
**IDENTIFICATION OF STATE REGULATION OF RATIONAL
BEHAVIOR OF CORPORATE SOCIAL RESPONSIBILITY IN THE
MONOCITIES DEVELOPMENT**

***IDENTIFICAÇÃO DA REGULAÇÃO ESTADUAL DA
COMPORTAMENTO RACIONAL DE RESPONSABILIDADE SOCIAL
EMPRESARIAL NO DESENVOLVIMENTO DAS MONOCIDADES***

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ABSTRACT

Objective: The purpose of the study is to identify the prevailing elements of regulation of socially responsible behavior of the largest Russian business groups in Arctic company towns.

Methodology: Research methodology is shaped by the theoretical framework of the concept of corporate social responsibility as defined by A, Carroll and the stakeholder



theory by R. Freeman. The empirical basis for the study is formed by data on a set of factors of responsible behavior of the five largest Russian mining-chemical and mining-metallurgical holdings on the territories of their production sites in the Murmansk region.

Results: The results of the study are oriented toward the creation of preconditions for the involvement of businesses in the socio-economic development of the company towns of their residence.

Contribution: The concept, methodology, and results of the research demonstrate scientific novelty, as no previous studies devoted to systemic content-analysis of Russian companies' CSR reports could be found in scientific literature.

Keywords: Corporate social responsibility; Responsible business behavior; Company towns; Arctic company towns; City-forming enterprise.

RESUMO

Objetivo: O objetivo do estudo é identificar os elementos predominantes do comportamento socialmente responsável dos maiores grupos empresariais russos nas cidades empresariais do Ártico.

Metodologia: A metodologia de pesquisa é moldada pela estrutura teórica do conceito de responsabilidade social corporativa conforme definido por A. Carroll e a teoria das partes interessadas por R. Freeman. A base empírica para o estudo é formada por dados sobre um conjunto de fatores de comportamento responsável das cinco maiores holdings mineiro-químicas e mineiro-metalúrgicas russas nos territórios de seus locais de produção na região de Murmansk.

Resultados: Os resultados do estudo orientam-se para a criação de condições prévias para o envolvimento das empresas no desenvolvimento socioeconômico das cidades empresariais onde residem.

Contribuição: O conceito, a metodologia e os resultados da pesquisa também demonstram novidade científica, já que nenhum estudo anterior dedicado à análise sistêmica de conteúdo de relatórios de RSC de empresas russas foi encontrado na literatura científica.

Palavras-chave: Responsabilidade social empresarial; Comportamento empresarial responsável; Cidades da empresa; Cidades empresariais do Ártico; Empresa formadora de cidade.



1 INTRODUCTION

Cities are the predominant type of settlement in the Russian part of the Arctic. Almost 90% of the population of the Russian Arctic is urban. Such a high degree of urbanization primarily owes to the historical specifics of economic expansion to the North in the Soviet era. At present, the Arctic Zone of the Russian Federation has 82 urban settlements, including 39 cities. The majority of those are industrial settlements, and 14 (11 cities and three towns), which is one-third, have the status of company towns. Arctic company towns are a phenomenon that is eminently important for Russia in the socio-economic and geopolitical terms on at least the following grounds. Firstly, single-industry towns are now home to almost a quarter of the population of the Russian Arctic. Secondly, the agglomerations that sprouted in the area in Soviet times for the purposes of developing mining and processing centers and around them are now the foundation of the economy of the Arctic Zone of Russia. Arctic single-industry towns are the industrial residences of major business groups. Thirdly, from the geopolitical standpoint, company towns are a well-established format of the country's socio-economic presence in the Arctic and serve as a mobilization platform for new economic activities in the development of continental and shelf resources and the implementation of logistics, communication, and other projects.

Regardless of its geographic location, any company town is a less stable socio-economic system compared to cities with a developed diversified economy. In the conditions of the Arctic region, in addition to the purely economic factors related to the mono-economy and the close connection with the state of the city's core enterprise, the socio-economic situation in the settlement is defined by a set of specific northern conditions. In arctic company towns, given the northern specifics and the hardships associated with them, the difficulties inherent in all company towns become much more pronounced. A shrinking population, the worst state of public health, the high cost of operation of public utilities and social infrastructure, etc. are the major conditions that significantly complicate the development of this type of socio-economic system.



Responsibility for the problems of company towns is traditionally conferred on state and local authorities. Meanwhile, the genesis of these problems and resources for their resolutions can often lie in the zone of responsibility of city-forming corporations. However, research into the problems of company towns typically leaves out of its scope the issues of the meaningful participation of enterprises in the creation of development trajectories of their territories of presence, analyzing only the consequences of their economic activities.

2 LITERATURE REVIEW

It should be noted that researchers mainly focus their attention on the study and creation of state and municipal mechanisms to overcome the issues of monopole orientation, relying primarily on the respective resource and administrative base. This area of research is developed, in particular, by E.O. Dmitrieva (2017), M.S. Oborin, M.I.U. Sheresheva, & S.A. Ivanova, (2018), O.A. Petrina (2015), and I.D. Turgel, L.L. Bozhko, & L. Xui (2016). In this research, the state of the city-forming enterprise and the totality of its influences on the city are considered as the given. The reasons behind the established model of the enterprise's operation are left out of consideration. All the more so, the relationship between the city and the enterprise is not put among the manageable parameters in the forecasting of the territory's socio-economic development. Individual works (Piakhovskaia & Poliakova, 2016; Ilina et al., 2013; Lukishin, 2016), focusing mainly on the same issues of studying and creating state mechanisms for the development of single-industry towns, are also oriented on a search for balance in the division of responsibility for the future of company towns between public authorities and city-forming enterprises. Very few studies, among which are the works of A.E. Shastitko and A.F. Fatikhovova (2015) and N.A. Kharitonova et al. (2017), make attempts to consider the role and potential of city-forming companies in the socio-economic development of the territories of their



residence and determine the key conditions and principles of the success of such involvement.

In practice, the state has long been trying to bring city-forming companies into the work of solving the socio-economic problems of single-industry towns. Until 2016, these attempts were expressed in the mandatory participation of the owners of city-forming enterprises in the development of Comprehensive Investment Plans for the development of company towns (Turgel, Bozhko, & Xui 2016). In 2016, the Priority program “Integrated development of single-industry towns” (2021) made it compulsory for representatives of city-forming enterprises to participate in teams in charge of projects to modernize single-industry towns, and the organization of training and education of the latter was entrusted to the Foundation for the Development of Single-Industry Towns (Monocities Development Fund, 2021). Nevertheless, it could be rightfully noted that apart from the significance of political dividends associated with the demonstration of a socially responsible position of a business towards the local communities in its territories of operation, the current state policy of modernization of single-industry towns does not create direct incentives for city-forming companies to participate in this work and does not proceed from a scientific understanding of the motives of business for socially-oriented actions.

The lack of understanding of the intentions of city-forming corporations to participate in the issues of single-industry towns' development creates the risk of illusory goals of state policy on the involvement of business in the development of territories. Furthermore, such a lack of awareness may result in the companies' formal attitude to participation in any state and municipal initiatives on the diversification of the urban economy, the development of local communities and urban environment, etc. Conversely, only a state policy of modernization of single-industry settlements that is grounded in an understanding of the values and basic motives of city-forming enterprises can bring material, administrative, and other business resources into this work, providing a synergistic effect for local communities.



The task of identification and systematization of the formats of businesses' involvement in the socio-economic development of company towns requires a change of the traditional object and subject in the study of problems faced by company towns. In this case, the socio-economic system of a company town only partially falls into the scope of research – specifically, in the part of it that interacts with the city-forming enterprise. The operations of the city-forming enterprise, in turn, are analyzed in the context of its contacts with the local community and state and municipal authorities. This area of corporate activity is described by the theoretical framework of the concept of corporate social responsibility (CSR).

The basic ideas of the concept of CSR were formulated in the middle of the 20th century by H. Bowen in “Social Responsibilities of the Businessman” (Bowen, 1953). Later on, numerous studies have been devoted to describing the evolution of the main theoretical views on responsible business behavior, as well as systematizing the main theoretical approaches to it (Carroll, 2015; Garriga & Melé, 1984; Latapí, Jóhannsdóttir, & Davídsdóttir, 2019; Jones, 1980; Wood, 1991).

One of the recent trends in the study of CSR is a focus on the systematization and standardization of companies' responsible behavior practices, as well as on attempts to make the results of such activities comparable and measurable. In particular, M. Tamvada (2020), uncovering the problem of voluntarism and inconsistency in the socially responsible activities of companies, proposes to introduce unified approaches to regulating CSR and ensure the measurability of the results of these activities. Having analyzed 50 of the current most popular CSR standards, Schönherr et al. (2021) conclude that not all standards for organizing CSR activities are geared toward ensuring the measurability of results. Drawing attention to the freedom of companies in choosing directions and forms of CSR, Dentchev, Haezendonck, & van Balen, (2017) raise the issues of the need for rational state regulation of this area of business activity.

Particular attention is paid in the literature to approaches to the disclosure of information about responsible activities in company reports. One point argued (Bouten



et al., 2011; Hopwood, 2009) is that companies tend to report more on goals and intentions than on actual measures and results. Some authors (Hopwood, 2009, p. 437; Neu, Warsame, & Pedwell, 1998) even note that executives often disclose nothing but intentions and plans, as such information can be utilized to control public opinion and increase the legitimacy of the company. The problem of the declarative nature of CSR reports has been explored in numerous papers. A number of studies (Olanipekun, Omotayo, & Saka, 2021; Siew, 2015; Diez-Cañamero et al., 2020) focus on the systematization and improvement of the current most popular instruments of reporting on responsible actions (standards, ratings, and indices). A more detailed analysis of the use of specific instruments, for example, Global Reporting Initiative (GRI) standards, can be found in works by Boiral & Henri (2017) and Fonseca, McAllister, & Fitzpatrick (2014). Other studies (Mohamed, Hay, & van Staden, 2018; Deegan & Blomquist, 2006; Eng & Mak, 2003) put into focus the specifics of the relationship between stakeholder influence, corporate culture, and the level of disclosure in CSR reporting. A prominent place in the scholarly discourse devoted to the study of companies' disclosures of responsible activities belongs to content analysis of reporting. In particular, the factual content of the reports has been studied in the works of Campopiano & De Massis (2015), Lock & Seele (2016), Landrum & Ohsowski (2018), and Ehsan et al. (2018).

An important question in the content-based study of reporting is the choice of the theoretical framework and methodological approach. The answer to this question depends on the specific research goals. For example, Campopiano & De Massis (2015) choose as the general theoretical framework for their study the institutional economic theory, in which responsible behavior is considered as the company's response to external environment challenges. The methodology of content analysis proposed by these authors is combined and includes both qualitative and quantitative methods. The theoretical foundation of the study by Landrum & Ohsowski (2018) is the concept of sustainable development. Analyzing the content of CSR reports, the authors discover the pluralism of opinions in corporations' understanding of corporate



sustainability and propose limited state regulation as a regulatory measure to pressure corporations to take account of local conditions. Ehsan et al. (2018) propose a methodology for the content analysis of CSR reports of 170 Pakistani companies that is based on an integrated indicator, the CSR Disclosure Index (CSRDI), as well as its five contributing indices of community well-being, health and education, environment and energy, product, customers, and labor force.

With respect to the objectives of the present study, the choice of a theoretical platform and methodology for the analysis of corporate reporting must ensure that the content and scope of responsible behavior are disclosed. Of importance is also the identification of the groups of stakeholders that are addressees of the corresponding forms of CSR. Therefore, the theoretical framework for the methodology of our analysis is chosen to be a model of classification of the forms of CSR proposed by A. Carroll (1991; 2016), also referred to as Carroll's Corporate Social Responsibility Pyramid (Figure 1).



Figure 1. CSR pyramid by A. Carroll



The content of the forms of responsible business behavior outlined by Carrol can be briefly characterized as follows. Economic responsibility refers to the ability of firms to be profitable. Although the consideration of companies' profitability may appear unusual in a discussion of CSR, the ability to produce quality goods and services is a basic requirement that society places on business. Furthermore, the fixation of profits is a necessary incentive for company owners to develop their businesses by reinvesting part of the added value in expanding the volume, quality, and range of products.

The legal responsibility of companies stems from the need for them to comply with the official rules of the game – laws, regulations, and other norms that are essentially codified ethics of society (Carroll, 2016).

That being said, society's expectations from the actions of businesses tend to exceed the minimum requirements established by law – one could say that laws are important, but not sufficient. Beyond the rules of statutory regulation, ethical rules must work. Accepting ethical responsibility means that a business accepts regulation grounded in ethical norms, rules, and practices, even though they are not codified into law. The distinction between legal and ethical expectations is often tricky. Legal restrictions are certainly based on ethical premises. Ethical expectations, however, go further than that. Thus, both types of responsibility essentially have a prominent ethical dimension to them, and the difference depends on the mandate entrusted by society to business through legal codification.

Corporate philanthropy includes all forms of voluntary, arbitrary donations by businesses to society. Philanthropy or charity can hardly be described as responsibility in the literal sense since these activities are in no way related to the core business of companies. That is, the latter have nothing to be responsible for. However, in today's world, public expectations of the manifestation of various forms of charity by the business are the norm. Voluntary donations are usually driven by the most significant social issues and coincide with the system of values adopted in society. In this light, it is clear that the main motive behind businessmen's engagement in charity is the desire



to appear indifferent to social problems in the public eye, that is, to be viewed as responsible participants in civil society – as bona fide corporate citizens.

Despite the fact that Carroll's structure of CSR forms and explanation of the motives behind such behavior allows classifying virtually any action of business in the sphere of CSR, importantly, this model does not identify the composition of subjects (main stakeholders), whose interests the measures in question are aimed to serve. From the practical standpoint, with respect to analyzing the interaction of city-forming enterprises with local communities of the cities of their operation, this information is of great significance. Theoretical grounds to include the issues of the relationship of companies' responsible actions to major interest groups are offered by A. Freeman's theory of stakeholders or interested parties (1984). The key thesis of this theory is the theorization of the need to address the interests of different stakeholder groups in the formation of the company's development strategy. This approach to strategic management assumes the identification of stakeholder groups, determination of processes related to the company's activities in which these groups are involved, assessment of the identified interests, and construction of the company's strategy based on the comprehensive consideration of stakeholders' interests in order to achieve long-term business growth. Within this broad theoretical framework, there is a great scholarly debate about the different ways of identifying stakeholder groups, classifying them, and determining their interests (Miles, 2017; Carroll, 1991; Chandler & Werther 2013; Zilbershtein et al., 2016; Wagner, Alves, & Raposo 2012). Paying tribute to the pluralism of researchers' opinions in identifying and categorizing major business stakeholder groups, we should point out that most scientists agree on the top level of such a classification – the division of stakeholders into internal and external in relation to the company. This grouping is easy to perform and interpret and, together with the basic classification of CSR measures based on Carroll's pyramid, allows us to successfully meet the objectives of this study. In this, the "internal" forms of CSR should be understood as measures that are confined to the area of the company and are usually targeting its employees and management. In turn, the external



manifestations of CSR are to be considered as measures aimed at local communities, the development of the territory where the company operates, the general population, and various business contact groups (consumers, investors, shareholders, authorities, public organizations, and media).

3 METHODS

The theoretical basis for the classification of CSR facts is the above-described concept of Carroll's pyramid used to classify the forms of manifestations of business responsibility in the context of the social expectations that form them, as well as Freeman's stakeholder theory, according to which CSR facts are divided into internal, i.e. focused mainly on employees and company management, and external, aimed at meeting the interests of stakeholders representing the local communities.

As the empirical base, the study considers the socially-oriented activities of the largest Russian mining-chemical and mining-metallurgical holdings, whose production sites are located in the single-industry towns of the Murmansk region (respectively, Kirovsk, Kovdor, Olenegorsk, Monchegorsk, Nickel, and Zapolyarny).

The Murmansk region is chosen for two interrelated reasons. First, the region is located in the Arctic Zone of the Russian Federation, which, as noted above, causes a more pronounced manifestation of all socio-economic problems characteristic of company towns. Second, the Murmansk region is marked by the greatest concentration of company towns across the Arctic Zone of Russia, as seven of Russia's 14 Arctic company towns are located on its territory.

The information sources used in the study are reports of "Akron" PJSC (2018; 2019; 2020), "EuroChem" PJSC (2018; 2019; 2020), "Norilsk Nickel MMC" PJSC (2018; 2019; 2020), "Severstal" PJSC (2018; 2019; 2020), and "PhosAgro" PJSC (2018; 2019; 2020).



The empirical study of CSR practices consists in an attempt to interpret and systematize *specific CSR practices* of enterprises on the territory of the listed single-industry towns of the Murmansk region.

In the course of analysis, each recorded fact of companies' responsible behavior is taken as a unit and classified accordingly. This process complies with the following methodological principles. Firstly, since all five analyzed holdings showed a steady profit throughout the entire period of analysis, which, according to Carroll (2016), testifies to the fulfillment of the main requirement imposed on businesses by the society within the *economic* form of CSR, we did not task ourselves with finding additional facts in the texts of the reports to confirm this. For this reason, the employed classification of CSR facts contains not four (as in the classical Carroll's pyramid) but three types of responsibility – *legal responsibility*, *ethical responsibility*, and *philanthropy*.

Secondly, it was a major methodological challenge to distinguish between the facts of CSR (not attributable to the need to comply with the law) dictated by ethical considerations and representing philanthropy. The main criterion accepted in this regard is the presence of the company's statutory obligations similar in nature to the facts being assessed. If the company has a similar in nature but statutory responsibility, additional CSR measures in this area are classified as a manifestation of *ethical responsibility*. Conversely, if the company does not have a similar legal responsibility, the respective CSR facts are attributed to *philanthropy*. After identification and classification, the facts are summarized.

Thirdly, our research methodology presupposes consideration and systematization of only the *facts* of CSR, regardless of their monetary value. This focus is determined by the incomplete disclosure of information in company reports. As the practice of report analysis shows, the total allocations for the implementation of a set of individual measures reflected in the reports do not equal the total expenditures of companies on CSR. In addition, many facts of responsible behavior declared by enterprises in reports are not supplemented by data about the respective expenditures.



Clearly, companies disclose in reports only those costs that they believe to be most significant, and a simple arithmetic addition of these values would be meaningless.

Fourthly, when summing up the number of facts of CSR manifestation, we take into account only *specific facts* (taken as a unit). Generalizations, such as declarative statements about the main directions of CSR implemented by companies, etc., are not considered. This poses a certain risk of "missing" a certain amount of data. Yet given the current degree of information disclosure in companies' reports, this risk appears to be unavoidable, as the summarizing indicators given are almost never disclosed in detail.

Fifthly, the territorial context is an obligatory filter in the selection and analysis of facts – the research sample includes only the facts that took place in the territories of the relevant single-industry towns in the Murmansk region.

In addition to the principles of analysis listed above, an important methodological caveat must be made. As in the case of expenses, companies disclose in their reports only the facts they wish to highlight. Therefore, the lists provided are not exhaustive inventories of CSR measures implemented by companies. There is no reason to believe that the facts of responsible behavior included in company reports end up there accidentally. In the light of the rising social importance of responsible business behavior, more and more researchers are noting a direct correlation between the volume and quality of companies' work in the sphere of CSR and their capitalization (Graafland & Mazereeuw-van der Duijn, 2012; Ovechkin, 2021). It is absolutely beyond doubt that the content of companies' public reports is the subject of the closest attention of management. For this reason, it is logical to assume that the facts put by companies in the final reports (including in the territorial context) are considered by them to be the most significant and characterize businesses' policy on CSR in the respective territories.



4 RESULTS

The analysis of reports found references to 78 facts of the responsible behavior of companies in single-industry towns of their operation located in the Murmansk region (Figure 2).



Figure 2. The number of CSR facts in company towns of the Murmansk region in 2018-2020. Source: authors' calculations.

It is important to note that information about specific instances of responsible behavior in the cities of operation is available in the reports of all of the companies analyzed. The highest concentration of business attention to the life and development of local communities is in Kirovsk, which can be attributed to the fact that the city hosts the production facilities of two companies, PhosAgro and Akron, which develop the Khibinsk deposits of apatite-nepheline ores.

The greatest attention (70 out of 78 cases) in reporting during the reviewed period is paid by business representatives to the disclosure of responsible behavior facts focused on the interests of stakeholder groups outside the company (Figure 3). Comparing and assessing the content of company reports, we can explain this finding



by two circumstances. First, intra-corporate CSR formats, oriented mainly toward employees and their families, are standardized for all enterprises of the holding company. Information about this "social package" is usually fairly well disclosed in the relevant sections of the statements, and company management has no need to further report these facts in a territorial context. Exceptions are the cases when there is a need to specifically illuminate some practice that differs from the general corporate rules or some event that is striking and significant from the company management's point of view, which occurred at a particular production site and affects the interests of the relevant team. An example of this is the opening and consecration of Orthodox churches at PhosAgro's production sites in 2019. Secondly, information about activities aimed at external stakeholders, such as local communities and state and local authorities, is much more important as a means of forming a socially responsible image of the company in all areas of its presence.

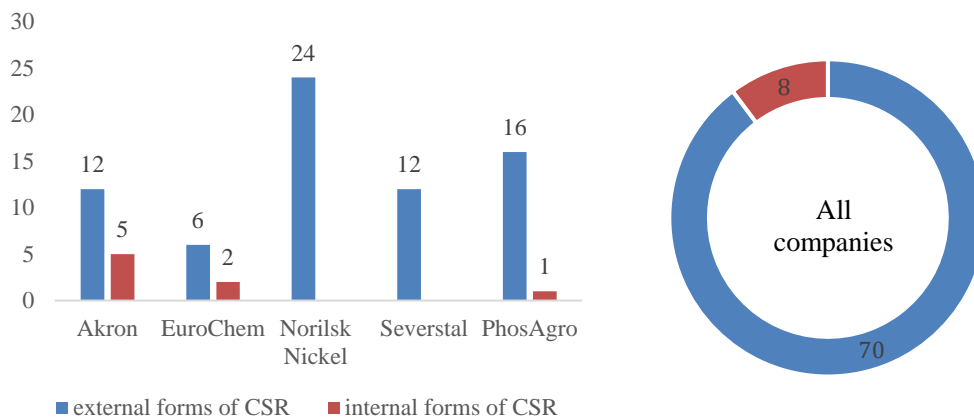


Figure 3. Mentions of external and internal forms of CSR in company reports for 2018-2019. Source: authors' calculations

As noted in the previous section, our classification of CSR facts under the methodology introduced by A. Carroll excludes the facts demonstrating the company's fulfillment of public expectations regarding the economic responsibility of the business.



Furthermore, our analysis reveals that companies do not report the facts of responsible behavior under the rule of law, although, in extraterritorial reporting (i.e., for the group of companies as a whole), such facts are mentioned quite often. One example is declarations of compliance with labor and other rights of employees with an indication of documents, regulations, and standards developed for these purposes in the company. Given these circumstances, the examined facts of responsible behavior of companies are classified (Figure 4) into activities carried out as part of charity (philanthropy, 53 facts) and actions dictated by the ethical responsibility of business (25 facts). Evidently, philanthropy is the prevailing model of responsible business behavior. This confirms the earlier conclusion about the predominantly external orientation of CSR strategies implemented by companies. The list of specific areas of corporate efforts in the sphere of philanthropy is quite broad. The analyzed reports indicate the facts of city-forming enterprises' involvement virtually in all spheres of life of their respective company towns. In turn, the actions of businesses dictated by ethical responsibility are represented primarily by two types of facts – social support measures for employees and their families that are additional to those stipulated by law and companies' environmental projects.

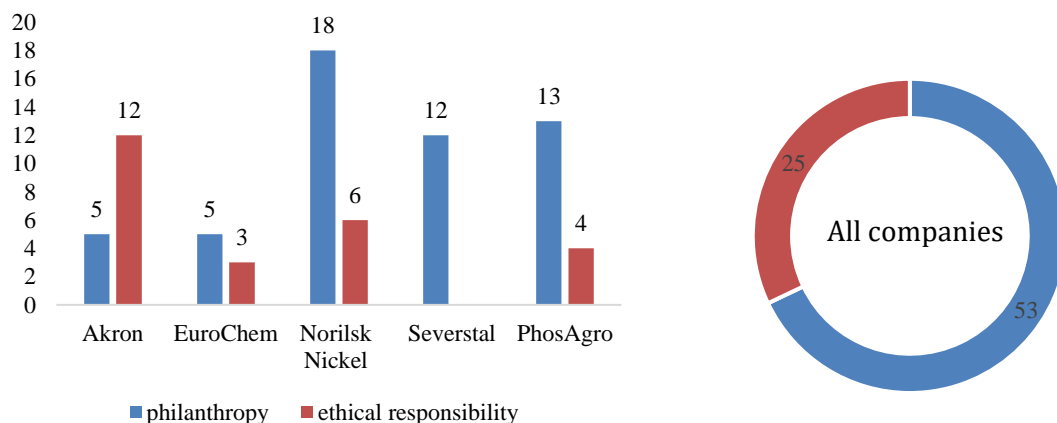


Figure 4. Classification of the facts of companies' CSR in 2018-2019 according to A. Carroll's model. Source: authors' calculations



In functional terms, the sample of facts selected for analysis can be divided into three large blocks: environmental measures, support and development of the social sphere in the territory of residence, and measures for the development of urban infrastructure (Figure 5). The greatest emphasis (40 out of 78 facts) was placed by companies in the analyzed period on the social sphere in the cities of their operation. Twenty-four and 14 facts correspond to the implementation of environmental projects and the development of urban infrastructure, respectively.

Of particular interest is the great difference in the companies' preferences when it comes to the choice of areas of effort. This observation applies equally to the classification of CSR facts based on the methodology of A. Carroll's approach and the classification of facts by function. Specifically, Akron and EuroChem, focusing on the development of the social sphere and environmental projects in the territories of their presence, do not report on the facts of participation in the development of the urban environment. Severstal, in contrast, lists only the facts of participation in social and infrastructure projects. Information on all three areas of responsible behavior is provided only in Norilsk Nickel and PhosAgro reports.

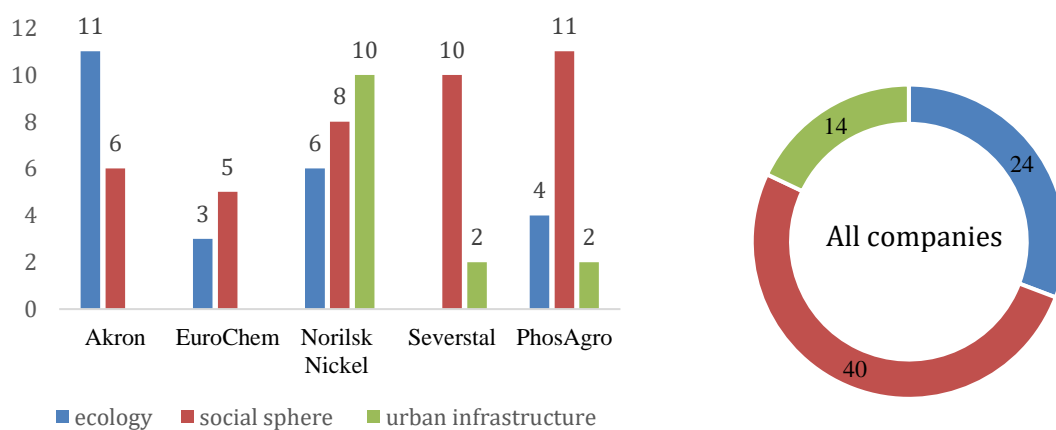
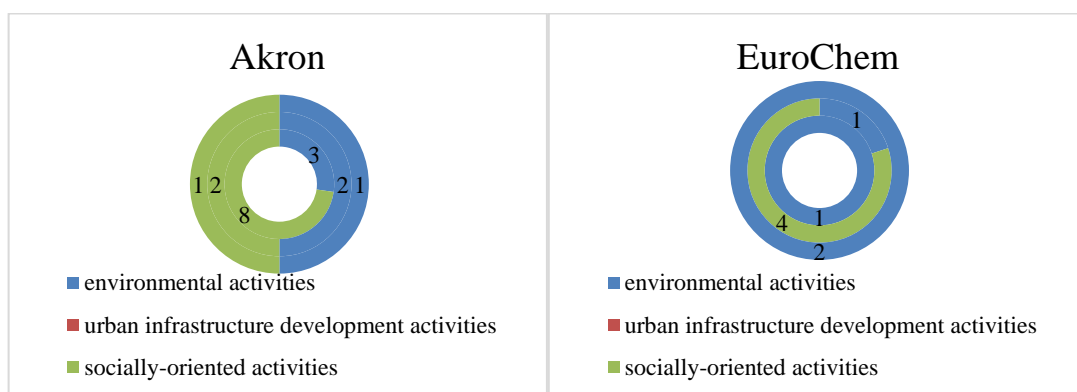


Figure 5. Classification of the facts of companies' CSR in 2018-2019 by function (1). Source: authors' calculations



The pattern of significant differentiation of companies' preferences in the choice of CSR areas is further illustrated by the data on the differentiation of companies' efforts during the period under study (Figure 6). Concentric circles in the chart in Figure 6 indicate data on CSR practices implemented in 2018-2020 (the inner rings represent 2018, middle rings – 2019, and outer rings – 2020). Notably, none of the companies show an absolutely consistent policy in the choice of areas of CSR efforts during the analyzed period. For example, EuroChem's reports for 2018 contain only one mention of socially-oriented activities in the city of Kovdor – financial support for the Hyperborea tourist initiative. No other areas of responsible activity are declared by the company in 2018. In 2019, socially-oriented activities (four facts) were joined by environmental activities (one fact), which by 2020 remained the only responsible activity mentioned (two facts) in the company's reports on the territory of Kovdor. In other words, in three years the company's attention has completely shifted from the development of the social sphere of the territory of its presence to environmental issues. The same inconsistency is in varying degrees found in the reports of all of the companies analyzed. To be fair, in the CSR practice under study, there are examples of long-term projects implemented by companies over many years. Examples include Norilsk Nickel's environmental marathon "PonesLos!" or PhosAgro Group's project DROZD ("Education, Health, and Spirituality for the Children of Russia"). Nevertheless, the essential eclecticism of responsible business actions is apparent.



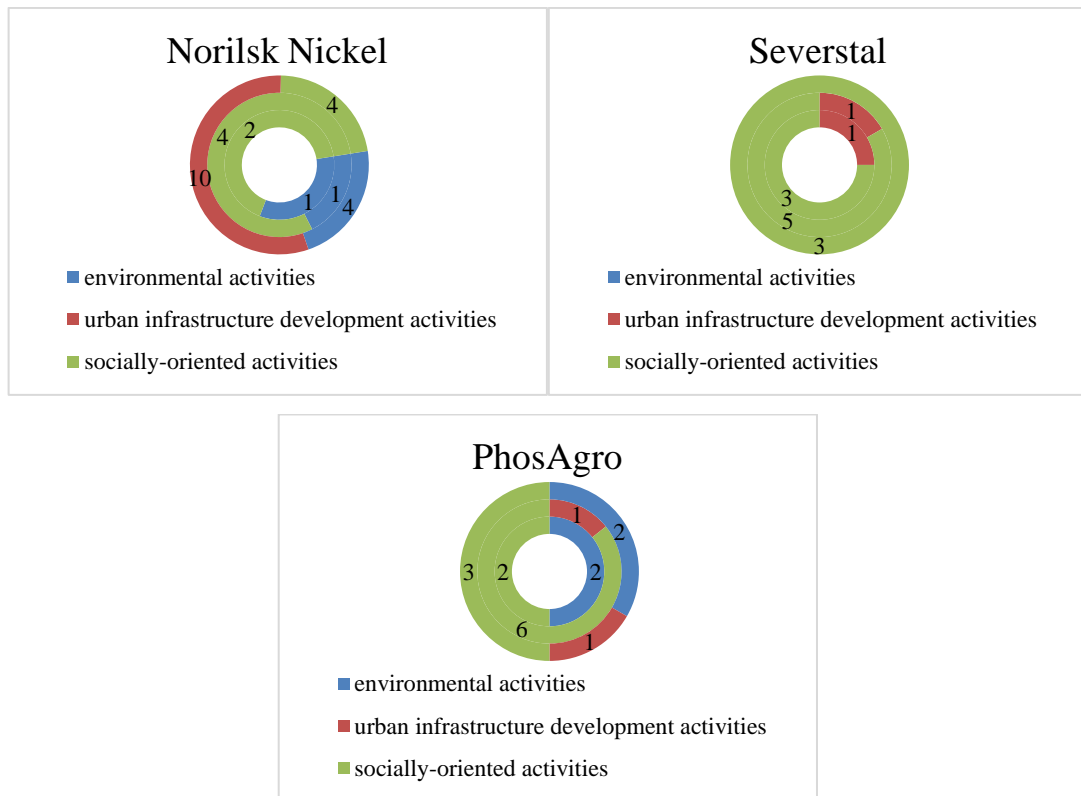


Figure 6. Classification of the facts of companies' CSR in 2018-2019 by function (2). Source: authors' calculations

The outlined observations suggest that in the sphere of actions motivated by philanthropy and the ethical responsibility of business to local communities, the companies (with rare exceptions) do not form long-term policies aimed at purposeful and progressive socio-economic development of the territories in which they operate. Evidently, the sets of CSR facts varying from year to year are formed under situational circumstances, thus dissipating the resources of the business that could be concentrated on the consistent resolution of the most prominent regional problems. This does not undermine the significance of companies' work in the sphere of CSR, yet leaves a lot of potential for the improvement of its efficiency.



5 DISCUSSIONS

The results of the conducted analysis demonstrate a number of patterns. First of all, it should be stated that all of the studied companies do engage in responsible activities in the territories of their operation in a wide range of directions. For local communities of company towns, these efforts may present a considerable resource for development.

In the territorial context, the companies offer the most elaborate information on those CSR measures that target external stakeholders. In this, the predominant type of responsible behavior of businesses in the company towns of their presence is charity. Thus, companies prefer to report on CSR facts that are dictated not by legal or ethical responsibility but by their own striving to participate in the life of local communities. At the same time, an important feature of philanthropic measures implemented by companies is their systematic nature. Taken together, these observations give reason to argue that the main motive of companies in organizing and reporting on their responsible actions in the territory of residence is not so much purposeful work to solve the most critical local problems as validation of their mandate to work in the respective territory by creating a favorable information field around the enterprise. These conclusions closely overlap with the previously discussed argument (Bouten et al., 2011; Hopwood, 2009) that the disclosure of information on responsible activities may serve as an instrument to control public opinion and raise the company's legitimacy.

The next significant observation made in the analysis is the fact of business policy in the sphere of CSR being largely nonsystemic. Interestingly, this situation is not an element of purely Russian specifics. Widespread occurrence of similar facts in world practice is noted in the above-mentioned studies (Tamvada, 2020; Dentchev, Haezendonck, & van Balen, 2017), which testifies to the international universality of this problem. We believe that this issue could stem from the insufficiently reciprocal coordination of the work of companies' management and local and regional authorities



in determining the priorities of development and the most acute socio-economic problems of the territory. This assumption is supported by the conclusions of Dentchev, Haezendonck, & van Balen (2017) on the benefits of rational state regulation of CSR.

Without a doubt, to realize the potential of companies in addressing the socio-economic development of single-industry towns, it is vital to ensure the convergence of the goals of businesses and local state authorities in the sphere of the development of local communities. The formation of a joint territorial development policy should be a strategic management task for both parties. Examples of success in such collaboration are already demonstrated by "Akron" PJSC and "PhosAgro" PJSC concluding agreements on strategic socio-economic partnership with regional and city administrations.

6 FINAL CONSIDERATIONS

Scientific novelty of the presented study owes to an attempt to present the efforts of city-forming enterprises as part of CSR programs as a systemic resource for the development of local communities of the company towns of their operation.

The main theoretical result of the study is the development and approbation of a methodology for systematizing the facts of socially responsible activities of city-forming enterprises. The obtained results suggest two interrelated conclusions.

It is apparent that Russian CSR practice faces problems similar to those that are commonplace abroad. This applies to the insufficient systematicity and high voluntarism of companies in choosing the directions of CSR and the content of information disclosed to the public.

High potential for solving the identified problems lies in the policy of coordination of business actions in the field of responsible behavior with the main directions of socio-economic policy of public authorities and local self-governments of single-industry towns.



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