success of the company (Graafland & van de Ven, 2006). Russian banks also recognise that social responsibility acts as an important factor in their dynamic development, and implementation of CSR principles on various levels – internal, social and market level – can contribute to organisation’s profitability and develop shareholder trust. Furthermore, as we can see from the discussion above, certain elements of CSR such as charity work and employee relations result in a better image and financial performance of the organisations. Even though one could argue that organisations ‘make use’ of their internal stakeholders for image management, the effort to reconcile self-interest with the larger common good (community support, employee wellbeing) is an important factor in the contexts other than developed countries (Jamali, 2007). This comes with the fact that in weaker markets organisations deal with challenging institutional settings and limited resources, which means that ability to conceive CSR into a meaningful part of business strategy can be seen as a positive trend – both for businesses and society at large (Jamali, 2007).

### 4.3. Institutional (f)actors of CSR

This section gives an answer to the third research question: *What institutional (f)actors do Russian banks address in their CSR strategy (approach)?*

Analysis revealed that there are mainly three institutional factors that guide CSR in the Russian context. Those are: a) Government, b) NGOs, and c) Crisis. For a comprehensive overview of these actors and their manifestations look for Table 6 in the end of this section.

#### 4.3.1. Government as an institutional (f)actor

In developing the discussion on institutional context of CSR, almost all (ten out of fourteen) organisations in one or another way refer to the government in their CSR statements. The role of the government as an institutional actor manifests in various ways: a) Fulfilment of governmental tasks by the organisations, b) Development of partnership between firms and the government, c) Government as a ‘watchdog’ (indicator of organisation’s positive performance).

‘*Fulfilment of tasks set by the federal authorities*’ (VTB Group, p. 35) comes with the need for organisations to legitimise themselves towards the government, especially since it appears to be one of the major shareholders. This factor puts certain degree of commitment that organisations hold towards the state – commitment to account with government’s priorities and trajectories of national development. Understanding authorities’ expectations becomes crucial

for the banks in this scenario, which is why organisations show their willingness to improve interaction with the state, holding regular meetings to account for its interests. Holding inherent power, Russian government pushes organisations to take part in achieving national goals – firms show their commitment to work under state projects, which include so called ‘roadmaps’ for improving economic situation in the country (e.g. having a certain percentage of SMEs in supplier category), fulfilling the goal to boost production through lending a certain amount of money to specific economic sector, securing performance of state contracts, etc. It is interesting to observe how these national goals are integrated and presented as organisations’ own concerns. For instance, Russian Agricultural Bank refers that *‘increasing the availability of financial resources for small businesses and the rural population is **an important task at the State level and is also one of the Bank’s priorities**’* (p. 113).

Growing from one-way task fulfilment form, relationship with the state also manifests in a form of partnership and collaboration, when both sides realise that they possess complementary resources and can combine *‘the efforts of federal and local authorities and businesses towards economic progress’* (Russian Agricultural Bank, p. 116). Such partnership is understood as an important force in improving social conditions of the country, when *‘wellbeing of the citizens is hard to imagine without the participation of business’* and *‘therefore, the question of creation of an effective alliance between the authorities and businesses for the solution of socially significant tasks’* becomes *‘most topical’* (AK BARS Bank, p. 27). In order to tackle specific issues in the society banks develop relationships with different ministries of Russia. For example, to improve certain cultural aspects agreements are made with the Ministry of Culture, whereas in order to tackle environmental issues, such as preservation of natural resource or support for the Arctic, collaboration is made with the Ministry of Natural Resources and the Environment of the Russian Federation.

When discussing the role of the government in organisational processes, we should also discuss the role of regional government, since the banks have to take into account authorities in different territories where they operate. The form of relationship between local government and business sometimes appears as one-off financial donations to cover the costs of regional needs. However, collaboration through joint programs and plans to tackle social issues in the regions is more often pronounced. Partnerships with local governments are aimed at improving social stability of the regions of Russia and are performed in a form of financial assists to social projects and events, as well as preparation and implementation of *‘regional development strategies’* (Russian Agricultural Bank, p. 113).

Lastly, relationship between the state and business is realised through the government’s role as a ‘watchdog’ over organisations’ actions. Authorities appear as judges of the projects that

banks implement, assessing their social or national importance. This can be noticed through how the firms emphasise that government officials '*personally took part in the event*' (Alfa-Bank, p. 24) or praised and '*consistently supported*' (AK BARS Bank, p. 27) their initiatives.

In order to understand why certain forms of relationship between the government and businesses take place and conceptualise what this means, it is necessary to realise various external factors. We should keep in mind that this research is based on financial industry organisations and remember that in Russia the state has an extensive interference in economic life of the country. This results in banks' resource dependency from the government, which means that in order to access these resources, companies have to accept a certain form and content of CSR. Therefore, for the largest banks of Russia CSR takes an explicit form of handling the government's requests. Developing this debate, one could argue that the Russian government formally pushes companies to take care of social welfare through social-economic agreements between banks and central and local governments. In this scenario, 'doing good' is expected by the state and the organisations from their side use this opportunity to strengthen mutually beneficial relationship. In essence, this forms a win-win situation, when businesses take the role to enhance the state's existing capacity of developing social and economic issues, and in turn get the possibility to strengthen their own position in the country. By prioritising the fulfilment of state goals and directing business to work for national wellbeing, CSR acts as a legitimiser for existence of enterprises in the society.

Going back to the literature, we find that scholars question whether government officials are supposed to intervene in the processes of CSR, since it should be based on the principle of volunteerism, and responsible activities should reach beyond legal prescriptions (Dentchev, Haezendonck, & Balen, 2015). However, empiric evidence also shows that this exclusion does not often represent the reality (Dentchev et al., 2015). Academic literature discusses various forms of business-government interaction with regard to CSR. Fox, Ward and Howard (2002) found that *partnering* is one of the forms of interaction, which is aimed at gaining complementary resources to resolve social issues. CSR in this case also becomes an attractive tool for the government since it can substitute or complement government's effort (Moon, 2002).

Putting these concepts in the specific context of this research, the question of choice can be raised, arguing that organisations in Russia are rather obliged to follow a specific form of partnership with the government in order to facilitate their existence. Therefore, the question of power and possible conflicts can emerge. However, the data that was analysed presents a very



politically correct approach, where firms speak neutrally or positively about the Russian government, giving no chance to identify possible frustrations of Russian firms.

#### 4.3.2. NGO as an institutional (f)actor

The findings show that all the organisations in the sample refer to social concerns when it comes to their framing of CSR. To address these social concerns, the banks need to ‘*cooperate with many non-profit organisations and foundations*’ (Bank of Moscow, p. 108), which provide them with competencies and access to solving social concerns.

The types of NGOs that the banks address to are most often charitable foundations, which work with socially vulnerable groups, such as children with disabilities or children who have adaptation problems after leaving orphanages, autistic persons, aged persons, etc.

On one hand, in working with NGOs the banks address to them as the receivers of financial resources.

**VTB Group:** *In 2014, 11 non-governmental organizations received charitable financing from the Bank, including the Moscow House of War Veterans (pensioners) and the United Country Foundation for the support of people with disabilities (p. 108).*

On the other hand, banks establish cooperative relations with NGOs by organising charitable events and fairs ‘*combining the resources of a commercial and non-profit entity*’ (Russian Agricultural Bank, p. 123) to solve social or environmental issues.

**Credit Bank of Moscow:** *In 2014 Arifmetika Dobra, a charity fund, became the Bank’s main partner in providing joint support to seriously ill children, orphaned children and needy families and, together with the Bank, held numerous events to raise funds for deprived people and special charitable actions to collect clothing, household items and presents for poor families (p. 75).*

NGOs in the context of Russian financial organisations also contribute to the creation of new organisational knowledge. For instance, involving employees in volunteer work can raise a lot of ‘*questions regarding the format, regularity, and unforeseen complexities of events, as well as ethical issues during volunteer projects*’ (VTB24, p. 56). As a result, employees are provided with lectures and training courses ‘*by non-profit sector experts involved in work with orphanages, retirement homes, and environmental organisations*’ (VTB24, p. 56).

Thus, results suggest that collaboration between business and NGO takes three main forms, as also conceptualised by Kourula and Halme (2008): sponsorship – when banks provide financial support to an NGO, employee training and volunteerism – when NGO representatives are invited to train company employees on certain issues, or when company employees volunteer their time and work for NGO’s projects, and partnership – when banks and NGOs can agree on long-term common goals and combine their resources to bring a positive change.

Except for socially oriented NGOs that the banks work with, they also engage in cooperation with professionally oriented NGOs, such as Association of Russian Banks, an NGO that represents the interests of Russian banking community, or OPORA Russia – an NGO for SMEs, which has the aim to consolidate entrepreneurs to form favourable policy, economic and legal activity. Such associations are aimed at improving dialogue between business and the state, control transparency in economic decisions and make sure that business interests are reflected in governmental decisions. Even though motivations to join these organisations are not clearly communicated, judging by the nature of these entities it can be assumed that financial institutions choose to come together with other businesses to create a body that would stand for their interests in relationship with the government and possibly mitigate government’s overwhelming control over business processes.

Having found what forms collaboration between NGOs and businesses takes, I have not found the ‘pressure’ factor when organisations referred to NGOs, even though banks make their input to social stability mostly through non-profit entities and regard collaboration with them as an important factor in achieving social stability. This made me think of the role of NGOs in the national context and brought me to realise that non-profit organisations as institutions have a difficult past and present situation in Russia. In times of Soviet Union, the overwhelming role of the state did not allow for the development of significant civic initiatives, and after the end of Cold War and fall of the Soviet Union most citizens were concerned with their individual survival, rather than with solidarity and joint civil activity (Rose, 2000). NGO as an institutional actor remained weak also due to the lack of resources, which did not allow them to reach to the broader public (Crotty & Rodgers, 2012). Introduced in 2006 law, which cut NGOs from foreign contribution could not but additionally weaken their position (Frohlich, 2012). Therefore, NGOs survival in the Russian context is highly dependant on their ability to acquire funding. Scholars (Jamali & Keshishian, 2009) also note that partnership between non-profit and for-profit sectors in the context of developing countries is evolving within the framework of resource dependency, when NGOs are looking for other institutions with complementary resources to achieve specific goals.

Looking at the situation from this perspective, it becomes clear why the ‘pressure’ factor was not found in the banks’ referral to NGOs. It rather appears as an unspoken rule that charity foundations need to receive resources for their existence and ability to function. It is also interesting to notice that NGOs that banks address to are predominantly Russian and act within politically accepted areas (charity foundations that work with socially vulnerable groups are the most often addressed type of NGO). Reference to international NGOs is hardly sensible: the only international NGO that the companies report cooperating with is World Wildlife Fund Russia (WWF). This also has its reason – in 2012 NGOs that are operating in Russia and are accepting donations from abroad were classified as ‘foreign agents’ and mostly dried out (Fifka & Pobizhan, 2014). By considering such historical perspectives on institutions proves to be an important point through which larger processes can be understood. Indeed, Brammer et al. (2012) also emphasise the necessity of taking into account historical backgrounds of institutions to understand their role in certain (in this case CSR) processes.

#### **4.3.3. Crisis as an institutional (f)actor**

Due to the specific historical timeframe that the reports from 2014 fell into – political crisis in Ukraine and imposed sanctions on Russia, the banks frequently reflect upon this issue. In this section I develop the argument why crisis should be seen as a factor for/against CSR in the Russian context.

The negative consequences of the financial and economic crisis in the world had a substantial effect on social development of Russia already back in 2008. The need for business participation in solving social and environmental problems in times of crisis was noted at the state level in Russia (Bakhtina, 2015). It is believed that the global economic crisis was one of the most important factors that had a direct influence on the formation of CSR in the country (Bakhtina, 2015).

Today the crisis hits Russia again – *‘the slowdown in economic growth and expected contraction of the Russian economy, the challenging geopolitical situation, and the EU’s and US’s sectoral sanctions against the Russian banks’* (VTB Group, p. 33) challenged the Russian economic and social environment. Crisis became an unavoidable factor, which financial organisations have to deal with despite their will. The banks express their attitude towards the situation and show how they deal with the crisis and what their CSR priorities are in these circumstances.

One of the most important aspects that are addressed by the banks in this crisis situation is maintenance of stakeholder trust. As expressed by the organisations, the crisis situation made a substantial impact on *‘investors interests in the Russian market in 2014’* (VTB Group, p. 33). Therefore, it also changed the way financial institutions communicate with their shareholder and

investor base. Priorities are put at ensuring maximum investor awareness in organisation's operations, as well as stronger cooperation with investors in Asia and Russia. Economic crisis in the country made organisations realise that their investor attractiveness can be questioned, therefore putting the importance on communicating that they have *'all the necessary resources and management experience to continue successful operations'* (Sberbank, p. 6). The media in this situation becomes a strong tool, which helps to oppose international agencies in their pessimistic predictions of the risks that the banks in Russia face. Organisations highlight the importance of *'direct communication with the media'* (Alfa-Bank, p. 63) and prepare *'comments for the press with a statement about the bank's stable financial situation, solid liquidity cushion and capital adequacy'* (Sberbank, p. 6).

Another important group of stakeholders that has to be taken care of in the given circumstances is customers. Under the current complicated economic conditions part of Russian population became vulnerable in their financial situation. Therefore, banks aim at providing *'services that mitigate the effects of adverse events for its customer'* (VTB Group, p. 59). These efforts are aimed at adopting a more flexible approach in dealing with retail costumers and providing them with the opportunity to restructure their debts. For instance, *'The Bank of Moscow proposed a program to its currency borrowers for concessional mortgage refinancing in Swiss francs and Japanese yen'* and *'provided with the opportunity to reduce loan interests rates, and extend the loan term'* (Bank of Moscow, p. 112).

Except for external stakeholders that have to be addressed during the crisis situation, internal stakeholders also need to be *'provided timely information about the strategy and objective of the Bank'* in the given circumstances and regularly communicate *'with bank employees, sharing predictions about market macroeconomics and [banks'] position in a changing environment'* (Alfa-Bank, p. 66) to avoid any misunderstandings and disruption in the organisation's internal work. These three stakeholder groups that organisations speak to (shareholders, customers, employees) are essential to their stable functioning. Strengthening or re-thinking responsibilities towards them is arguably one of the most important issues that firms have to tackle. This has its own opportunities and pitfalls – on one side, taking good care of stakeholders in these difficult times can strengthen firm-stakeholder relationships, ensuring a solid ground for future cooperation, but on the other side, neglecting or overlooking aspects of responsible behaviour may negatively affect firm's position.

Apart from emerged need to be more responsive to stakeholders, difficult economic situation also made Russian organisations reconsider the areas of their support to national economy, and prioritise the industries that can help mitigating the effects of crisis. Therefore, increasing support has been placed at developing manufacturing industry, as well as agricultural

industry, since ‘*in the context of the embargo on agricultural exports from the EU and considering the necessity of improving food safety, supporting domestic food products has become more relevant than ever*’ (VTB Group, p. 51).

Even though crisis effects in the reports are mostly manifested through stakeholder and economic concerns, looking at it from a bigger perspective suggests that crisis may also shape the form and content of CSR, set certain preference groups and areas of action in organisational processes. Previous studies done on the subject of crisis effects on the state of Russian CSR found several aspects, which can be also observed in the studied materials of this research. One of the areas of CSR that got affected by the crisis situation are employees – companies have to tighten their policies in relationships with some of their stakeholders in order to save the costs (Bakhtina, 2015). Banks indeed report that there are certain limitations in corporate benefits, such as ‘*salary increase for employees became impossible due to the economic situation in 2014*’ and ‘*due to the difficult economic situation in the country [...] children’s recreation support programmes will not be extended*’ (Sberbank, p. 7). Another trend that emerged due to crisis is replacement of financial support to social programs for volunteer help. As discussed within the scope of the first research question, employee volunteerism has indeed a strong presence in the banks’ social concerns. Since the economic crisis that started in 2014 is still developing, it is hard to see what more changes in CSR approach this can bring. However, one could argue that taken into account that CSR in Russia is still on its development stage, crisis can further slow down its advancement. Organisations might shift CSR from their priority list and focus on aspects that would directly mitigate crisis effects. On the other side, crisis can be also seen as an opportunity – companies may realise positive impact from practicing CSR and strengthen its functioning to control crisis influence.

**Table VI. Institutional (f)actors of CSR in Russia**

<b>Government</b>	
<b>Form of relationship</b>	<b>Example</b>
<u>Fulfilment of state tasks:</u> - Organisations realise goals set by the government, and integrate national concerns into their own. - Working <i>under</i> state projects	<b>AK BARS Bank:</b> <i>[...] protection and strengthening of the health of the population [...] is one of the main ultimate goals of the state. That explains the large amount of investments allocated by AK BARS Bank for the Strengthening of Public Health (p. 25).</i>  <b>Russian Agricultural Bank:</b> <i>In the framework of the State Program implementation the Bank has provided RUB 14.8 billion to farms (p. 112).</i>
<u>Partnership and collaboration:</u> - Combining business and government efforts for social and economic progress	<b>VTB Group:</b> <i>In 2014, the Bank entered into agreements with several regional administrations that detailed the basic collaboration and <b>coordination of efforts towards the joint resolution of socio-economic</b></i>

	<i>development challenges in the regions (p. 42).</i>
<u>Government as a ‘watchdog’</u>	<b>Alfa-Bank:</b> <i>The snow creativity day [...] was attended by not only families, but entire groups of children from social institutions. [...]. The Minister for Social Policy personally took part in the event (p. 24).</i>
<b>NGOs</b>	
<b>Form of relationship</b>	<b>Example</b>
<u>Sponsorship</u> - Banks make donations to NGOs of their choice	<b>Gazprombank:</b> <i>Aid to orphans is of highest priority. For many years, the Bank has donated to the Interregional Charity SOS Children’s Villages (p. 72).</i>
<u>Creation of new organisational knowledge</u> - Employee training	<b>VTB24:</b> <i>In 2014 direction of outside and inside communications of VTB24 elaborated educational course for the Bank’s volunteers. It was trained in a lecture’s form by the experts of non-commercial sector, who were directly involved in a work with orphanages, houses for aged and nature protection organizations (p. 56).</i>
<u>Partnership</u> - Achieve common goals through long-term collaboration projects.	<b>Alfa-Bank:</b> <i>Since 2009, Life Line and Alfa-Bank have been running a traditional charitable campaign, Any Coin’s Cost! Thanks to this wonderful campaign, twice a year (in spring and in autumn), anyone can donate their change collected at home to the Life Line Fund, thereby helping save a child’s life (p. 3).</i>
<b>Crisis</b>	
<b>Crisis influence areas</b>	<b>Example</b>
<u>Desire to keep stakeholder trust</u> - Reassure <b>shareholders</b> in organisation’s stability - Flexible approach to <b>customers</b> in crisis times - Keeping <b>employees</b> aware about the situation	<b>Sberbank:</b> <i>We have all the necessary resources and management experience to continue successful operation in the current conditions, and to fulfil our commitments to Russian and international clients. Sberbank highly appreciates the trust of its shareholders (p. 6).</i>  <b>Alfa-Bank:</b> <i>The [corporate] portal publishes daily news both from the Central Office and from the regions. [...] The newsfeed reflects the agenda and may be changed, if necessary. Thus, due to changes in the economy that have occurred over the past year, the focus in the news coverage has shifted to the crisis, economic and market trends, best practices, and initiatives of employees (p. 72).</i>
<u>Priorities areas of national development</u>	<b>VTB Group:</b> <i>In the context of macroeconomic instability and economic sanctions, maintaining and enhancing the growth of the manufacturing industry [...] has become increasingly important for the sustainable development of the economy of the Russian Federation (p. 45).</i>  <b>Russian Agricultural Bank:</b> <i>In early 2015, the Bank enrolled in the subsidized mortgage program initiated by the Government Sector-wise [...] It will support the residential construction market during the current unfavorable macroeconomic conditions (p. 119).</i>

#### 4.3.4. Are there other institutional (f)actors?

Except for explicitly addressed institutional factors for CSR, there are a few other actors that play somewhat uncertain role in CSR processes of the Russian financial institutions. These are consumers and media. Consumers are addressed throughout the sample in a form of their strong consideration as service receivers. Banks pay considerable attention at improving customer services and strive to develop products that satisfy their needs. However, consumers are not addressed or seen as a group that pressures organisations to be socially responsible. Alon et al. (2010) found that only 38% of companies in Russia refer to clients as stakeholders. Such attitude can be connected to the country's socialist history, when people had to buy what was offered and their demands were rather insignificant.

With regard to the media, banks refer to it in various ways, such as reporting close cooperation and communication between firm and media outlets. However, it does not appear as CSR factor either. Some researchers explain the weak role of mass media by the strong influence of the government manifested by censorship, which gives less room for the media to address unethical side of Russian business (Fifka & Pobizhan, 2014). Additionally, EIU survey from 2008 revealed that none of the Russian managers surveyed felt pressured by mass media to deal with CSR (Fifka & Pobizhan, 2014).

## 5. Conclusion

This research examined an under-studied area of a widely studied topic – CSR in the emerging country context – Russia. Through thematic analysis of fourteen companies in financial sphere, the research contributed to the understanding of how CSR is constructed in the Russian context. I identified that Russian banks generally engage in five forms of CSR: social concerns, employee and customer relations, environmental and economic concerns. It was found that Russian banks understand CSR mostly through its social perspective (including employees) with other themes presenting a rather limited range of activities and being communicated hardly by half of the firms in the sample. In addition, it appeared somewhat questionable whether certain forms, such as economic concerns, are manifestations of CSR or simply present firms' day-to-day business.

The study also found that guided by moral motive to engage in CSR, organisations at the same time turn it into their strategic image- or performance-enhancing motive. Practice of strategic CSR that also contributes to the larger good presents an important feature of socially responsible behaviour of Russian banks. Getting recognition or financial returns from practicing CSR can further stimulate organisations to proceed to a more advanced form of it, or at least maintain it as part of their business. Meaningful strategic approach to CSR promises to bring shared values, in particular, creation of economic value in a way that also creates value for society by addressing its needs and challenges (Porter & Kramer, 2011).

The overarching goal of this research was to understand how institutional setting in Russia organises the meanings and practices of CSR. Having found that the government is a strong institutional force, it is, however, questionable whether this force actually stimulates CSR practices. It seems to rather aim at guiding financial institutions to the direction where they can contribute to the national development in the areas of state priorities. It is even believed that business community in Russia is ahead of government measures to support CSR (Bakhtina, 2015). There is still a visible lack of clear state policies in this field, as well as the overall lack of CSR system. While CSR is to a certain extent practiced by large companies, SMEs in Russia tend to completely avoid this issue. From this perspective, Campbell (2007) is right that institutional setting can either reinforce or restrain companies from being socially responsible. However, as current and previous research (e.g. Amaeshi et al., 2014) shows as well, it does not mean that there is no CSR in weak institutional settings. Rather, it takes its own unique form, which is shaped by national and institutional realities. The level of societal development also seems to influence nature of CSR. As we could see from the results, social problems that exist in the country cannot be solved by the state, or non-governmental organisations alone (due to their



weak position and shortage in resources), pushing financial institutions to leverage their resources to address these issues.

This research also found that global CSR movement has its say on CSR practices in Russia, manifested through compliance with international best practices and standards. This combination creates CSR ‘crossvergence’, when global convergence and local divergence interact together to result in a certain CSR expression (Jamali & Neville, 2011). Such interweaving comes with no surprise, since in the world of globalisation organisations are technically functioning not only in their own institutional environment, but are being seen by foreign actors as well. A dynamic blend of global and local institutional pressures is at play in the field of organisational CSR in developing country contexts (Jamali & Neville, 2011). The question is more in organisations’ responsiveness to domestic and foreign actors and their prioritisation. The results of this study suggest that even though Russian banks address CSR issues that have global taste (especially two largest banks that follow GRI standards), majority of the firms build their responsible efforts around domestic actors.

In order to develop better CSR practices in the Russian context, it is likely that there is a need for a more systematic arrangement of CSR – common rules and practices need to exist, which would demand CSR not only from large companies, but from all businesses across the country. There is also a need to develop more advanced cooperation between for-profit and non-profit sectors, reinforce this cooperation not only with politically correct charitable funds, but with a wider range of NGOs. However, in the Russian context such initiatives seem to be possible to be realised mostly through the government’s actions, since the state has a strong influence on all aspect of country’s life. Scholars note that ‘too much state’ in Russia over-controls business and disturbs balance of power between the Russian government and market (Avtonomov, 2006). This dominance, however, also seems to create a certain level of comfort for Russian financial institutions. Close relationship with the government and realisation of its demands gives Russian banks access to resources and ensures their position in the business sphere.

This study also addressed uncertain role of crisis in Russian CSR processes. Even though clear statements of crisis effects cannot be established through the analysis of a single year reports, crisis in one way or another has its say on larger business processes, including its smaller elements, such as corporate responsibility. Taken that CSR practices in Russia are not yet well established and still need to move towards a more advanced form of it, economic turbulence may on one side further destabilise these processes. On the other side, however, since CSR has the promise to help organisations in their stable functioning and also positively influence stakeholders, crisis can be seen as an opportunity as well. Companies may realise the

need to establish stronger form of CSR, following best global practices to mitigate crisis effects on various levels.

Building the discussion on how various institutional settings can create unique forms of CSR, argument should be also made that despite these institutional differences CSR can also take common forms. Emerging and developing markets have similar institutional settings, which means that contextualisation of CSR can emerge not only on a country level, but on the broader level of certain economic and social settings.

All these arguments lead to the understanding of the ultimate question – is there contextually embedded Russian CSR? Answer to this question is rather complicated, but speaking from the results of this study, Russia seems to not offer its own, unique CSR concept. Even though we see manifestation of the Russian history through social focus of CSR activities, or weak position of customers and media as stakeholders in CSR processes, as well as the overwhelming role of the state, these factors do not have the power to form Russian way of socially responsible enterprise. One of the possible explanations for this could be that CSR as a phenomenon does not have a long history in Russia, meaning that in their pursuit of CSR Russian organisations were initially influenced by global perspectives. However, institutional setting and historical past of the country still restrain local companies to take advanced forms of CSR and unconditionally follow best world practices. Yet, there is a great potential in Russia to advance this concept, connecting CSR to the past, but building gate to the future.

This study employed institutional theory in order to make sense of responsible behaviour of Russian enterprises. Such approach allowed me to make sense of my data and put the findings in broader context of institutional setting in Russia. As promised by scholars, institutional theory indeed offers appropriate framework for understanding and making sense of certain phenomenon by building upon contextual settings. It helped to construct a bigger picture on a specific issue, such as it allowed to understand why CSR in Russia is so strongly associated with social and employee perspectives. In sum, institutional theory assisted in understanding CSR practice through context, in particular, it allowed to view this global concept through the lenses of national environment, narrowing down global meanings to local practices. Combining institutional theory with qualitative method of analysis proved to be appropriate, since it enabled to ‘feel through’ the data, constructing the meanings beyond what is being said. This approach helped me to form an answer to ‘how’ question through meaningful construction and evaluation of themes.

## 5.1. Limitations and future directions

The present study is subject to certain limitations and requires further research. First, one of the major limitations to this research is its pure focus on financial industry. This approach although provided with a fair understanding of CSR processes in Russia, remained contextualised by the industry. For instance, a rather limited range of activities aimed at solving environmental issues could be affected by the specificity of financial industry. Sweeney and Coughlan (2008) point out that there is indeed a clear industry effect in the reporting of CSR by different organisations. Researchers found that financial industry firms did not put a lot of focus on environmental concerns, as opposed to, for instance, automotive industry. Also, while employees got considerable amount of attention by financial institutions, they were of a less concern to telecommunications industry. Hence, the conclusions arrived at should be not unconditionally generalised to other industry groups. Yet, I do believe that study of financial sector provides a window to observe CSR exemplars in Russia.

Second limitation to this study is its focus on annual and CSR reports. Even though reports are considered appropriate and reliable source of information, they still have an image-enhancing nature (Zhao, 2012). This means that certain issues probably remain untold or are presented in ways beneficial for the organisations. Studied firms offered a positive perspective on their CSR activities, presenting its corporate side. This factor limited this research in understanding possible challenges or conflicts that may take place in organisational CSR processes. Another limitation in relation to the researched sample is its consideration of only one reporting year (2014). This factor did not allow this study to observe how CSR has evolved over time, and what possible changes took place.

Third limitation to this research is concerned with coding procedure. A certain level of subjectivity in coding different aspects of CSR was unavoidable, especially since a single coder performed the analysis. However, such subjectivity is a common concern in content analytic research, and previous scholars noted this limitation (e.g. Nik Ahmad & Sulaiman, 2004).

Despite the aforementioned limitations, I consider that this study has contributed to the literature on CSR in general, and contextual debate of it in particular. By studying annual and CSR reports, as well as website information of Russian banks, this research was committed to address the gap on understanding corporate social responsibility in emerging market Russia.

Future studies could extend and deepen research on CSR in Russia by employing more nationally representative sample to verify CSR practices for different types of firms. Simultaneously, future research could look at the subject from different actors, such as NGOs, government, employees, customer, media, etc. Such an approach can offer multi-dimensional

understanding of CSR, which would not be limited to the business perspective only. It could suggest insights into whether these external actors see relations with businesses from the same perspective and also allow to profoundly judge potential role of internal and external stakeholders in the promotion of CSR in Russia.

Another area that could be developed in future studies is investigation of barriers that organisations in Russia see in advancing their CSR processes. This would address to the argument made earlier on institutional environments as CSR determinants. For such a study it would be more appropriate to use questionnaires or in-depth interviews with managers, rather than analysis of publicly available data on CSR, to gather information from behind the scenes. Addressing limited possibility of this study to identify possible conflicts and questions of power, future research could also address these aspects by employing in-depth interviews.

Finally, primary focus of this study was to recognise contextual manifestations of CSR in Russia. However, the results showed rather strong embeddedness of this concept with already existing practices, suggesting just a few elements of contextualisation (such as the Russian history, or role of the government). Thus, future studies could challenge the argument for the need to contextualise CSR, looking at how and why this concept gets global taste in the Russian environment.

This research has filled a part of the existing research gap on CSR in Russia, but there is still a significant room for further investigation of this subject. Hence, suggested guidelines for future studies could further address limited understanding of CSR in Russia.

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## Appendices

### Appendix I. Research sample

<b>Bank name</b>	<b>Type of information available</b>	<b>Available languages</b>	<b>Selected time period</b>
1. Sberbank of Russia	CSR report	English and Russian	2014
2. VTB Group	CSR report	English and Russian	2014
3. GPB (Gazprombank)	Annual report	English and Russian	2014
4. VTB24	Annual report	English and Russian	2014
5. Financial Corporation Otkritie	Annual report	English and Russian	2014
6. Rosselkhozbank (Russian Agricultural Bank)	Annual report	English and Russian	2014
7. Alfa-Bank	CSR report	English and Russian	2014
8. Bank of Moscow	Annual report	Russian	2014
9. Bank National Clearing Centre	Excluded (no CSR disclosure)		
10. UniCredit Bank	Excluded (foreign bank)		
11. Promsvyazbank	Website	Russian	No years
12. Credit Bank of Moscow	Annual report	English and Russian	2014
13. Raiffeisenbank	Excluded (foreign bank)		
14. Rosbank	Excluded (foreign bank)		
15. Binbank	Excluded (no CSR disclosure)		

16. Bank Saint Petersburg	Annual report	English and Russian	2014
17. Khanty-Mansiysk Bank Otkritie	Annual report	Russian	2014
18. Rossiya Bank	Excluded (no CSR disclosure)		
19. AK BARS Bank	CSR report	English and Russian	2014
20. Sovcombank	Annual report	Russian	2014

## Appendix II. Codebook

### I. Form in which CSR is presented

1. Stand-alone CSR report (Gao, 2011)
2. CSR in annual report (Gao, 2011)
3. Website

### II. Language of reports

1. English
2. Russian

### III. Name of stand-alone CSR report

1. Corporate social responsibility report
2. Social report
3. Sustainability report
4. Corporate sustainability report (Gao, 2011)

### IV. Corporate social responsibility terminology

1. Corporate social responsibility (CSR)
2. Corporate responsibility (Carroll, 2010)
3. Sustainability (Visser, 2010)
4. Social responsibility
5. Corporate sustainability
6. Corporate citizenship (Crane, McWilliams, Matten, Moon, & Siegel, 2008)
7. Sustainable business (Crane et al., 2008)
8. Corporate social performance (Crane et al., 2008)

### V. Forms of CSR

#### 1. Economic concerns

1. Reducing operating costs (systematic management of resources) (Jamali, 2006)
2. Reducing the costs of doing business (Jamali, 2006)
3. Attracting new business through rigorous business integrity policies (Jamali, 2006)
4. Increasing productivity (motivated workforce) (Jamali, 2006)
5. Attracting a new range of investors (Jamali, 2006)
6. Competitiveness (Graafland & Zhang, 2014)

7. Product innovation (Graafland & Zhang, 2014)
8. Process innovation (Graafland & Zhang, 2014)
9. Sustainable economic development (Gao, 2011)

#### **1.1. Shareholder and investor relations**

1. Engaging in fair and honest business practices in relationships with shareholders (Jamali, 2008)
2. Disseminate comprehensive and clear information (Jamali, 2008)
3. Encourage staff ownership in shares (Jamali, 2008)
4. Develop and build relationships with shareholders (Jamali, 2008)
5. Corporate governance issues are well managed (Jamali, 2008)
6. Access to company's directors and senior managers (Jamali, 2008)
7. Annual reports provide a picture of company's performance (Jamali, 2008)
8. Clear long-term business strategy (Jamali, 2008)
9. Open communication with financial community (Jamali, 2008)

## **2. Environmental concerns**

### ***Policies***

1. Environment policy (Gao, 2011)
2. Incorporate environmental concerns in business decisions (Lindgreen, Swaen, & Campbell, 2010)
3. Measure organisation's environmental performance (Lindgreen et al., 2010)

### ***Resource efficiency***

4. Energy saving (Gao, 2011)
5. Recycle economy (Gao, 2011)
6. Economic use of stationary and other office materials (Krasodomska, 2015)
7. Segregating waste (Krasodomska, 2015)
8. Recycling computer hardware (Krasodomska, 2015)
9. Making use of renewable energy (Krasodomska, 2015)
10. Organising videoconferences (Krasodomska, 2015)

### ***Environment***

11. Pollution control or reduction (Gao, 2011)
12. Buying eco-friendly furniture (Krasodomska, 2015)
13. Greening (Gao, 2011)
14. Minimise environmental impact of all organisation's activities (Lindgreen et al., 2010)

### ***Sponsorships***

15. Environment investment (Gao, 2011)
16. Sponsorship of events promoting ecology (Krasodomska, 2015)
17. Support environmental initiatives (Lindgreen et al., 2010)

### ***Communication aspect***

18. Public dialogue and disclosure (Jamali, 2008)
19. Raising employees' awareness of environmental issues (Krasodomska, 2015)

## **3. Social concerns (two sub-themes as in Maon, Swaen, & Lindgreen, 2015)**

### **3.1. Employees**

#### ***Rules***

1. Abiding by labour laws (Gao, 2011)
2. Employment policy (Gao, 2011)
3. Labour union (Gao, 2011)
4. Respect human rights (Graafland & Zhang, 2014)

#### ***Social benefits***

5. Paid holiday (Gao, 2011)
6. Provide child care support/paternity/maternity leave (Jamali, 2008)
7. Taking care of the employees families (Krasodomska, 2015)
8. *Health insurance (remember from the reports)*

#### **Equality**

9. Protection for female workers (Gao, 2011)
10. Protection for minority workers (Gao, 2011)
11. Increasing employment for persons with disabilities (Krasodomska, 2015)
12. Fostering diversity (Krasodomska, 2015)
13. Fair treatment of employees regardless gender or ethnic background (Lindgreen et al., 2010)
14. Opportunity equality (Gao, 2011)

#### **Salary and remuneration**

15. Salary and welfare (Gao, 2011)
16. Equal pay for equal work (Gao, 2011)
17. Fair assessment of results and the rewarding of employees (Krasodomska, 2015)
18. Managerial remuneration (Belal, 2001)
19. Timely payment of wages (Kuznetsov, Kuznetsova, & Warren, 2009)

#### **Workplace environment**

20. Fulfilling work (Jamali, 2008)
21. Implementation of efficient motivation systems (Krasodomska, 2015)
22. Worker's satisfaction (Gao, 2011)
23. Employee appreciation (Belal, 2001)
24. Education and training (Gao, 2011; Belal, 2001)
25. Workplace safety and workers' health (Gao, 2011)
26. Less overtime hours (Graafland & Zhang, 2014)
27. Helping employees in trouble (Gao, 2011)
28. Leisure time activities (Gao, 2011)
29. Incorporate employee interests in business decisions (Lindgreen et al., 2010)
31. Open and flexible communication with employees (Jamali, 2008)
32. Competent leadership (Jamali, 2008)
33. Community spirit (Jamali, 2008)
34. Corporate directory (Belal, 2001)

#### **Other**

35. Employee costs (Belal, 2001)
36. Employee number (Belal, 2001)

### **3.2. Community and society**

1. Public health (Maon et al, 2015)
2. Sustainable development of society (Gao, 2011)
3. Social stability (Gao, 2011)
4. Improved socioeconomic and cultural conditions (Muthuri, Moon, & Idemudia, 2012)

#### **Human capital**

- 4.1. Training for skills development (*understood in a way that an organisation contributes to skill development not on a company level, but on a public level by for example promoting working in production industries*)
- 4.2. Public education on financial issues (Krasodomska, 2015)
- 4.3. Increasing civic engagement
- 4.4. Developing an entrepreneurial spirit (entrepreneurial spirit of general public. For example, organising contests)

#### **Economic capital**

- 4.5. Supporting SMEs (Krasodomska, 2015)
- 4.6. Social infrastructure development

- 4.7. Access to capital
- 4.8. Employment and job creations
- 5. Community empowerment (Muthuri et al., 2012)
- 6. Reciprocal relationships between the corporation and community (Jamali, 2008)
- 7. Community volunteer programs (Jamali, 2008)
- 8. Employee participation in community projects (Jamali, 2008)

#### **4. Charity**

- 1. Volunteers activity (Gao, 2011)
- 2. Donation to education (Gao, 2011)
- 3. Donation to hospital and sanitation (Gao, 2011)
- 4. Disaster relief (Gao, 2011)
- 5. Support sport (Gao, 2011)
- 6. Support culture and arts (Gao, 2011)
- 8. Aiding persons with disabilities (Krasodomska, 2015)
- 9. NGO support (Menassa, 2010)

#### **5. Customer relations**

- 1. Creditable management (Gao, 2011)
- 2. Customer/consumer satisfaction (Gao, 2011)
- 3. Product/service quality (Gao, 2011)
- 4. Anti-commercial bribery (Gao, 2011)
- 5. Sufficient customer information (Lindgreen et al., 2010)
- 6. Satisfaction of customer complaints (Lindgreen et al., 2010)
- 7. Incorporation of customer interests in business decisions (Lindgreen et al., 2010)
- 8. Truthful promotion (Jamali, 2008)
- 9. Full product disclosure (Jamali, 2008)
- 10. Leadership in research and development (Jamali, 2008)
- 11. Environmentally and socially responsible product composition (Jamali, 2008)
- 12. Facilities for customers with disabilities (Krasodomska, 2015)
- 13. Services for aged customers (Menassa, 2010)
- 13. Transparency of actions (Krasodomska, 2015)
- 14. Information confidentiality (Krasodomska, 2015)

#### **6. Legal dimension**

- 1. Compliance with the law (Yin & Zhang, 2012)
- 2. Compliance with national and industry standards (Yin & Zhang, 2012)
- 3. Tax payments (Yin & Zhang, 2012)

## **VI. Stakeholders**

### **1. Stakeholder types**

#### **1.1. Internal stakeholders (Maon et al., 2015)**

- 1.1. Employees (Maon et al., 2015)
- 1.2. Managers (Maon et al., 2015)
- 3. Middle-level managers (Lindgreen et al., 2010)
- 4. Unions (Maon et al., 2015)

#### **1.2. External stakeholders (Maon et al., 2015)**

- 2.1. Business partners (Maon et al., 2015)

- 2.2. Clients (Maon et al., 2015)
- 2.3. Customers (Maon et al., 2015)
- 2.4. Public authorities (Maon et al., 2015)
- 2.5. Local communities (Maon et al., 2015)
- 2.6. Local authorities (Kuznetsov & Kuznetsova, 2010)
- 2.7. Central authorities (Kuznetsov & Kuznetsova, 2010)
- 2.8. Shareholders (Kuznetsov & Kuznetsova, 2010)
- 2.9. Business partners in Russia (Kuznetsov & Kuznetsova, 2010)
- 2.10. International organisations (Kuznetsov & Kuznetsova, 2010)
- 2.11. Business partners outside Russia (Kuznetsov & Kuznetsova, 2010)
- 2.12. Political parties (Kuznetsov & Kuznetsova, 2010)
- 2.13. Non-profit organisations (Maon et al., 2015)
- 2.14. Public and educational entities (Maon et al., 2015)
- 2.15. Other businesses (Maon et al., 2015)
- 2.16. The media (Maon et al., 2015)
- 2.17. Competitors (Lindgreen et al., 2010)
- 2.18. National regulators (Lindgreen et al., 2010)
- 2.19. International regulators (Lindgreen et al., 2010)

## **VII. Drivers and motives for CSR**

### **1. Individual level**

1. Managerial discretion (Yin & Zhang, 2012)
2. Ethical corporate culture (Yin, 2015)
  - 2.1. Ethical corporate values and ideologies
  - 2.2. Ethics policies

### **2. Institutional level**

1. Aligning with stakeholder expectations (Mzembe, Lindgreen, Maon, & Vanhamme, 2015)
2. Legitimacy toward international stakeholders (Yin & Zhang, 2012)
3. Socio-political legitimacy toward local government (Yin & Zhang, 2012)
4. Moral legitimacy toward the society (Yin & Zhang, 2012)
5. Globalisation pressure (forces from the global CSR movement) (Yin, 2015)
6. Political embeddedness (Yin, 2015)
7. Peer imitation pressure (referring to shared frames) (Yin, 2015)
8. Industry pressure (Mzembe et al., 2015)
9. Normative social pressure (Yin, 2015)
10. Regulatory and policy pressure (Mzembe et al., 2015)
11. Investors' pressure (Mzembe et al., 2015)
  - 11.1. Putting investors' minds at ease (Koleva, Rodet-Kroichvili, David, & Marasova, 2010)
  - 11.2. Communicating business leadership and achievements (Koleva et al., 2010)
12. Complying with socially responsible behaviour (Yin & Zhang, 2012)
13. International codes and standards (Jamali, 2014)

### **3. Organisational level**

1. Public responsibility (Yin & Zhang, 2012)
  - 1.1. Public interest seeking (Yin & Zhang, 2012)
  - 1.2. Stabilising the work environment (Jamali, 2014)
2. Risk reduction and management (Mzembe et al., 2015)
  - 2.1. Minimisation of social and environmental risks (Mzembe et al., 2015)
  - 2.2. Avoidance of revenue decreases (Weber, 2008)
  - 2.3. Avoidance of additional costs (Weber, 2008)

3. Gaining competitive advantage (Jamali, 2014)
4. Improving the company's image (Koleva et al., 2010).
  - 4.1. Distinguish from competitors
5. Appearing as an attractive workplace (Koleva et al., 2010)
6. Allowing for the smooth running of the company (Koleva et al., 2010)
7. Accessing new markets (Jamali, 2014)
8. Creating a palliative device (Koleva et al., 2010)
  - 8.1. Protecting the less advantaged categories