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**Arifa Nəbiyeva**

Baku State University

Master student

<https://orcid.org/0009-0007-8407-1576>

[aarifajafan@icloud.com](mailto:aarifajafan@icloud.com)

## **Analysis of Cooperative Social Responsibility in Azerbaijan Through Companies**

### **Abstract**

Social responsibility emerges as a concept that ensures the existence of a sustainable development aimed at the development of society and the formation of sensitivity regarding society. Just as every individual living in society has responsibilities towards society, every institution that exists and continues to exist within society also has responsibilities towards society. All the practices carried out by institutions in the fields of environment, education, health, culture and art in order to deal with the problems of the society they live in, ensure that the concept of social responsibility is concretely put into practice and that it finds solutions to the problems. At the same time, the concept of corporate social responsibility is deemed necessary to ensure that institutions stand and compete in a globalizing world and competitive environment, and to promote the brands created by institutions in the market, and to ensure that the brand is recognized by consumers and all other stakeholders. In order to analyze the aforementioned nuances, the research study we reviewed included an analysis of Azerbaijani companies using the SPSS program.

**Keywords:** *social responsibility, cooperative analysis, SPSS, methodology analysis, necessity of social responsibility*

**Arifə Nəbiyeva**

Bakı Dövlət Universiteti

Magistrant

<https://orcid.org/0009-0007-8407-1576>

[aarifajafan@icloud.com](mailto:aarifajafan@icloud.com)

## **Azərbaycanda şirkətlər vasitəsilə kooperativ sosial məsuliyyətin təhlili**

### **Xülasə**

Sosial məsuliyyət cəmiyyətin inkişafına və cəmiyyətə qarşı həssaslığın formalaşmasına yönəlmiş davamlı inkişafın mövcudluğunu təmin edən bir anlayış kimi meydana çıxır. Cəmiyyətdə yaşayan hər bir fərdin cəmiyyət qarşısında vəzifələri olduğu kimi, cəmiyyətdə mövcud olan və davam edən hər bir qurumun da cəmiyyət qarşısında vəzifələri vardır. Müəssisələrin ətraf mühit, təhsil, səhiyyə, mədəniyyət və incəsənət sahələrində yaşadıkları cəmiyyətin problemləri ilə məşğul olmaq üçün həyata keçirdikləri bütün təcrübələr sosial məsuliyyət anlayışının konkret şəkildə həyata keçirilməsini və problemlərə həll yollarını tapmasını təmin edir. Eyni zamanda, korporativ sosial məsuliyyət anlayışı qurumların qloballaşan dünyada və rəqabət mühitində dayanıb rəqabət aparmalarını təmin etmək, qurumların yaratdığı brendləri bazarda tanıtmək, brendin istehlakçılar və bütün digər maraqlı tərəflər tərəfindən tanınmasını təmin etmək üçün zəruri hesab edilir. Yuxarıda qeyd olunan nüansları təhlil etmək üçün nəzərdən keçirdiyimiz tədqiqat işinə SPSS proqramından istifadə edən Azərbaycan şirkətlərinin təhlili daxil edilmişdir.

**Açar sözlər:** *sosial məsuliyyət, korporativ analiz, SPSS, metodologiya təhlili, sosial məsuliyyətin zəruriliyi*

### **Introduction**

In today's world, which continues its rapid development, the manufacturing conditions of technological facilities have been simplified, but although the number of companies operating in the

market has increased, it has also brought environmental problems to the agenda. While end consumers with improved opportunities look for more than one option to meet their needs and requirements, on the other hand, they face many problems such as excessive environmental pollution, depletion in natural resources, global warming increasing with carbon footprints and the threat of climate change. In addition to environmental natural problems, many environmental policies implemented by governments in parallel with the rapid population increases experienced due to problems related to education and health services have caused the expansion of the social responsibility areas of companies. The CSR practices that companies have started to implement have become a marketing strategy, and have started with companies fulfilling their social responsibilities as well as acting with the aim of increasing their business image and brand value. In particular, in order for companies to have the opportunity to survive in a dynamic environment, it is possible for them to keep up with the changes and continue their existence (Sánchez, Sotorrio, Diez, 2015).

In these rapid changes, apart from the concrete functions in the consumer's desires and needs, attention should be paid to the increasingly important abstract functions. Products that make it easier for consumers to make decisions, give consumers confidence in quality, and capture the competitive power of the business with the presence of loyal customers and can be easily shaped in the consumer's memory. This is only possible with a strong brand. Because the power of the brand is the meaning that the consumer gives to the brand. For this reason, businesses aim to be successful in corporate social responsibility activities that will help consumers overcome the weaknesses in their brand perceptions, strengthen their perceptions in a positive way and create loyal customer groups.

#### **Concept of social responsibility**

Social responsibility is a voluntary behavioral culture that aims to protect and develop society and the environment. In the first decade of the 21st century, interest in Corporate Social Responsibility (hereinafter CSR) has increased. This was due to accumulated business experience and accumulated research experience. This demand adequately responded to the understanding of the interaction of business and society in the concept of CSR (Fatma, Rahman, Khan, 2015).

First, the practice of doing business has changed and CSR has come a long way from global exotic institutions to standard businesses. Second, there is a clear need for business to examine the relevant problem. The discussion of CSR problems has reached the level of large enterprises and intergovernmental forums, business representatives, public economic enterprises and non-profit institutions (Karayel, Yalman, 2016).

The basic purpose of the idea of social responsibility should be to benefit society in different ways. It is possible to achieve this purpose through the idea of volunteering and philanthropy.. CSR refers to the use of each company's own resources in a way that will benefit society. This activity can be broadly defined as "the implementation of a work strategy and policy that will respond to both economic and legal conditions (conditions), business ethics (culture), and the expectations of individuals and institutions in the internal and external environment of the organization". CSR activities are practices and investments based on desires to improve the quality of life (standards) of the society in which the organization operates and to protect the natural environment, supporting social issues, and within the framework of society, it also includes its workers, suppliers, distributors and members of the general society (Sánchez, Sotorrio, Diez, 2015).

#### **Necessity of corporate social responsibility in Azerbaijan**

The development of a national social responsibility model for meeting modern conditions is at the stage of completion. In contrast to the American and European models and some elements of the centralized management system of the Soviet Union, the role of the state in the formation and development of a social mission in Azerbaijan is quite high. Therefore, the main distinguishing national feature is that social contributions at the regional and state levels are limited mainly to involuntary business participation in the implementation of various social and cultural programs (which is partly a source of corruption). Although entrepreneurs themselves have many initiatives, they often take social claims and activate them during election campaigns. Therefore, the sources of control are the combination of the social English model (voluntary business initiative) and the continental plan (the version of the responsibility and development of responsibility of companies) with the desire to adopt a clear behavior from the state. The announcement of large-scale economic

reforms in Azerbaijan in terms of globalization raises issues of harmonization of new relations between the state, society and business.

In our opinion, in modern conditions, awareness-raising activities should be carried out to ensure that businesses are in place to meet the needs of stakeholders (stakeholders). Only under such conditions can shareholders count on long-term gains for the sustainable development of the country and society as a whole (Lu, Abeysekera, Cortese, 2015).

A socially responsible business organization is characteristic of a sustainable economy based on market values, old demographic traditions and the most developed civil society. For our country, this is new. In our country, there is a misunderstanding of the single concept, proven experience and their usefulness, the social formation of business (corporate). As before, social responsibility is directed to the circle of stakeholders - the state, owners and employees (the organization and its representatives). A wider range of stakeholders (shareholders) (local communities, regional communities, regions, suppliers, consumers) is practically removed from the process. The results of the UN Business Environment Survey show that business in Azerbaijan is very familiar with its social mission. According to the results of the research, international agreements have been initiated and national enterprises in Azerbaijan should participate. However, the most pragmatic form of corporate social responsibility at the current stage of development of our country is social investment. Recent analysis of the tendency of Azerbaijani business to participate in society has shown that it has begun to move from chaotic aid to social investment (Miller, Woehr, Hudspeth, 2002).

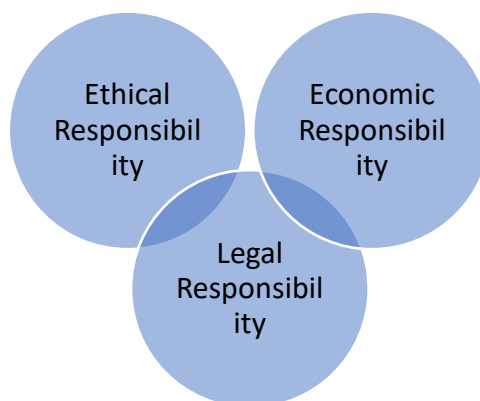
### **Social responsibility practices**

A study conducted by the Center for Economic and Social Development on CSR evaluated the current situation in Azerbaijan in this area. As a result of the research, it was determined that the social activity levels of companies in Azerbaijan are relatively low compared to other countries in the world. The important step taken in this area in the country was established within the borders of KSSAzerbaijan as a first in the world. This organization has undertaken the responsibilities of companies in Azerbaijan to monitor their social performance, to ensure the development and accountability of companies, and the social responsibilities of companies in Azerbaijan vary according to their areas of activity (Maden, Arıkan, Telci, 2012).

Mobile operator companies, banks and oil companies are managed by companies that carry out corporate social activities. It is also known that the Central Bank is open to innovations in this area and provides training on marketing and banking system development. Thanks to all these positive initiatives, the public's trust in the banking system is increasing. The results of the study show that companies in Azerbaijan did not attach much importance to CSR in international practice in the past, but they are starting to do so today. Although most companies report that they are engaged in social activities, they do not report on social activities. In order to eliminate the problems that arise during the development phase of CSR, the priorities of the state are to carry out incentive work in this field, to take stimulating measures and to establish the legal infrastructure (Nguyen, Leblanc, 2001).

### **Three-dimensional model of corporate social responsibility**

Keroll and M. Schwartz have tried to explain the difficult relationship between each level of CSR with a three-dimensional CSR model.



**Chart 1. Three Dimensional Model of CSR**

(1) Economic responsibilities distinguish the company's basic function as a producer of goods and services that allow profits to increase. This category is purely economic and its activities can be wrong and unethical. This was the Pinto model of Ford Motor Company in the 1970s. Despite serious and dangerous defects, the company did not stop producing this car. Instead of stopping the production of this car, the manufacturers reduced the cost of insurance (Miller, Woehr, & Hudspeth, 2002).

(2) A. Kerolol has three types of legal basis: consent (passive, restrictive, conciliatory), the absence of a legal claim by the citizen, expectations in the law. Passive consent Specific safety requirements are foreseen for certain products. (even if not listed in the law), liability limitation arises when companies are obliged to implement the law. For example, the law can prevent major pollution. The contract arises when the company is subject to its "spirit" rather than its "soul" and can seek and use some loopholes in the law to engage in certain activities with the company. The second type of legal reasons - the desire to remove a civil claim - to avoid current and future civil claims as a result of careless behavior. In such cases, companies can stop environmentally harmful activities. While waiting for changes in legislation, companies can participate in developing their lobbying interests and adopting new laws (Nilsun, 2011).

(3) Ethical responsibility requires the business to comply with society's expectations. But it is difficult to distinguish ethical reasons.

The norms of the ideal socially responsible company should comply with all aspects of the principle of responsible behavior. However, in the real world, there can be various types of non-compliance. The most common variants are:

- Ethical and economic responsibility is a combination of economic and ethical responsibilities.
- An economic-legal responsibility company defines economic and legal responsibilities, generating income by using legal and administrative gaps.
- Ethical-legal responsibility is characterized not by direct economic benefits, but by observance of legal and ethical principles (Saran, Coşkun, Zorel, Aksoy, 2011).

#### **PURPOSE OF THE RESEARCH**

The research was conducted to examine whether companies carry out CSR activities, which areas these activities cover, the financial source of these activities, and the impact of CSR activities on the company's image.

#### **RESEARCH UNIVERSE AND SAMPLE**

Company names and names of people hired as interviewees

#### **DATA COLLECTION METHOD**

The first question asked during the interview was asked to learn whether companies carry out social responsibility initiatives. We revealed that social responsibility activities are carried out in all the companies we interviewed. Understanding the importance of social responsibility activities by companies will enable them to achieve their basic goals. The second question asked during the interview was asked to learn which areas the social responsibility activities carried out by companies cover. As can be seen from the answers given to the questions, it is seen that companies carry out social responsibility activities in different areas. These activities cover a large part of the social responsibility areas that we examined in the first section. However, it is seen that social responsibility activities are not carried out against the environment. The reason for this can be stated as the lack of environmental awareness in the society and the society's lack of sensitivity to this issue. We stated in the first section that companies' social responsibility activities in a large area outside their own fields can cause them to deviate from their own goals (Saylı, Ağca, Kızıldağ, Uğurlu, 2009). The conclusion we have reached regarding the fields of activity of the companies is that companies carry out activities related to their own fields. This makes social responsibility activities more efficient. At the same time, it prevents the company from deviating from its own goals. It will be beneficial for companies to be careful about this issue. The third question we asked the companies during the interview was to examine where the companies obtain the financing source for their social responsibility activities. All companies obtain the financing of their social responsibility activities from the company's budget. Since they mainly carry out social responsibility activities in areas related to their own fields, the companies carry out some or all of the activities themselves. This causes the costs to be low. Since small-scale activities are carried out, the allocated financing amount is also low (Olmedo, Martinez-Leon, 2013).

The method we use in our research is the IBM SPSS method. SPSS is a widely used program for statistical analysis in the social sciences. It is also used by market researchers, health researchers, polling companies, government, educational researchers, marketing organizations, data miners, and others. The original SPSS manual has been described as one of the "most influential books in sociology" because it allows ordinary researchers to do their own statistical analysis. In addition to statistical analysis, data management (case selection), file reshaping, generating derived data), and data documentation (a metadata dictionary is stored in the data file) are core software features (Lu, Abeysekera, Cortese, 2015).

### ANALYSIS RESULTS

We have chosen the following companies as examples.

1. Socar    2. Pasha Insurance    3. STP    4. Kapital Bank    5. Azercell

We met with the heads of the public relations departments of the companies we mentioned. They answered our questions according to their level of relevance, and we recorded those answers in the SPSS program (Taghian, D'Souza, Polonsky, 2015).

**Table 1.** Questionnaire.

	Suitable	Not suitable	Sometimes	Very suitable	Not suitable at all
Your company consistently implements corporate social responsibility activities	1	2	3	4	5
People have a very good attitude towards the events you hold	1	2	3	4	5
What are the areas covered by your social responsibility activities	1	2	3	4	5
Social responsibility activities have a very positive impact on your company's image	1	2	3	4	5
These activities have an effective impact on your income	1	2	3	4	5
Continuing social responsibility activities are always in your future plans	1	2	3	4	5

### Descriptives

Socialmean

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
Sometimes	1	2.6667	.	.	.	.	2.67	2.67	
Very suitable	2	3.1667	.23570	.16667	1.0490	5.2844	3.00	3.33	
Not suitable at all	2	3.0000	.23570	.16667	.8823	5.1177	2.83	3.17	
Total	5	3.0000	.26352	.11785	2.6728	3.3272	2.67	3.33	
Model									
Fixed Effects			.23570	.10541	2.5465	3.4535			
Random Effects				.13176	2.4331	3.5669			.01736

### Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
Socialmean	Based on Mean	1.000	1	2	.423
	Based on Median	1.000	1	2	.423
	Based on Median and with adjusted df	1.000	1	1.000	.500
	Based on trimmed mean	1.000	1	2	.423

### ANOVA

Socialmean

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.167	2	.083	.020	.400
Within Groups	.111	2	.056		
Total	.278	4			

From the results of the ANOVA test, we see that our F value is 0.20 (i.e., less than 0.05). This proves the validity of our model. That is, the implementation of cooperative social responsibility has a positive effect on the image of companies. This result proves that our model is successful.

### Conclusion

In general, corporate responsibility is not sufficiently developed in Azerbaijan at present. The activities of transnational corporations dominate in this area. Large international companies have implemented significant social projects, especially related to environmental protection. Social facilities have been built and put into operation, reserved lands have been cleared, green areas have been planted, and attention has also been paid to education. It is interesting that, according to the experts' conclusion, unlike transnational corporations, charitable activities performed by local companies as social activities cannot be attributed to CSR activities. The company must have a strategy for CSR activities and invest in any project purposefully. The reason for the lack of savings in the situation with CSR can be noted the existence of a monopoly and the underdevelopment of the private sector. The establishment of the first social company on CSR - "CSR Azerbaijan" in 2012 was also an important step in eliminating these problems. Promoting CSR, offering professional CSR services and achieving sustainable development are the main principles of this company. Another problem for the development of CSR is the lack of a regulatory legal framework. To address this problem, the Ministry of Economic Development and the International Finance Corporation have developed a Code of Corporate Ethics. The Code emphasizes that companies should treat their employees with respect and that they have responsibilities not only to the companies they cooperate with, but also to society as a whole. The Code emphasizes that one of the main factors in the implementation of companies' activities is the principle of accountability to society.

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