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MASTER'S THESIS

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THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY IN PUBLIC ENTERPRISES IN BIH: THE CASE OF BH TELECOM

Ljubljana, November 2016   NERINA PITA

AUTHORSHIP STATEMENT

The undersigned Nerina Pita, a student at the University of Ljubljana, Faculty of Economics (hereafter: FELU), author of this written final work of studies with the title The implementation of corporate social responsibility in public enterprises in BIH: The case of BH Telecom, prepared under supervision of Adriana Rejc Buhovac, PhD.

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INTRODUCTION

Many corporations have implemented corporate social responsibility (hereinafter: CSR), into their every-day operations. CSR has a goal to balance their operations with the interests of suppliers, governments, customers, employees and business partners. The phenomenon of CSR is very complex and it brings together enterprises and society. Businesses are becoming more socially responsible, by having sensitivity towards social and environmental issues. Government plays an important role in fostering environmental protection as well as social justice. CSR can be a great opportunity for corporations in competitive markets. These corporations should complement government's efforts in environmental and social development, because these actions have an effect on different kinds of organizations such as citizens, entrepreneurs and corporations.

Regardless of the debate as to whether or not corporations should have social responsibilities, consumers care about CSR and it is in the best interest of the corporation to do so as well (Boulstridge & Carrigan, 2000, p. 7). Studies show that nowadays most consumers expect corporations to have high levels of CSR, and despite the significant amount of the research, literature has not yet provided one generally accepted definition on CSR. There has also been little research on the public expectations. Those who run corporations sometimes do not understand what does public want from them and how are they expected to go toward helping their communities (Mohr, Webb, & Harris, 2001, p. 45). Definitions get contorted by researches that the concept becomes featureless and unrecognizable (Thomas & Nowak, 2006, p. 7).

Corporate social responsibility appertains to philanthropic programs that object employees and communities and it promotes the welfare of the stakeholders of a corporation. Public sector engagement in CSR can be categorized in many ways, and it depends on the purpose of analysis to consider the role of the public sector (Fox, Ward, & Howard, 2002, p. 5). Corporate social responsibility is one of the earliest conceptions in the academic study of society and business relations. Businesses play a major role in job and profit creation, CSR represents a central management concern and it includes a set of activities that create value for the business. Main goal of this thesis is to investigate the issue of corporate social responsibility in public sector corporations by using one corporation in particular. The thesis is focused on the general approaches of the concept of CSR which can be understood and used by public sector corporations in Bosnia and Herzegovina (hereinafter: BiH).

The research objectives of this thesis are:

1. to analyze CSR and its application in the public sector corporations,
2. to evaluate how public sector corporations apply CSR,
3. to analyze why corporations in public sector engage in CSR,

4. to analyze to which degree has BH Telecom been able to apply their CSR policy in their operations in the public sector.

We will use a combination of a literature review and research, in which we collect primary data, to formulate an answer to the research question: "How can public sector corporations contribute to the development of a socially responsible society"? In our research we decided to use the qualitative research method. The reason we chose this method in our research is to be able to conduct semi-structured interviews with people who work at BH Telecom and to see how does this corporation function. We have conducted a case study at BH Telecom Sarajevo. By conducting semi-structured interviews with the Executive Manager, PR Manager, consumers and one of the directors, we were able to give the answer to our research question. After our interviews we carefully analyzed the corporation's documentation. Data collection enclosed archival data from external and internal sources. Internal sources that we used included mostly corporation's annual reports and press releases. We had the opportunity to use some of the documentation that is not presented to the public, and that can only be used for the corporation's purposes. Open-ended and semi-structured interviews were conducted with Director, PR Manager, Executive Manager and consumers. In total, we conducted 6 interviews in a period from March-April, 2016 (about 18 pages altogether). Interviews were not tape recorded to encourage interviewees to speak openly. Each visit lasted a few hours; altogether we spent four days in the corporation.

More detailed structure of the thesis is as follows. Chapter 1 explains the history of CSR from the beginning of the modern era. Chapter 2 elaborates on different approaches to CSR and explains the three main theories of CSR. Chapter 3 defines the concept of CSR including definition, economic, social and environmental aspects. Chapter 4 explains six forms of socially responsible practices. Chapter 5 explains the arguments in favor and against the concept of social responsibility. Chapter 6 describes public sector engagement in this area starting with four public sector roles and explanation of each one of them. Chapter 7 describes the CSR concept in developed and developing countries, providing information about developing countries and an attempt to connect it all with BiH. Chapter 8 presents our own research on CSR in public sector corporations in BiH.

1 HISTORICAL ROOTS LEADING TO THE MODERN TERM OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is a concept that has a long history, and there can be found diversity of literature on this matter. CSR is mostly the product of the 20th century practice,

even though it has an outdated history. In this chapter we have based and organized our review of literature in decade by decade categories.

The purpose is to track the growth of CSR as a concept, and see the differences of CSR in the past and today. One of the goals is to identify the major contributors to the evolution of the CSR definition (Carroll, 1999, p. 269). Industrial Revolution was truly important for CSR, as well as the industrialization in 19th and 20th century. Large scale corporations started with their activities and by the way affected society, environment and community. The aim of this chapter was to make a comparison of CSR in the past and today. We reviewed the evolution of CSR from the early centuries until today.

1.1 Beginning of modern era of social responsibility: The 1950s

The early writings on CSR, referred to it more often as social responsibility (hereinafter: SR) than as CSR (Carroll, 1999, p. 270). In the 1950s, corporate social responsibility was conceptualized as a social obligation. This means that it was an obligation to pursue those policies or to make decisions and to follow those lines of action which were desirable in terms of the values of the society (Thomas & Nowak 2006, p. 4). In the 1950s, board directors and managers became aware of their obligations towards society, and this was the beginning of the modern era of CSR. Businesses had many obligations in achieving values for the society (Rahman, 2011, p. 167).

1.2 Corporate social responsibility's literature broadens: The 1960s

Carroll believed that this decade "marked a significant growth in attempts to formalize or state what does CSR means" (Carroll, 1999, p. 270). He implied that some of the most important writers in this period were Clarence C. Walton, Joseph W. McGuire, Keith Davis and William C. Frederick (Carroll, 1999, pp. 271-272). Some socially responsible business decisions can be justified by having a good opportunity to bring long run economic gain to the firm, thus paying it back for its socially responsible outlook (Davis in Carroll 1999, p. 271).

One of the most respectable writers during the 1960s was Keith Davis, who defined social responsibility as businessmen's actions and decisions that are taken for reasons beyond the corporation's economic or technical interest (Rahman, 2011, p. 168). The concept of CSR in the 1960s explored the relationships between corporations and citizens and concluded that those relationships are extremely important for the top managers (Rahman, 2011, p. 169). This was also the period when many corporations, where bribery was a common case and society was not able to help economically, harmed citizens (Lantos in Rahman, 2011, p. 169).

1.3 Further development of the CSR concept: The 1970s

This was the period in which businessmen were extremely engaged with community relations and corporate philanthropy. Many definitions that were present in this period were supposed to match the expectations of public for the benefits of society. Four aspects of social performance became prominent in the 1970s, and they were social responsibility, indicators, audit and accounting (Rahman, 2011, p. 170).

Committee for Economic Development (hereinafter: CED) contributed a lot to the CSR concept by observing business functions and analyzing its purpose to the needs of society (Carroll, 1999, p. 274). The 1970s were the decade in which the first Earth Day was held, where twenty million people were a part of peaceful demonstrations in the United States of America (hereinafter: USA). These were also the years when Germany enlisted in the social model of corporate management, and when The Man and the Biosphere (hereinafter: MAB) a program by United Nations Educational, Scientific and Cultural Organization (hereinafter: UNSECO) were founded. This program later promoted international scientific cooperation on environmental problems. The 1970s were also the years when Greenpeace, was the first non-governmental organization (hereinafter: NGO) which adopted policies that later shifted the emphasis away from governments towards action on the corporate sector.

1.4 Corporate social responsibility in the 1980s

In the 1980s many concepts were used as an alternative to CSR. We can find in the literature many different opinions on the issue of CSR definition, but these concepts did not replace CSR- on the contrary, the concerns of CSR diversified into alternative theories, concepts and models. Many authors in the 1980s have discussed concept of CSR, and gave many definitions to it. In the years after a better mechanism for the CSR valuation was developed and it was used for assessing CSR by defining a new hierarchy framework after Maslow's need hierarchy in 1954. Moreover, CSR was associated with the financial performance. The main question here was if the socially responsible corporations were also profitable corporations. If they could prove that they were profitable that would be great for the support of the CSR advancement (Carroll, 1999, p. 284).

When the famous Freeman's stakeholder theory in the 1984 was placed, a new dimension in CSR literature was brought. Stakeholder theory included: trade associations, media, environmentalist, government, local communities who needed to have an active participation for the successful implementation of CSR. The 1980s was an important

century for the CSR. Hence, in these years many definitions and literature on CSR were given.

1.5 Corporate social responsibility in the 1990s

The concept of CSR was as much present in the 1990s. It usually served as a base for other concepts which included CSR and were pretty much corresponding to it. Stakeholder theory, corporate citizenship and business ethics took the center stage in the 1990s. The most important contribution to CSR in this century was the corporate social performance (hereinafter: CSP) model, which was based on processes, principles and policies (Carroll, 1999, p. 288).

Hopkins (2004, p. 1) defined CSR as putting an emphasis on external and internal stakeholders responsibly and ethically. Another important thing related to CSR in the 1990s was the pyramid of CSR which described economic theory as a base which was later built through ethical, legal, and philanthropic categories (Carroll, 1991, p. 42). This pyramid represented a graphical review of CSR (see Figure 1). Economic responsibility was a basic duty of the firm to perform its functions in the market. Ethical responsibility was related with the need to connect moral norms specific to a cultural environment to the actions of a firm. Legal responsibility is described as the need for the firm to exist in legal and law domain (Carroll 1999, p. 43). The pyramid helped to organize all the issues which were related to CSR. Considering this, four major types of responsibilities were identified-economic, ethical, legal and philanthropic. Corporations should combine all four types to be ideal (Madrakhimova, 2013, p. 115).

Figure 1. *Pyramid of CSR*
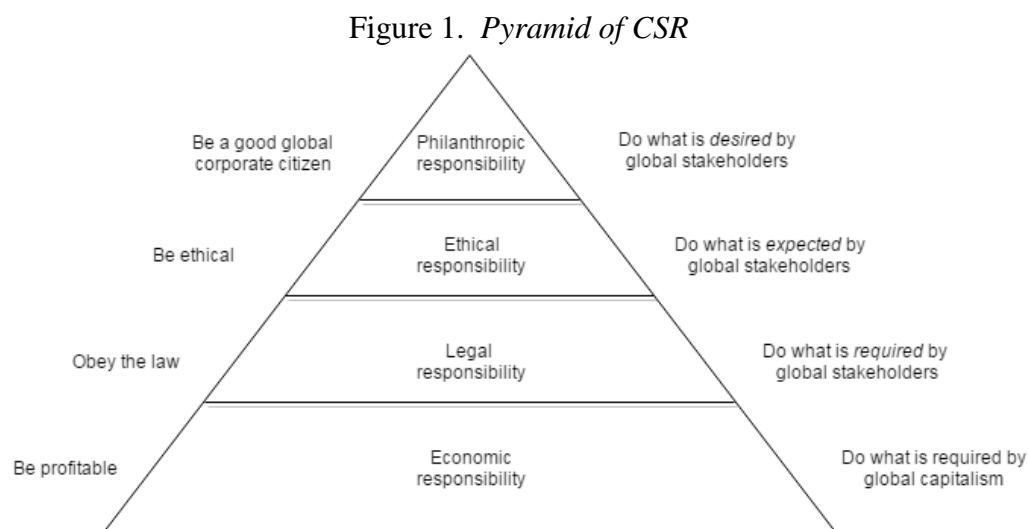
Source: *A. B. Carroll, The Pyramid of Corporate Social Responsibility: Toward the moral management of organizational stakeholders, 1991, figure 1, p. 42.*

The project by United Nations was supported by United Nations secretary at the World economic forum in 1999 and it included following principles of corporate social responsibility (Madrakhimova, 2013, p. 115).

Firstly, human rights, which implies that corporations should support human rights and never be associated with any of the human right violations. Secondly, -standards of work. This means that all workers should have its own rights and follow principles to form associations. Ecology is also very important principle, because the business community should be able to prevent environmental problems and reduce the negative impact on the environment (Madrakhimova, 2013, p. 116).

Legal responsibilities should improve practice of the legal framework. Environmental responsibility is basically a combination of consumer demands and rational use of natural resources and competitive ways of business and planetary responsibility implies voluntary agreement with the international standards of CSR. Cultural and ethical responsibilities represent an agreement with cultural and ethical traditions. Philanthropic responsibility includes development of society through voluntary participation in social programs (Madrakhimova, 2013, p. 116).

Another important aspect related to CSR is the famous Triple Bottom Line concept, which was presented by Elkington in 1997, and it was focused on the three issues. These issues were environmental responsibility (Planet), social responsibility (People) and economic responsibility (Profit). Nevertheless, corporation can be considered to be socially responsible when it has social equity, economic prosperity and environment protection. The concept of triple bottom line was widely accepted in the corporate world.

1.6 Corporate social responsibility in the 21st century

The 21st century is the century of CSR emergence. Many Universities are having CSR conferences, large corporations are hiring managers and CSR consultants, there are more and more printed books and journals related to CSR (Horrigan, 2007, p. 85).

Corporate social responsibility changed corporate beliefs of the 21st century. Corporations now make their business practices in the social environment where they work, and some problems that were not so important many years ago are now marrow issues in the world of CSR. Corporate managers are aware that they will not only be evaluated by their financial performance. Too profitable business can be socially irresponsible because it would ignore so many stakeholder responsibilities or it would not address them in a proper way.

In the 21st century, many corporations around the world started to use the triple bottom line idea- economic, social and environmental in their strategies. The furtherance in social responsibility depends on many factors and circumstances (Kotler & Lee, 2005, p. 11). There are many stakeholders, NGOs, and governments that are of the opinion that corporate leaders should be socially responsible now and for the future generations as well.

Success and long term economic growth would be difficult to accomplish if they were seen by all to be socially irresponsible. Besides, the results of some studies show that if the corporation is socially irresponsible it would have bad bottom line results and lower share price at the stock exchange market, because success is no longer measured in the terms of bottom line results (Hindle, 2009).

2 DIFFERENT THEORETICAL APPROACHES TO CORPORATE SOCIAL RESPONSIBILITY

There are many authors who argue that the purpose of business should be the maximization of the shareholder opulence (Smith, 2003, p. 12). On the other hand there are many groups of stakeholders such as academics, government, customers and environmental activists that are demanding from corporations to act responsibly with regard to all people that are affected by the corporation and with regard to the environment.

This debate considers a question of what should be a modern corporation. Stakeholder theory can be also seen as a normative theory of business ethics. Stakeholder theory requests that all stakeholders' interests should be considered even if that can reduce profitability of a corporation. Similarly as CSR, this theory has also its critics (Smith, 2003, p. 32).

2.1 The stakeholder theory

Stakeholder theory usually represents the ability of stakeholders to have an influence on the corporation's outcome or behavior. This is called „the principle of whom or what really counts" (Harrison & Wicks, 2013, p. 98). Classification of stakeholders can be made if they have the power of influence, if their claims are legitimate and if their claims are urgent. Stakeholder legitimacy is a belief of the appropriate action to firm's values, stakeholder power is a power of one stakeholder to get another to do something that would in contrary not been done and stakeholder urgency is a stakeholder's claim to be urgent (Mitchell, Agle & Wood, 1997, p. 866).

Many scholars that investigated this theory were searching for the bases of legitimacy in stakeholder-manager relationships and for the reason why some relationships are meritorious of management attention and why others are not (Mitchell, Agle & Wood, 1997, p. 882). See Table 1 for their stakeholder typology. We can find in the literature different opinions on the issue of stakeholder theory and how this theory gave a new way to see organizational responsibilities. When a corporation thinks of its shareholders as a primary concern, its actions will always be affected by other stakeholders (Jamali, 2008, p. 214).

Table 1. *Mitchell et al. classification of stakeholders*

Stakeholder category	Stakeholder salience	Attributes	Stakeholder subcategory
Latent stakeholders with only one of the three attributes	Low	legitimacy	Discretionary stakeholders
		power	Dormant stakeholders
		urgency	Demanding stakeholders
Expectant stakeholders with two of the three attributes	Moderate	power and legitimacy	Dominant stakeholders
		legitimacy and urgency	Dependent stakeholders
		power and urgency	Dangerous stakeholders
Definitive stakeholders with all the three attributes	High	power, legitimacy and urgency	

Source: *R. K. Mitchell., B. R. Agle., & D. J. Wood. Towards a theory of stakeholder identification: Defining the principle of who and what really counts, 1997, table 1, pp. 873-879.*

A stakeholder approach applies to mid- sized firms and entrepreneurial start up just as much as it does to a corporation. Corporate social responsibility is focused on corporations, where it should be applied to all organizational forms. Corporation's stakeholders can be grouped into following four categories (Freeman & Velamuri, 2006 p. 20):

- business partners such as suppliers, trade associations, employees, etc.,
- customer groups- all customers are included,
- authorizers- government, shareholders, regulatory authorities and board of directors,
- external influences- media, community members.

There are ten principles for the corporation stakeholder responsibility, and those are to: merge stakeholder interests together; understand that stakeholders are real people with names and values; find solutions to problems that please different stakeholders at the same time; enlist in intensive communication and dialogue with stakeholders; commit to a philosophy of voluntarism; generalize the marketing approach; never trade off the interests of one stakeholder versus another constantly; negotiate with primary and secondary stakeholders; constantly monitor and make changes to processes for better serve to

stakeholders; act with purpose that fulfills commitments to stakeholders (Freeman & Velamuri, 2006, p. 7).

If a stakeholder possesses only one of the three attributes shown in the Figure 2, they have low stakeholder salience. If the only attribute is power, then they are called dormant stakeholders (Area 1 in Figure 2) if their only attribute is legitimacy then they are called discretionary stakeholder (Area 2 in Figure 2) and if their only attribute is urgency, then they are called demanding stakeholder (Area 3 in Figure 2) (Mitchell, Agle, & Wood, 1997, p. 298).

Dominant stakeholders are shown in the area 4 and they have legitimacy and power. In the area 6 are shown the dependent stakeholders who have legitimacy and urgency and the ones that own power and urgency are dangerous stakeholders (Area 5 in the figure). Management of a corporation needs to give priority to take stakeholder's claim when all of these elements are present in the stakeholder relationship (this is shown in Area 7). Non-stakeholders are those stakeholders that have none of the three attributes (Area 8).

Figure 2. *Model of stakeholder salience*
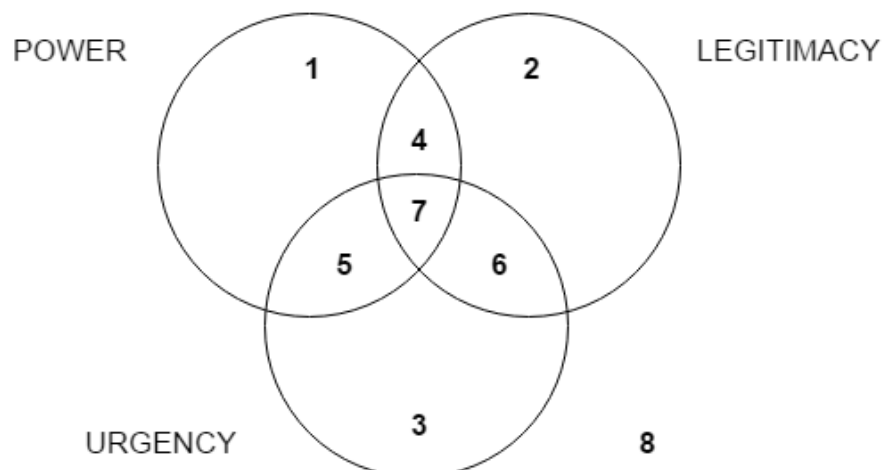
Source: *R. K. Mitchell., B. R. Agle., & D. J. Wood. Towards a theory of stakeholder identification: Defining the principle of who and what really counts, 1997, figure 1, p. 298.*

Freeman developed what has later been determined as stakeholder theory, and he defined stakeholders as a group who is affected or can affect the achievement of a corporation's purpose. Relationships with stakeholders change over time, and they go through the stage of awareness- stage in which stakeholders are aware of the corporation existence; stage of knowledge- where stakeholders comprehend the needs of a corporation; admiration- stage of building trust between corporations and stakeholders and action- corporations and stakeholders are collaborating in this stage (Epstein, 2008, pp. 42-43).

9

Leading corporations are aware of the importance of control and management of the corporate social performance. There are many factors that can be used as a motive for implementation of corporate strategy. One of those factors is management recognition that sustainability can make financial value for the corporation by using increased revenues and lower costs (Epstein, 2008, p. 20). Stakeholder engagement can have an impact on corporate profitability and some corporations do not have any sustainability strategy for the management of their environmental and social impacts. When environmental and social impacts are negative, they can harm the reputation of a corporation.

Other corporations that recognized the effects of their actions made a good progress when it comes to defining policy that can be helpful in confronting problems (Epstein, 2008, p. 20). Business leaders need to make an assessment of their economic, social and environmental impacts so that they can be aware of the pressure that is most likely to come. Stakeholder theory maintains that corporations should consider the effects of their actions upon their customers, employees and suppliers (Smith, 2003, p. 29).

In February 2004 Hong Kong and Shanghai Banking Corporation announced that it was going to close all three call centers in England with the loss of thousands of jobs. The bank had a plan to move jobs to new call centers in India. The bank was acting on ethical and moral considerations for the needs of local communities and societies wherever the bank operated, and by moving these call centers to India where productivity and efficiency were very high, the bank's performance would be highly improved.

The corporation and supporters of decisions to move hundreds of thousands of jobs from developed to developing countries, may claim that it is an ethical decision and motivated by the needs to help less developed countries to provide for themselves instead of depending on donations from developed countries. By moving call centers to developing countries has only one goal-to cut and save their shareholders millions of pounds by paying workers in developing countries less money (Nwanji & Howell 2012, p. 8).

Profit increases are the result of all the savings that are made from job losses in developed countries since they are moved to low cost areas. It is very important to address the question of global corporations and their savings. The real question is if they are reinvesting them in developed countries so that they can help those people who lost their jobs (Nwanji & Howell, 2012, p. 8). The purpose of the stakeholder theory is to help board of directors and managements to understand their stakeholder's environments and to manage more effectively within the terms of the relationships of the corporation.

There is a need for balance between the needs of stakeholders and shareholders of the corporation. If the stakeholder theory is not good for corporations why do so many boards

of directors and managements of corporations embrace it? The answer lies in directors and managers that follow policies that meet their personal interests instead of policies that meet the corporation's long-term objectives and the interest of its stakeholders (Nwanji & Howell 2012, p. 7). There are two assumptions that are extremely important for the stakeholder theorists, and those are: managers have certain obligations to stakeholders and to be able to perform good managers need to concern all stakeholders. It is not important which of these two perspectives will be chosen, because all of them relate to the hub and spoke model (see Figure 3), which represents a scope of relationships between stakeholders and corporations (Sen, 2011, p 30).

Figure 3. *Stakeholder's hub and spoke model*
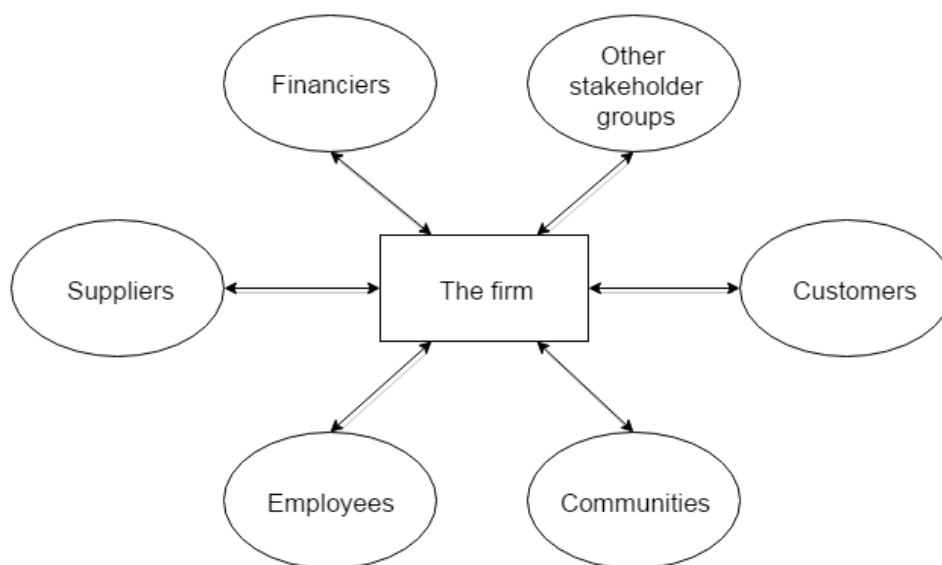
Source*: S. Sen. Corporate social responsibility in small and medium enterprises: application of stakeholder theory and social capital theory, 2011, figure 2, p. 30.*

2.2 Legitimacy theory

Legitimacy theory explains that there is a social agreement between the corporation that operates in society and society itself. This theory claims that in order that corporations operate well, they need to be aware of the socially responsible behavior within the society (Omran & Ramdhony, 2015, p. 43).

CSR reporting practices have become an important management tool to the growing complexity to multinational business management and, they help to integrate CSR activities into corporation's strategic risk management. Employee's perception about how corporation manages its responsibilities is usually a part of the employee's decision about where to work (Omran & Ramdhony, 2015, p. 44).

2.3 Social capital theory

Social capital has forceful effects on many aspects of our lives and it is much more than "warm" feelings or frissons of the community pride. These effects include lower income rates, greater levels of income quality, less corruption and more effective government (Putnam, 2000, p. 19).

Theory of social capital explains norms and relationships that form quality and quantity of the social's interactions. This theory is not just the summation of the institutions which support society, but also something that holds them together (Putnam, 2000, p. 23). In literature, social capital is categorized as linking, bonding and bridging. Linking social capital explains the relation between groups in different social groups with power; wealth and social status are approached differently by different groups.

In this part of the thesis we investigate three levels of interaction between CSR and social capital (Sacconi & Antoni, 2008, p. 13):

1. social capital is an input of CSR,
2. CSR standard generates social capital in terms of beliefs. Compliance with CSR principles in terms of fulfillment of duties towards all stakeholders, leads to the determination of the beliefs of stakeholders on the cooperative behavior of the corporation,
3. CSR and social capital create economic incentives that lead to fulfillment of corporation's commitments towards stakeholders.

Social capital has significant effects on many aspects of our lives, and it is more than just warm feelings of community pride (Putnam, 2000, p. 23).
Social capital theory is recognized as a form of post conventional moral reasoning. According to this theory managers take decisions in an ethical manner and corporations are responsible to the society as a whole, of which they are an important part. The social theory is a strategic response to new corporate challenges such as CSR.

Some of the flaws of social capital theory are as follows (Stone & Hughes, 2002, p. 2):

- social capital cannot be recognized as a multi-dimensional concept,
- social capital is not recognized by social scale and network type, and
- social capital practice is rarely theoretically informed.

3 DEFINING CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is considered to be a prescription for ethical business. A quick search on Google gives more than 170 million results from different sites all over the world. Moreover, CSR has become a necessity for all kinds of businesses and it stopped being a domain for only large corporations (Kim, Park, & Wier, 2012, p. 1).

There are many definitions on CSR, ranging from simple to complex ones, and many different ideas and concepts. In literature can be found so many cases where definitions get so contorted by researches that the concept becomes featureless and unrecognizable (Thomas & Nowak, 2006, p. 3). Broadly speaking, this concept means that corporations, while working on the maximizing their shareholder's profit, should concern societal and always act responsibly towards the society within they operate.

3.1 CSR, corporate citizenship and corporate sustainability

Corporate social responsibility is often misinterpreted with other terms such as: corporate sustainability, corporate responsibility, triple bottom line and corporate citizenship (Nelson, 2004, p. 6). Sustainability is a term that can be easily defined as an economic development that meets the needs of the present generation and it does not compromise the capability of next generations. For business this can include the issues of corporate social responsibility with advanced management of corporate social and environmental impacts (Epstein & Rejc Buhovac, 2014, p. 2).

European Union (hereinafter: EU) has also given a broad definition to CSR. The EU had defined a concept of CSR that can be seen as an adjustment to the freedom of corporations with the social and environmental welfare. This can be helpful to strengthen confidence between society and business. According to the EU approach, social responsibility should not be seen as a replacement to legislation or regulation with concern to social rights or environmental standards. The idea of corporate sustainability is often quoted as closely related to corporate social responsibility.

When it comes to building trust or retaining employees, sustainability plays an important role. Corporate sustainability is the way corporations merge sustainability principles with policies and operations which can be met in everyday business- at the end it translates them into bottom line results (Epstein & Rejc Buhovac, 2014, p. 21). For sustainability to be long-lasting, it must be integrated into day-to-day corporate activities and corporate performance. If sustainability is seen only as an attempt for providing effective public

relations, it cannot create long-term value and it can sometimes be seen as a value destroyer (Epstein, 2008, p. 36).

If we consider that sustainable development refers to problems such as, global climate change, human right's issues, pollution of the environment, and population control, we can see that, sustainability refers to the contribution of corporations in solving these global problems. Nowadays in business world people do not talk about qualitative or quantitative growth but sustainable growth. There is no corporation that has completely achieved or integrated sustainability. There are so many corporations that improved their sustainability performance and reduced their social and environmental impacts (Epstein, 2008, p. 20).

The triple bottom line consists of criteria and values for measurement of organizational success: social, economic and environmental (Elkington, 2004, p. 3). The triple bottom line concept can be used to encourage economic development growth in a sustainable demeanor. This is usually achieved by cooperation among nonprofit organizations, citizens, governments and businesses.

The trick is not in defining the triple bottom line, but in measuring it (Hall & Slapper, 2011, p. 4). The set of measures will be determined by stakeholders, the ability to collect all the necessary data and subject matter experts. Nonprofits, businesses and government entities can equally use the triple bottom line. Economic measures can include employment and taxes diversity factors.

Specific examples of economic measures are: income, establishment sizes, cost of underemployment, growth of job and distribution of employment (Hall & Slapper, 2011, p. 5). Social responsibility represents a balancing process in which business needs to balance ethical, social and economic performance. One of the most important contributions to CSR definition was made in 1971 by Committee for Economic Development (hereinafter: CED). Their model explained CSR with three circles that represent different kinds of responsibilities (see Figure 4).

The inner circle of this model shows the "clear-cut" basic responsibilities for the implementation job and economic growth. The intermediate circle shows responsibility of the economic function in changing social values and priorities, and the outer circle engirds a structure of less responsibility that should be more involved in business and active improvement of social environment (Carroll, 1999, p. 274). This model is also known as a landmark contribution to the concept of CSR which illustrates the changing relationship between business and society (Carroll, 1999, p. 274).

Figure 4. *CED model of CSR*

Inner circle: Clear - cut basic responsibilities

Intermediate circle: Exercise economic function with awareness of social values

Outer circle: Newly emerging responsibilities that business should strive to become more broadly involved in for improvement of social environment
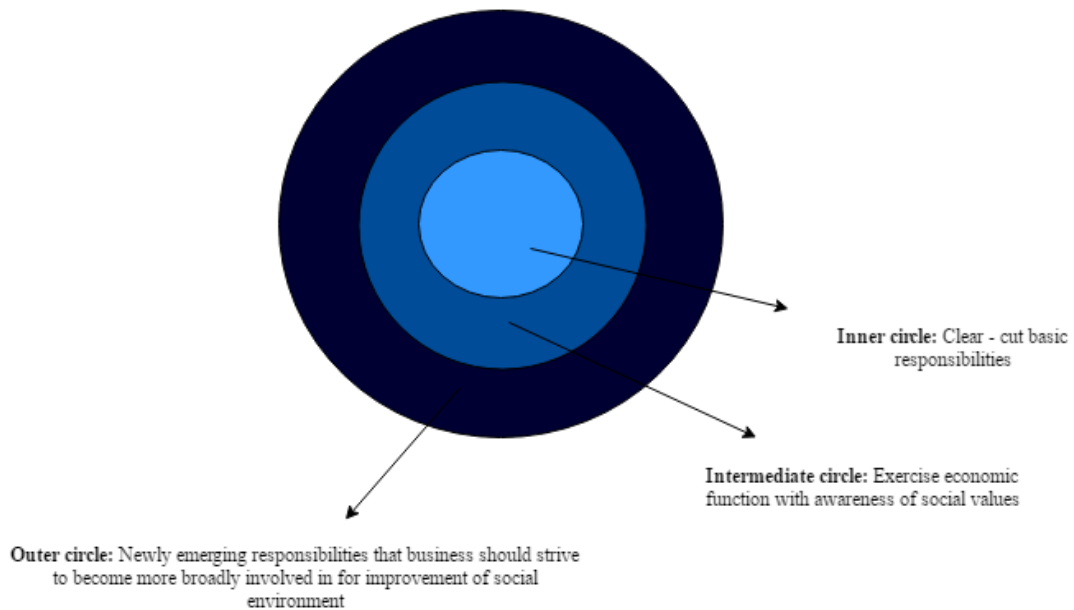
Source: *Adapted from A. B. Carroll, Corporate Social Responsibility: Evolution of a Definitional Construct, 1999, p. 274.*

3.2 Three dimensional aspects of CSR

CSR can make corporate business activities and corporate sustainability in three aspects and those are social, economic, and environmental and ecological aspects (Uddin, Riad & Kazi, 2008, p. 204):

3.2.1 Social responsibility

Social responsibility is the latest responsibility added to the three dimensions of CSR. Many corporations are becoming more active in being socially responsible and this refers to variety of management's obligation to take actions that can contribute to society. There are three social aspects of CSR for a corporation and they are as follows (Uddin, Riad, & Kazi, 2008, p. 206):

• Responsibility with regard to customers

Customers should always be treated with respect. There are also social responsibilities that include providing a good value for the money and these responsibilities often include:

good standards for trading, issues as safety of products, and full information to customers (Uddin, Riad, & Kazi, 2008, p. 206).

- Responsibility towards employees

Employees have expectations such as taking care of their welfare and support of their skills and being more motivated on work. A corporation which is socially responsible should also secure equal opportunities for all its employees no matter which religion, race or gender they are (Uddin, Riad, & Kazi, 2008, p. 206).

- Responsibility to the society

There are many corporations that get involved in community causes through sponsoring local sports and cultural events, recruiting socially excluded people or through partnerships with certain communities (Uddin, Riad, & Kazi, 2008, p. 206).

3.2.2 Corporate social responsibility and its economic aspects

Economic aspects of corporate social responsibility have been for a long time assumed to be well steered, but it is the least understood by those who shape public policy and corporate agendas. The economic aspects of corporate social responsibility are often wrongly considered as a synonym to financial issues (Perrini, 2009, p. 5). However, the economic responsibility is not only about corporations' being financially responsible, but this aspect considers indirect and direct economic impacts of the corporation's operations on community and corporation's stakeholders.

The economic aspects of CSR include (Uddin, Riad, & Kazi, 2008, p. 204):

- The multiplier effect

Employees of the corporation pay taxes and purchasing goods and services because they get good salaries. This is the case of activities that are good for the service industry and community activities.

- Endowment throughout taxes

Corporations contribute to the well-being of the field of their operation, using the local tax base. But sometimes the real question is: do businesses see corporate taxes cost through cost avoidance rather than as a part of their social contract with society, since taxes have a major impact on the wealth creation (Uddin, Riad & Kazi, 2008, p. 204).

- Avoiding actions that damage trust

The change in efficiency from public sector to the private sector accentuates the importance of trust. There are many corporation activities that can be ruinous to the trust earned from the community.

3.2.3 Ecological and environmental aspects of corporate social responsibility

Some authors argue that for the last thirty years problems with ecology and environment have been important topics in the business world. Corporate activities can have different effects on the environment. Environmental impacts usually include: pollution wastage, climate change, overuse of natural nonrenewable resources of energy, etc. There are two steps that are required from corporations to obey in the case of environmental aspects and those are: environmental management and environmental responsibility (Uddin, Riad & Kazi, 2008, p. 207).

4 SIX TYPES OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Kotler's six forms of CSR initiatives is another concept of distinguishing variable tools that want to master the CSR concept. He argues that most corporate social initiatives belong to one of the following categories:

- cause promotions,
- cause related marketing,
- corporate social marketing,
- corporate philanthropy,
- community volunteering,
- socially responsible business practices.

4.1 Cause promotions

A corporate social initiative can be classified as a cause promotion when a corporation provides funds or any other corporate resources to support volunteering or fundraising for a specific cause. The most important thing for this initiative is communication because it helps to persuade people to give donations or to participate in different events or to donate

their money and time. Many corporations collaborate with special interest groups or nonprofit organizations. Most of the corporate benefits are related to marketing because cause promotion can increase their traffic, build customer's loyalty or create great brand preferences. This results in the development of new partners and employee satisfaction (Kotler & Lee, 2005 p. 79).

Cause promotions initiative can be used in the following cases (Kotler & Lee, 2005, p. 80):
- cause can be sustained by the products of a corporation,
- when employees are excited about their effort,
- there is a co-branding opportunity,
- when there is possible to limit the corporation's commitment to raising awareness about a problem.

4.2 Cause related marketing

Cause related marketing (hereinafter: CRM) is an initiative that is inherently linked to marketing, CSR, corporate affairs and community investment. This is shown in Figure five, where the CRM intersects with philanthropy, corporate affairs, marketing and corporate community. The intersection of all of these spheres is the point that provides the maximum return on opportunity and investment for all concerned.

The prosperity of each department can be enlarged through communication, co-operation or co-ordination. Cause related marketing is a challenge to corporations because it can add value to any of the disciplines within marketing and it may be used to communicate, activate or demonstrate any marketing activity. Direct marketing, sponsorships, sale promotions or PR are a part of the marketing mix and only one of the ways in which CRM program can be evinced. The main reason for the CRM activity is to market the image, service or activity to a specific public, where marketing tools intersect with the specific cause (Adkins, 1999, p. 48).

Figure 5. *The relation between cause-related marketing, marketing, corporate community investment, philanthropy and corporate social responsibility*
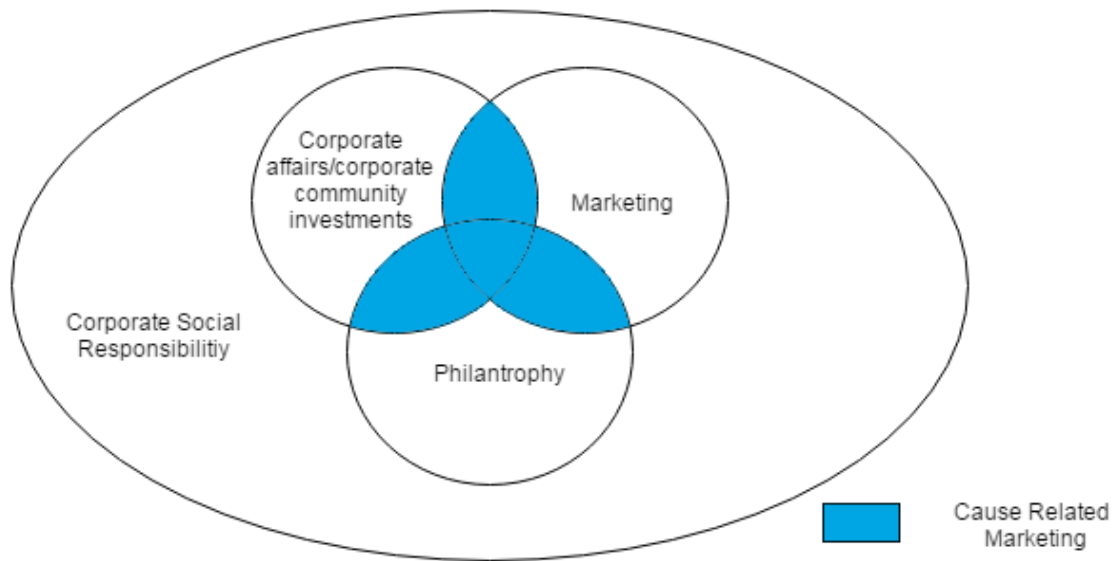
4.3 Corporate social marketing

Corporate social marketing differs from other social initiatives because it is focused on changes that can be helpful in preventing injuries, increasing community involvement or in improving health. Corporate benefits of this initiative include making real social impact and improvement of profitability. Behavior impacts and changes do not happen overnight and there is often much criticism from people who see social marketing as a useless corporate social initiative (Kotler & Lee, 2005, p. 143).

4.4 Corporate philanthropy

The most traditional corporate social initiative that usually comes in a form of donations or cash grants and that has been a huge source of support for education, human service agencies and organizations that have a goal to protect the environment, is called corporate philanthropy. This initiative is often related with community affairs, community relations or community giving. Initiatives that are communication oriented and that should increase awareness about an issue represent the main difference between this initiative and cause promotions (Kotler & Lee, 2005, p. 144).

This initiative has a major impact on social issues and it attracts motivated workforce. Corporations that are using this initiative can increase their productivity and expand markets (Kotler & Lee, 2005, p. 174).

4.5 Community volunteering

Initiative, in which the corporation encourages its employees or partners to volunteer their time to support specific causes and community organizations, is called community volunteering. Employees of a corporation are inspired to volunteer for causes that are supported by different corporate initiatives. Volunteering is considered to be the most satisfying of all forms of corporate social entanglement. This action can be done in partnership with non-profit organizations or organized by a corporation (Kotler & Lee, 2005, p. 176). Volunteer programs can build strong relations with local communities, and attract motivated employees. All this contributes to a better exhibition of products and services and to enhancement of a corporate image (Kotler & Lee, 2005, p. 205).

4.6 Socially responsible business practices

In socially responsible business practices initiative, corporations adapt business practices and support social causes to protect the environment and to improve community well-being. Focus is on the activities that are discretionary, and not those that are expected. Community includes suppliers, distributors, employees of the corporation and public in general (Kotler & Lee, 2005, p. 208). Most initiatives that are related to socially responsible business practices, describe internal policies and procedures related to employee's support and product offerings. There are also some marketing benefits such as creation of a brand preference, improvement of product quality, increasing of community goodwill, etc. This initiative can also be helpful in building relationships with suppliers, regulatory agencies and nonprofit organizations (Kotler & Lee, 2005, p. 234).

5 PROPONENTS AND OPPONENTS OF CORPORATE SOCIAL RESPONSIBILITY ON A BUSINESS LEVEL

Corporate social responsibility always had its opponents. The one that was the most influential was Milton Friedman. He argued that corporations should engage well in activities that are made to increase its profits. Nowadays, we can extend Milton Friedman's view on social responsibility and change his view on the topic. Expectations of society change from year to year, no corporation can be completely successful without considering those expectations. A lot of things changed since the Friedman's article, and corporations are aware that they need to increase their profits as a result of their CSR strains (Melikyan, 2010, p. 313).

5.1 Arguments in favor of corporate social responsibility: Proponents

The concept of corporate social responsibility is a corporation's obligation to maximize its positive impact and minimize its negative effects, and be a member to society that will contribute better (Lantos, 2001, p. 10). As we previously stated, being a good leader of society's human and economic resources and the obligation to the corporation's stakeholders is an important task for the corporate responsibility (Lantos, 2001, p. 20).

Proponents of corporate social responsibility think of CSR as a "magic stick" for solving all social and economic problems and they see it as an improvement of their business images and corporate strategies (Melikyan, 2010, p. 313). Some authors argue that in many countries an increasing number of corporations think that it is good for business to completely integrate the needs and interests of customers, suppliers and employees as well as to those of shareholder into corporate strategies. This idea of an absolute respect towards the principles of CSR and conduct of many initiatives is presented in the web sites of IT corporations, mobile operators and many other business entities.

5.2 Arguments against corporate social responsibility: Opponents

We can find in literature many individuals who are actively opposing the idea of CSR and who claim that business entities are dishonest in their CSR activities. They often state that some corporations act like "state with the state", and are lobbying for their corporate interests, although if they can cause environmental damage or some other problems for society. Opponents are also pointing out that corporations have been a part of many political and economic scandals, and that they often have negative collaborations with governments, such as avoiding the tax payment or bribing the government's officials and

corruption. Negative image of some corporations and their activities is very often presented in the Internet, in consumer's blogs and other sources of the mass media (Melikyan, 2010, p. 315).

Melikyan also states that corporations do not act responsibly towards their employees, which automatically leads to work harassment, child labor and many other problems. Shareholders and managers determine the policy and decide whether to share their decisions or not. Another important aspect in questioning the principles of CSR is that CSR activities are not directed to poverty reduction and they are more concentrated on human rights, environmental problems and poverty reduction (Jenkins, 2005, p. 526). Corporations usually do not hire poor people and they never organize trainings for disadvantaged groups of society, they do not produce goods for poverty groups and they operate mostly in capital cities which represents a big obstacle for developing areas.

In general, the major advantages and disadvantages for both proponents and opponents can be categorized as follows (Melikyan, 2010, p. 316):

Advantages:

- CSR activities help corporations to improve their brand image and to get more customers,
- corporations act more responsibly towards their employees and society,
- CSR activities help bring corporations and society closer through various community projects.

Disadvantages:

- corporations are conducting CSR activities on a community level, but are damaging the planet on a large scale,
- some corporations are very good examples of CSR activities and they show a responsible attitude towards the society. However, these corporations sometimes act very irresponsible in pursuing corporate interests and sometimes cause damages to people and environment.

It is no secret that corporate social responsibility today represents one of the most debatable concepts adopted by many corporations, and it sure has many different views. Even though this is a voluntary activity it is still one of the most important leverages in making corporations more responsible towards sustainability, their employees and sustainability. Corporations should be more active in building partnerships with

governments of countries where they operate and always have more proponents than opponents.

On the other side, there are many moral reasons why corporations should take on CSR. Corporations can cause social problems and can be responsible for solving them and preventing further ones. Corporations are not able to escape responsibility for the positive or negative impacts. Corporations have an obligation to take into account interests and goals of stakeholders and they rely on the contributions of a wider set of stakeholders in society (Crane & Matten, 2004, p. 9).

Corporations in many middle and low-income countries have speeded up a process of adaption of the developed country's corporate responsibility agenda through direct engagement. CSR initiatives appeared in countries such as India, China, South Africa and Brazil. Governments in the middle income countries are facing major social challenges and they need to engage business to face those challenges. The defensive justification is related to minimizing the potential adverse effects of CSR on local communities, markets and environments when it is imposed through investments and supply chains. Governments of some middle income countries such as China have undertaken many initiatives to ensure that CSR practices have impact in their countries.

For instance, the government of Zambia is working on improving approach to high value markets for Zambian coffee growers by creating local inspections to reduce the cost of certification needed in those markets. A program in Colombia is made to encourage production of environmentally goods and services, and this is a great example of public sector support for sustainable markets in Latin America. Public sector engagement in CSR includes issues of poverty reduction, human rights and corruption. CSR offers opportunities for the governments of developing countries so that they can change the ways of their interaction with business. Governments of developing countries would do well if they set the CSR agenda for themselves.

India is a great example with its Companies Act 2013. The concept of CSR in India is based upon the ideology to give and take, and India's Companies Act requires from every large and medium sized corporation to spend 2 per cent of its net profit for social responsibility. When corporations use CSR throughout their activities, they need to give something back to the society (Epstein, Yuthas & Sanghavi, 2013, p. 1).

Manufacturing corporations in India achieved better results in social responsibility than service corporations. Main reason for this is that manufacturing corporations have higher sustainability scores, which means that these issues are more important for the manufacturing sector. In India, public sector corporations operate better than private

corporations. Corporations in India are weak on sustainability and strong on governance and a third of all corporations failed to overcome the half way mark in all areas.

Another study that was brought was in the context of the introduction on the obligatory spending on CSR brought on by the Companies Act 2013. The focus on corporations has shifted from anticipating the change to implementing the change. When it comes to socially responsible activities, customers are in a need for a dialogue (Epstein, Yuthas & Sanghavi, 2013, p. 6).

In India, businesses operate at any of the three levels of CSR:

- reactive response to challenges from business environment,
- strategic CSR that is capable to operate in competitive markets,
- proactive response to supply chain impacts.

Business needs to coexist with society and set new priorities for the long term growth. An analysis of CSR report of over 200 Indian corporations shows an insufficient focus on customers. Communities and employees around factories and broad social goals like health and education get an increasing amount of focus.

6 UNDERSTANDING PUBLIC SECTOR ENGAGEMENT IN CORPORATE SOCIAL RESPONSIBILITY

Public sector contains of all publicly controlled agencies, enterprises and governments that deliver services, goods or public programs. The concept of public sector is much more than simply that of government and it sometimes overlaps with private or not-for-profit sectors (Dube & Danescu, 2011, p. 3). Public sector engagement in CSR can be categorized in many ways, and it depends on the purpose of analysis and the answer to the question: "Why is it important to consider the role of the public sector" (Fox, Ward & Howard, 2002, p. 3).

There are four roles that reflect the range of activities in public sector and they are: mandating, facilitating, endorsing and partnering. When it comes to political initiatives, the most important issue is the discussion of specific roles that governments can use to foster CSR (see Table 2).

6.1 Mandating

In their mandating role governments define minimum standards for business performance to different levels. Directors of corporations should take into account specific factors when making decisions for certain categories of industrial incorporations.

Concepts that corporations should apply to manage industrial emissions are: techniques, technology, or the best environmental option. Agencies in public sector encourage corporations to engage with the CSR agenda and to drive environmental and social improvements. For example, in Britain an amendment to the 1995 Pensions Act, requires pension funds to discover which issues will be taken into account: ethical, social or environmental (Fox, Ward & Howard, 2002, p. 3).

Table 2. *Four public sector roles in strengthening CSR*

Mandating	Command and control legislation	Regulators and inspectors	Legal and fiscal penalties and rewards
Facilitating	"Enabling" legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating markets
Partnering	Combining resources	Stakeholder engagement	Dialogue
Endorsing	Political support		Publicity and praise

Source: *T. Fox., H. Ward., & B. Howard. Public Sector roles in strengthening CSR: A baseline study, 2002, table 2, p. 4.*

6.2 Partnering

When it comes to the partnership role, public sector bodies can be facilitators or participants. New inputs and skills of the private sector, the public sector, and civil society can be brought by strategic partnerships (Fox et al., 2002, p. 5).

6.3 Endorsing

Endorsement can have many forms, such as the demonstration effect of public procurement. There are often no bright lines between these four public sector roles, and the lines are often not clear. Sometimes government can act as partners, but the encouragement for partnership comes from the possibility that legislation may come if a partnership is inefficacious (Fox et al., 2002, p. 6).

6.4 Facilitating

Public sector bodies can be very stimulating for the key actors in the CSR agenda. For example they can provide funds for research, training or awareness rising. They can also develop CSR management mechanisms and tools such as benchmarks, labeling schemes, product labeling, etc. Public sector bodies can also stimulate pro-CSR markets in a way that they apply its public procurement and investment power.

By opening new market access opportunities, public sector bodies are recognizing the potential for the CSR agenda for exports of sustainably produced goods and services. Some of the public sector responses include capacity building for domestic producers, as well as the engagement in CSR standard setting initiatives, so that they can ensure that they do not create market access barriers that are unfair (Nelson, 2004, p. 20). Nevertheless, we can find little evidence on the government's engagement in development of internationally applied voluntary CSR standards in developing countries.

In contrast to the previously defined status of trade promotion as a driver of CSR activities, we can find evidence to confirm a link between pro CSR public sector policies and wider economic competitiveness in attracting foreign direct investment as shown in Table 3 (Fox, et al., 2002, p. 21). There are many drivers of public sector engagement in CSR, but some of them are not exploited to date.

Great example of this is public sector experience in involving private sector actors in the development of national strategies for sustainable development outside the developed countries (Fox et. al 2002, p. 22). Unfortunately, public sector intervention in stimulation consumer demand for sustainably or ethically produced goods and services relies on the purchasing choices of a minority of informed and concerned consumers.

Table 3. *Drivers and limitations to public sector engagement in strengthening CSR*

Driver	Key constraints
Internationally processes • Intergovernmental frameworks • Regional intergovernmental cooperation	• Lack of public sector capacity to engage in negotiation and implementation • Lack of take-up of CSR issues in regional processes
Trade and Investment promotion • New pro-CSR export market opportunities • CSR-related requirements being introduced in existing export markets	• Lack of awareness of "green" or "ethical" market opportunities in export markets • Lack of capacity to equip domestic industry to meet CSR-related export requirement
Maintaining minimum standards • Demand from business and civil society for a level playing field of social and	• Lack of capacity to maintain and enforce minimum standards • Perception that corporate social responsibility is about voluntary business action, not public sector action.
Partnership and civil society demands • Demonstrations of the potential value of partnerships and private sector engagement.	• Lack of financial or human resources to participate in partnerships • Weak organized labor

Source: *T. Fox., H. Ward., & B. Howard. Public Sector roles in strengthening CSR: A baseline study, 2002, table 3, p. 20.*

7 CORPORATE SOCIAL RESPONSIBILITY IN THE PUBLIC SECTOR OF DEVELOPING COUNTRIES

Developments in the 1990s shifted the power from the nation-state to the market and the debate about corporation's recognition of further responsibilities in their conduct, which resulted in more popularity to CSR (Fox, 2004, p. 29). It has become so regnant that almost all corporations formulate their responsibilities towards the society within they operate.

Since there can be found a lot of evidence of successful CSR practices in the developing countries, policy makers are a great encouragement to corporations for a better role in the development of CSR. Private corporations are very important for the development process

because these corporations ensure much needed services and goods for life sustainment and improvement of living standards. Visser tries to explain the distinction between CSR in developed and developing countries by rearranging the famous Carroll's pyramid.

The CSR pyramid in developing countries shows diverse responsibilities of CSR in accordance to their significance and priority in the addition of developing countries (Visser, 2008, p. 488). According to Visser all responsibilities that apply in developed countries, also apply in the developing countries.

The only difference is that they have different priority in developing countries (see Figure 6). The differences between engaging in CSR activities in developing and developed countries are based on local realities and the needs of the region a corporation operates in. Moreover, a development-oriented approach to CSR is important because the private sector plays an important role in sustainable development (Fox, 2004, p. 30).

Figure 6. *Pyramid of CSR in developing countries*
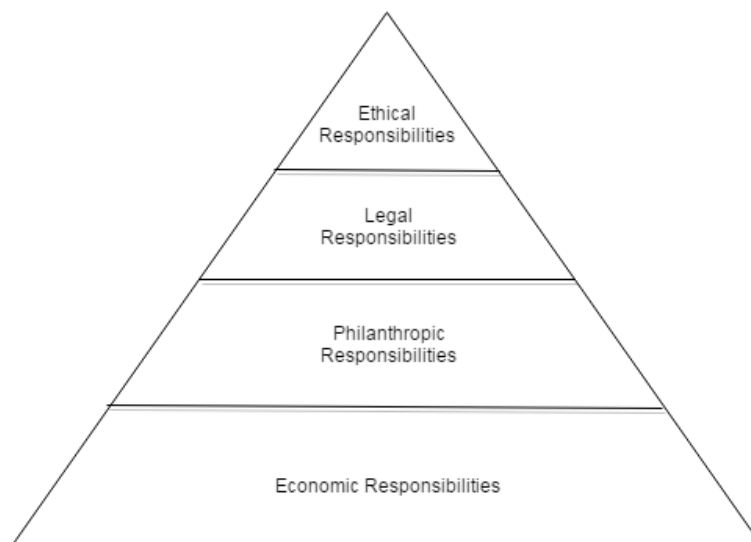
Source: *W. Visser Corporate Social Responsibility in developing countries, 2008, figure 21.3, p. 489.*

The main difference between CSR in developing and developed countries are the different drivers for CSR in developing countries (see Figure 7). Even though they are not unique to developing countries, when combined they can make a proper image of how corporate social responsibility is imagined and performed in emerging economies (Visser, 2008, p. 481). There are ten major drivers for CSR in developing countries as illustrated in the Figure 7.
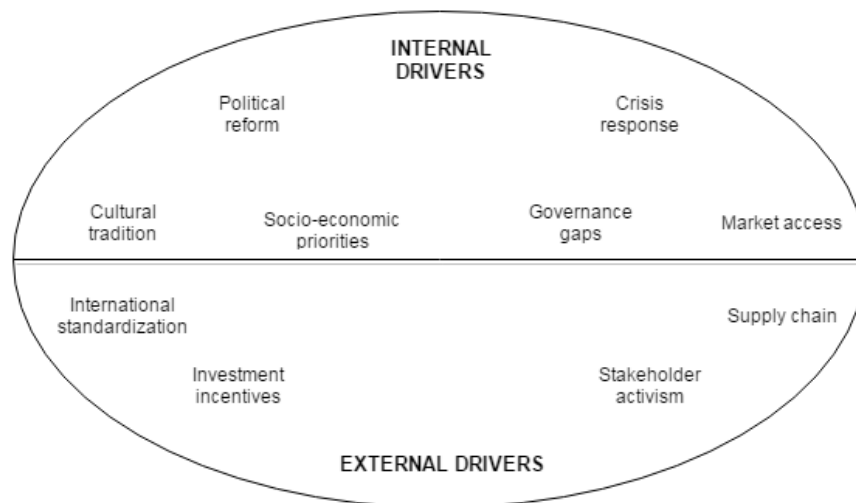
Figure 7. *CSR drivers in developing countries*

Source: *W. Visser Corporate Social Responsibility in developing countries, 2008, figure 21.2, p. 481.*

Modern society makes great progress, to culture, art and technology, making a better contribution to the development of society. It can be said that such actions left a deep mark on the overall social trends. Decisively, value creation (social and economic) lies not in actions and behavior of individuals, but of organization networks (Cekrlija & Pavlović, 2012, p. 251).

Sustainability is always implicitly or explicitly present in corporate social responsibility, and in BiH are clearly visible certain illogical actions for the careful analysis. Many years of experience and study of available literature showed that something with perception management structures of the general responsibilities in BiH is not in conformity with the social role of enterprises. Ignorance of the principle's responsibilities and the promotion of best practices of CSR significantly reduce competitive advantages of the economy in BiH (Cekrlija & Pavlović, 2012, p. 244).

To establish how the corporate social responsibility can be applied in the state of BiH, it is necessary to analyze primarily the support of the country in the implementation of this concept, creating a positive business environment and the legal basis for the application of CSR. Bosnia and Herzegovina is a relatively small country in the region with open economies. Bosnia and Herzegovina's strategic goal is the EU membership, and this is one of the few goals where there is a general agreement of both citizens and government. The implementation of CSR in the economy of this country becomes an imperative (Catic-Kajtazovic, 2011, p. 1).

The process of BiH's integration into the EU coincides with the transition process, and it encourages the continuation of economic reforms. The main objective of started transition is democratization and development of the Western European type of market economy. The process of transition follows problems such as inadequate privatization, the division of markets and regulations, insufficient development of the financial market and the division in implementing key economic reforms. Activities on CSR imply a strong fight against corruption and implementation of anti-corruption measures in all segments of the society. However, in Bosnia and Herzegovina corruption is particularly predominant and fight against it could be very difficult. In the period of post-conflict reconstruction, Bosnia and Herzegovina has received the largest amount of donor aid per capita in history (Catic-Kajtazovic, 2011, p 3).

In BiH, there is a series of legal regulations on the environmental protection. Environment and water sector are not clearly defined by the Constitution, nor the jurisdiction of the state of Bosnia and Herzegovina, or entity level, because under Article III. 3c attitude, "All governmental functions and powers under this Constitution are not expressly assigned to the institutions of Bosnia and Herzegovina, the Entities." Therefore, the question of the environment belongs to the entities (Catic - Kajtazovic, 2011, p. 6).

The biggest challenge for the development of social responsibility in Bosnia and Herzegovina is the lack of policies, legislation and standards relevant to the concept of CSR in BiH. In Bosnia and Herzegovina CSR is usually understood as philanthropy, donations, well-defined strategy for employment or business within legal norms. Economic framework for the implementation of CSR in Bosnia and Herzegovina is disturbing, because before the war in the former Yugoslavia, Bosnia and Herzegovina in its economic performance was more developed than some transition countries that are now full members of the EU.

Because of its complex arrangement of the state in Bosnia and Herzegovina will take far more time and effort on this route in the development of an adequate model for the systematic application of CSR. However, these are the issues of process (which include dialogue stakeholders), content (accepted norms and practices), and reporting, which in the future in BiH needs to be referred to achieve the development of CSR. Profit sector cannot act alone, but it needs the support and cooperation of other sectors of society, especially the government sector (Catic - Kajtazovic, 2011, p. 10).

Bosnia and Herzegovina has been designated as a State that has equal rules of competition for all participants as most clearly seen through preferential economic operators when it comes to providing government subsidies, the granting of loans by the bank for Reconstruction and development, obtaining business direct deals and approval of

rescheduling the debt settlement for taxes, contributions and other duties. All this makes the circumstances aggravating and a lot will have to been changed on their path to European integration. Fair and transparent system of doing business with support for the rule of law is an important condition for the progress of society and the individual. Therefore, the best results achieved by the country in which they were created favorable conditions for the development of entrepreneurship. It is certain that contemporary world can be a better society, a society that will provide a chance for many who today do not have any chances.

When it comes to the field of CSR in BiH it is very important to make a difference between two basic types of liability. Some authors try to divide the division into more than two, but such a perception of CSR shows certain contradictions and many of the votes are thoughtless. So, when it comes to social responsibility, corporations can be socially responsible in whole or in part, and it depends on the fulfillment of mandatory and optional responsibilities (Cekrlija & Pavlović, 2012, p. 245).

Corporations in the public sector should be legally obligated to do more for communities they work in- no one should expect media attention for the support and no one for support to CSR should expect any kind of reward. Things that could be done to make CSR in BiH comparable with the one in developed countries are: meetings, contacts, and joint approach to business sector, identification of benefits of connectivity, promotion of the role of NGOs, role of local authorities to introduce university students and high school students with profiles of corporations, analysis and identification of problems of business sector (TASCO Report on P2P CSR Conference 2014, p. 9).

Market in Bosnia and Herzegovina is not regulated enough and with high levels of gray economy, corporations in public sector are having hard time to survive. Aside from the promotion of CSR, new values need to be installed and state needs to create more stimulating environment for responsible doing of business. When speaking about activities and practices that can be done in Bosnia and Herzegovina these are some of the recommendations: analysis of the public policies concerning the improvement of the business environment; exchange of good practices; organization of the annual awards for CSR corporations; follow the experience from neighboring countries; terminology adjustment; promote good things; take into account the difference between the smaller and larger communities; involve media in the promotion of CSR (TASCO Report on P2P CSR Conference, 2014, p. 10).

7.1 Public sector actions on social responsibility in developing countries

CSR covers a scope of issues that are usually related to corporate governance, business conduct, issues of social inclusion and development of human rights. When it comes to the private sector investments in low income countries, these issues usually differ from the business in developed markets. The role of public sector in explaining CSR is an emerging field and many of the interventions in public sector have not yet been considered to be CSR initiatives (World Bank Institute, 2003, p. 5).

In low and low-middle income countries interest is increasing in the possible alignment of the public good outcomes of CSR activities that have public sector priorities. In developing countries, governments are beginning to see CSR activities as a way for enhancing sustainable development strategies, as a component of their national competitiveness strategies (World Bank Institute, 2003, p. 7). Governments should take a lead in corporations that do not engage with CSR, and they should ensure a functional and regulatory structure and effective delivery mechanism for public service initiatives (World Bank Institute, 2003, p. 8).

Governments in developing countries are considering the importance of specific voluntary approaches to national economic priorities. Nevertheless, efficient policy decisions can only be made if public sector bodies have all information needed for the effectiveness of voluntary schemes in a way that will increase business performance. Building awareness of the CSR agenda should include economic and social importance of small, medium and micro enterprises in developing countries (Fox et al., 2002, p. 25).

7.2 Public sector supply chain

In the public sector supply chain goods and services that are provided by public sector are non- rival and non-exclusive (Clements & Bowrey, 2010, p. 4). This means if the government provides someone with a service (unemployment benefit) another member of the society will not be excluded by receiving the same benefit if their situation meets the eligibility criteria. The following diagram represents supply chains in the public sector (see Figure 8).

There are few linkages in a public sector supply chain, and they are: the Government, Central Agencies (CA) -they provide holistic advice to the government on policies, The Portfolio Departments (PD)-programs are developed and Commonwealth Statutory Authorities (CSA)- public services are delivered (Barton, in Clements & Bowrey, 2010 p. 9). Arrows from left to right in the diagram show the downstream flow of product or service in the supply chain, while the arrows from right to left represent the upstream

information flow between corporations. Government's role includes policy agenda setting of the government that leads to the identification of outcomes. These outcomes are usually the impacts which are desired from the implementation of the government policy, and represent palpable presence of the agency amongst its clients (Clements & Bowrey, 2010, p. 5).

There are many central agencies which have the goal to provide high quality policy advice to the Prime Minister and the Cabinet. These advices often include domestic and international affairs by taking all important factors and making the best possible decision. As the second part of the supply chain we can see Commonwealth Statutory Authorities (CSA), that represent body corporates incorporated for a public purpose, and that hold the money on their own account and are responsible for service delivery to member of society (Clements & Bowrey, 2010, p. 4).

Figure 8. *Public sector supply chain*
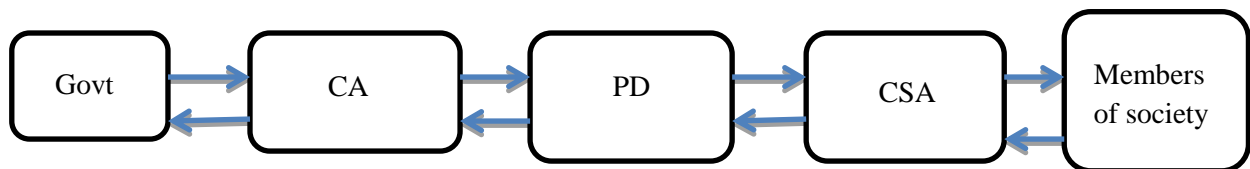
Source: *M. Clements & G. Bowrey Corporate Social Responsibility in Public Sector Supply Chains: An insight, 2010, figure 1, p. 4.*

8 RESEARCH OF PUBLIC SECTOR INVOLVEMENT IN CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF BH TELECOM SARAJEVO

Bosnia and Herzegovina has a unique political structure and it is composed of two entities, Republic Srpska with 49% and the Federation of Bosnia and Herzegovina with 51% of the territory. The Bosnian economy suffered tremendously in the 1991-1995 war. Incomes fell drastically and many of the population left the country. The high post-war growth rates were achieved through investments in public infrastructure, mostly financed by aid flows. Corporations were relatively technologically outmoded before the war, and the war destroyed much of the equipment.

There has been a little support for state enterprises with a post-war policy emphasis on the privatization. On the web site of the privatization agency of the Federation, some of the objectives include: return of lost markets, introducing Western standards and norms,

contribution to the development of economic reforms, capital inflow and revitalization of the economy (Privatization Agency of Federation BiH, 2015).

Corruption is a crime with boundaries that often make it difficult to distinguish between victim and culprit. It is not a one-dimension transaction in which active committer forces a passive party: both sides have benefits, and the victim might be a third party or the community at large (United Nations Office on Drugs and Crime, 2011, p. 10). Corruption is usually reported in the international community as the area of vulnerability for the countries of the western Balkans, and it seems that the citizens of Bosnia and Herzegovina agree. Citizens of Bosnia and Herzegovina rank corruption as the fourth most important problem of their country, after unemployment, low standard of living and performance of the Government (United Nations Office on Drugs and Crime, 2011, p. 3).

Citizens and households in Bosnia and Herzegovina usually have at least one contact with a public official in the period of 12 months, whether a medical visit, school, or the university enrolment. This means that they have direct or indirect exposure to bribery experience with a public official (United Nations Office on Drugs and Crime, 2011, p. 13). Gifts or money can be requested by public officials for the completion of a procedure or sometimes even offered by citizens to alleviate a service or to express gratitude. Some of the public officials that receive bribery the most in BiH are doctors, police officers and nurses.

Due to the size and importance of the public administration, institutions should hire new staff on a regular basis. The new staff should be selected on the basis of criteria such as competence and experience, but it is unfortunately often reported that other factors come into play, such as bribery, nepotism and cronyism. Job opportunities in the public sector are more attractive to job seekers, because of the advantages that are typical for the employment in the public administration, (job security and associated social status) (United Nations Office on Drugs and Crime, 2011, p. 31).

8.1 Research methodology

The aim of our research is to comprehend public sector's corporations' motivation in CSR and to investigate the contribution of public sector corporations in the development of socially responsible society. Our research question is, how can public sector corporations contribute to the development of socially responsible society?

There are two different approaches in empirical research and they are qualitative and quantitative. When it comes to the quantitative research, a social phenomenon is usually

measured numerically. Main focus of this method is to achieve the results that are assumed beyond the study alone. Qualitative research does not require results achieved through the specific measurements. The main goal of the qualitative research is to assess a phenomenon that already exists, and usually findings in qualitative research can enable the researcher to develop a new theory or to formulate a new research question.

The data in this type of research is gathered in an open way by using open-ended questions (Flick, 2011, p. 11). Both of aforementioned methods have the same forms of data collection that can be used in order to complete the study. These are: study document approach, observation and interviews. The difference between these two methods lies in the way the findings are interpreted and analyzed (Flick, 2011, p. 14). See Table 4 for the main differences of the two methods.

Table 4. *Basic distinctions between quantitative and qualitative research*

	Quantitative research	**Qualitative research**
Theory	As a starting point to be tested	As an end point to be developed
Case selection	Oriented on (statistical) representability, ideally random sampling	Purposive according to the theoretical fruitfulness of the case
Data collection	Standardized	Open
Analysis of data	Statistical	Interpretative
Generalization	In a statistical sense to the population	In a theoretical sense

Source*: U. Flick Introducing Research Methodology 2011, table 1.4, p. 13.*

There are few collection techniques and they are: semi-structured, unstructured and structured, interviews. In the structured interviews the order in which the questions are asked is the same as in every other interview. In semi-structured interviews, the interviewer is free to change the chronology of the questions order and it can ask main questions the same way each time. When unstructured interviews are conducted, interviewers have previously made list of topics, and can only talk about these topics with respondents. When conducting semi-structured interviews, respondents do not know the question and they cannot prepare their answers in advance. Interviews can be also recorded, which makes it easier to analyze the data later. Disadvantages of this type of interview include time consuming and geographical limitations of the interviewer. In this thesis we used the interview method.

To answer the research question, we have conducted a field case study at BH Telecom Sarajevo. From semi-structured interviews with the PR Manager, Executive Manager,

consumers and one of the directors of the corporation, as well as inspection of the corporation's documentation, we were able to investigate and give the answer to the research question. We used two data sources: semi-structured interview and archives. We also used the internal and external sources to be able to give an answer to our research question.

The external sources covered press articles that are linked to corporate social responsibility of the corporation (about 20 pages). The internal sources included presentations, corporation's reports and press releases (about 50 pages). After the inspection of these data, we conducted semi-structured interviews with internal informants and we spent four days in the corporation. Each visit lasted a couple of hours and six interviews were conducted. We have not tape recorded the interviews, because we wanted to encourage interviewees to speak openly and to feel comfortable.

8.2 BH Telecom's profile

BH Telecom has revised all trends in telecommunications, introduced and applied know-how solutions in the country. Since this corporation works in a liberalized telecommunications market in BiH, they can meet the needs of their customers. This modernly designed corporation is a member of many international awards in telecommunications. When it comes to the CSR development, in this corporation many people work on different positions.

Departments that are formally in charge of CSR are: Center for the quality management, Center for research and development, Directorate for legal affairs and HRM, and PR department. Figure 9 presents the organizational structure of the corporation. In this figure are shown main departments of the corporation, and various directorates of BH Telecom in different cities. As we can see from the Figure 9, general director's office is connected with all other departments of the corporation, which makes it easier to make business. In our interview with the PR Manager we found out that there are many advantages and disadvantages in this job. "People who work on the CSR implementation at BH Telecom have to face many challenges and they have to be ready to solve different types of problems that concern CSR in the public sector"- explained the PR Manager.

Figure 9. *Organizational structure of BH Telecom*
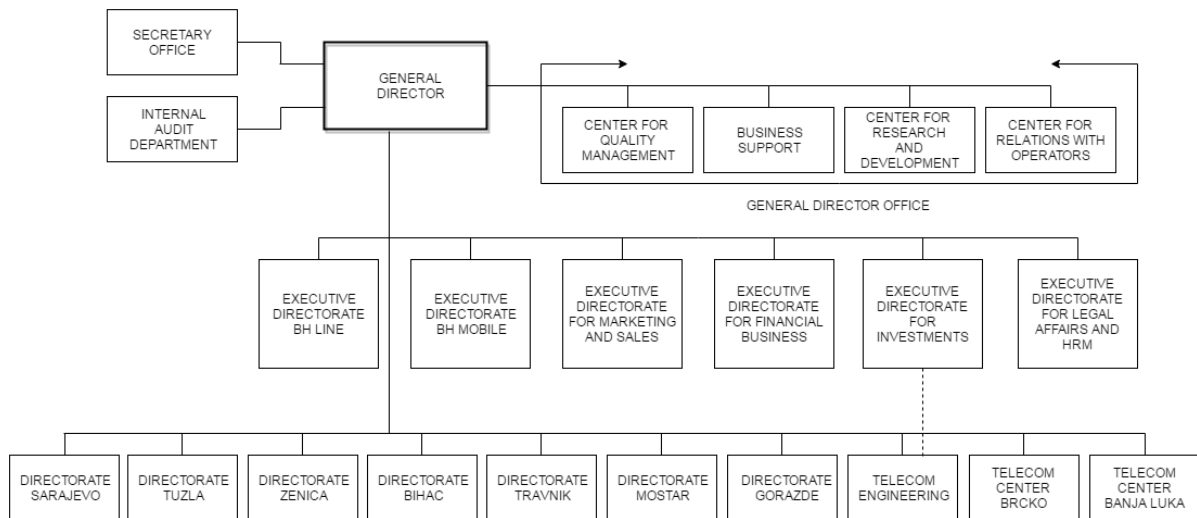
Source: *BH Telecom's website, 2016, figure 1.*

In 2015, BH Telecom had the most radical reorganization and reduced the number of its employees by 110. This corporation today has around 3,400 employees, including a notable number of graduates who received scholarships. Net profit of the corporation in 2015, amounted to 89, 8 million KM, which is 1, 6 million more than in 2014. As a result of using new technologies, BH Telecom in 2015, had the revenue decline of 4, 5 percent. The year of 2015, was very significant for the corporation because they redesigned offer services that are designed to meet customer's needs. The utilities of these activities consumers will be able to experience in 2016 (Indikator-internet portal, 2016).

In 2014, BH Telecom changed its management twice, and at the end of the year they appointed two new managers. Amortization for 2015 amounted to 124, 3 million KM, which was for 4, 6 million KM higher in comparison to 2014. Decline in revenues is a global trend in telecommunication market, because more people use OTT (Over- The-Top) services, such as Viber and Skype. BH Telecom is ready for the introduction of new services and improvement of their own offers and 2016 should be a year of growth and stabilization in the revenues of the corporation. This is also the year of the introduction of 4G network, but firstly the digitization process needs to be completed to help operators get frequency (Klix internet portal: Financial report BH Telecom for 2015, 2016).

Each corporation has a tendency of its existence, but unfortunately some of them have never developed the component of their vision in a clear way. These corporations have not articulated the purpose of its activities (BH Telecom Strategic planning report, 2014, p. 12). Business vision can be understood and viewed in various ways. The best approach to

business vision is seen as a constituent concept that has more components and identifies itself with the core ideology of the corporation.

General components that make the vision are (BH Telecom Strategic planning report, 2014, p. 9):

- purpose of actions that are made in corporation,
- basic system of values,
- strategic challenge that needs to be answered.

Business mission is developed from the vision and it represents her writing and linguistic skills, which primarily means the strategic challenge, that brings together all organizational efforts in a certain period. The telecommunication market is in the stage of further liberalization, as well as the access of major international operators through the purchase of alternative operators. Effective implementation of the strategy is possible if managers and employees of the corporation truly accept it as its strategy. For the realization of this strategy it is necessary to develop and adopt business functions, and business plans in accordance with the rules of planning at BH Telecom. In order to supervise implementation of the strategy it is necessary to determine the key performance indicators so that the greater success strategy can be achieved. Realization of strategy usually demands changes in organizational structure of the corporation, and process reengineering.

Telecommunication industry is connected with many business sectors that rely on technology, and today, telecommunications include not only the traditional mobile and fixed telephone services, but also services based on advanced technologies and satellite solutions. Telecoms are now deeply involved in the provision of different forms of entertainment so that they can be closer to the different communication solutions. High speed Internet connection is a dominant offer of all telecom operators and TV program offers packages with local phone services (BH Telecom Strategic planning, 2014, p. 38).

There are few factors that create profound changes in the telecommunications sector, such as: stabile growth in the use of the Internet for communication and entertainment, on-going evolution of advanced wireless technologies, competition, changes in the way of using phones (from wired to wireless) and appearance of new competitors in the market.

Mobile subscribers at BH Telecom are divided into two groups: pre-paid and post-paid users. During every year there are more pre-paid than post-paid subscribers (see Figure 10). Largest number of mobile telephony subscribers was in the year 2014, where the number of subscribers of pre-paid subscribers exceeded 3.5 million and the number of post-paid subscribers exceeded 700,000. A steady increase in subscribers of mobile

telephony lies in the fact that more people are deciding to use mobile phones and also as the main form of communication fixed telephony is replaced by the mobile telephony. BH Mobile as the mobile network of BH Telecom enables communication while moving around. BH Mobile has tried to meet all users' needs and one of the goals of this Directorate includes upgrade of its services.

Figure 10. *Number of mobile subscribers 2005-2015*

Note* Figure based on BH Telecom's financial reports 2005-2015

The development of the mobile network of BH Telecom is regulated procedure which entails the obligation to develop study on electromagnetic radiation and the degree of hazard to human health for all installed equipment, and thus preventing the formation of negative consequences for the environment. Due to the growing needs of its users BH Telecom extended its mobile devices offer of the most popular manufacturer (BH Telecom annual report on corporate social responsibility, 2014, p. 29).

In the area of mobile technology many improvements have been made, such as price acceptability and availability. This has all led to the abolition of a large number of fixed telephone lines, and brought wireless Internet connection. Today's services and technology have shorter life cycle, and this makes telecommunication industry lively and it creates pressure on return on investment. In the future, traditional telecom operators and cable operators should be able to offer customers new value-added services that are based on the online access (BH Telecom Strategic planning, 2014, p. 38). The majority of subscribers used fixed telephony in 2007 when the number of subscribers amounted to over 1,000,000.

After 2007 we can see a sharp decline in the number of subscribers up to 2010 when there has been a little increase. After that the number of subscribers again began to decline. The fall in the number of subscribers can be described in the greater use of mobile phones that slowly from year to year suppressed the fixed telephony as a means of communication.

In 2015, the number of subscribers amounted to 845,000, which are 200,000 less subscribers than in 2007. The downward trend in the number of subscribers will probably continue (see Figure 11). BH Telecom has the character of local operators, as well as the essential knowledge of the overall industry trends. At present, the key issue of traditional telecom operators is to keep income generated from voice services, broadband services and instant messaging. Because of this, it is very important to know that the changes in organization, business models and technology make the most traditional telecom operators to protect their incomes.

Figure 11. *Number of fixed technology subscribers 2005-2015*
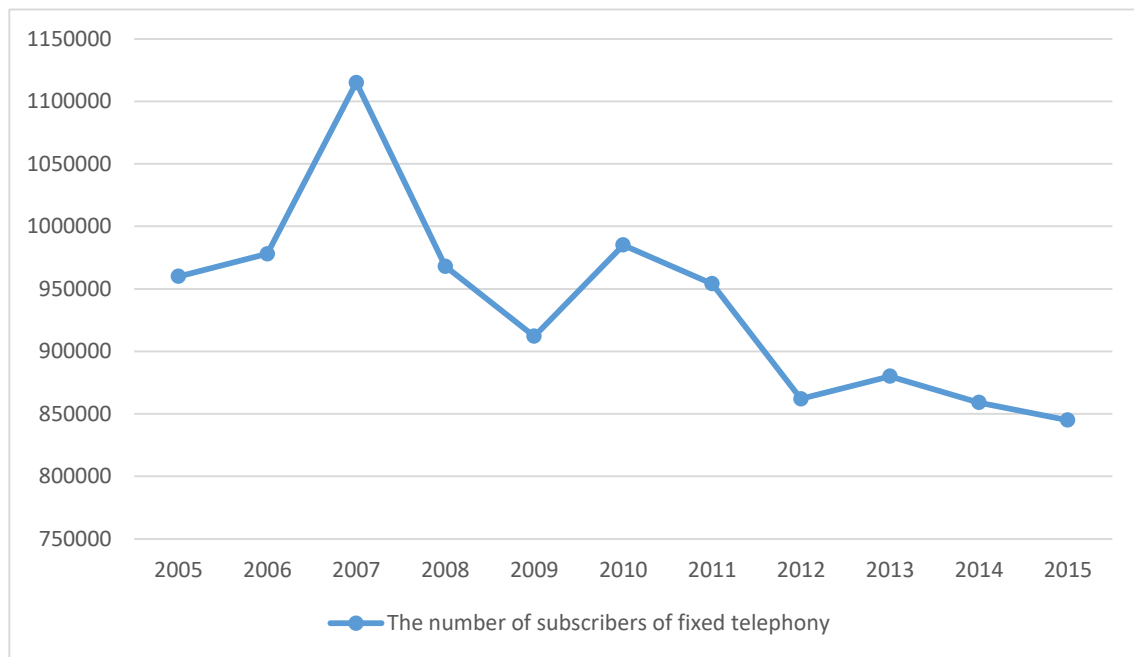
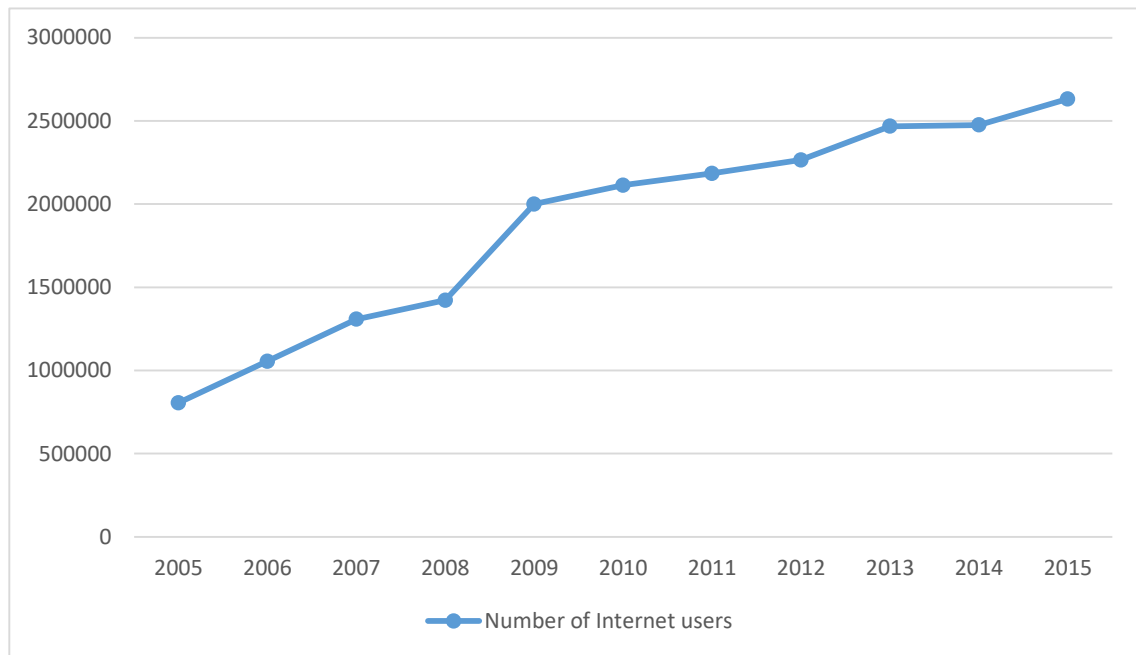*Note** Figure based on BH Telecom's financial reports 2005-2015

Number of Internet users grows from year to year, because people are buying more laptops and smart phones. This growth is shown in Figure 12, where we can see that from 2005 until 2015, the number of users has grown significantly.

Figure 12. *Number of Internet users 2005-2015*

Note* Figure based on BH Telecom's financial reports 2005-2015

BH Telecom has mainly been focused on technology and infrastructure, while today it is only necessary for technical preconditions. Telecom industry today announces marketing stories, even though technological advances remain at the heart of services of many telecom operators. End-users are becoming more demanding in highlighting a number of important factors that can help them to make a decision in the choice of the operator's quality of services, image, adequate supply and price, content and post-sales support.

One of the aims in the corporation's mission is to provide quality telecommunications services, and corporate social responsibility, which is particularly accomplished through investment in the development of sports, culture, arts and support of different humanitarian projects. However, the most important segment of socially responsible activity at BH Telecom is investment in education and support to young people through internships and diverse scholarship programs.

BH Telecom is a corporation that has the largest market share in the provision of the telecommunication services. This corporation has twenty direct connections with foreign operators and direct connections with two BiH operators: HT Mostar and Telekom Srpska. BH Telecom has supplied international Internet capacities toward world's top providers for the purpose of providing the best Internet service in the state. They are also the first telecom operator from the region that has become a part of the Budapest Internet Exchange (BIX), and they have direct Internet peering with Google. In 2016 BH Telecom has

donated wireless internet to National Museum, and supported one of the most important cultural and scientific institutions in Sarajevo (Faktor portal: BH Telecom investment: National Museum got free internet connection, 2015).

8.3 Socially responsible business practice at BH Telecom Sarajevo

Table 5. *BH Telecom's key initiatives in promotion of socially responsible society*

Year	Action
2013	BH Telecom has awarded 55 scholarships for the best students from the Federation of BiH
2013	BH Telecom was the winner of the prestigious Super brands award.
2014	Competition for all primary, secondary and special schools in the Federation of Bosnia and Herzegovina.
2014	BH Telecom helps flooded areas by many actions and projects
2015	Renovation and opening of the basketball court with a new basket and sports equipment that is located within the Primary School in Blagaj.
2015	BH Telecom donates free wireless internet to National Museum
2016	BH Telecom supports the project "Let's Do It"

Note* Information from the table adapted from BH Telecom's website, Klix-internet portal and Let's do it website.

BH Telecom's purpose to make corporate business activities and to be socially responsible corporation can be explained through the following three initiatives:

- environmental initiatives and projects,
- social initiatives and projects,
- economic initiatives and projects.

8.3.1 Environmental initiatives and projects

BH Telecom Sarajevo purchases equipment from the manufacturers - partners whose equipment efficiently operates in different climatic and natural environments with no harmful effects on the environment, and who have the appropriate certificates as evidence of the compliance with the environmental aspects relating to minimum energy consumption and CO_2 emissions. Energy efficiency as a principle is observed indirectly through partners. There are many environmental friendly projects that received support from the aforementioned corporation. One of those projects is also a "Let's do it" project. This project encourages people to be more environmental friendly and to be more active in this field. BH Telecom Sarajevo, as an economically successful and socially responsible

corporation pays special attention to the environmental protection. Corporation's activities are carried out using environmentally friendly technologies in order to prevent negative impacts on the environment. The corporation manages all aspects of the business because it reduces the negative impacts of their activities and improves the results achieved in the field of environmental protection (Let's Do It project, 2016). The use of renewable energy is extremely important for the protection of the environment and 60 years ago the first solar cell was created. Wind, solar energy and all other renewable sources represent the key to climate change control. When it comes to this type of the sustainable concept, BH Telecom has not yet provided a partial or complete autonomy of power. Protection of nature is very important for this corporation, but unfortunately they do not plan to invest in the renewable energy sources such as solar panels in the near future.

8.3.2 Social initiatives and projects

Since BH Telecom is aware of the problems that damage the community, they provided communication connecting municipal Bosnia and Herzegovina into a single closed network for the purposes of the administration segment. Technology solutions in which end users are no longer dependent on the installed capacity, namely increasing bandwidth connections depending on user requirements can be implemented automatically. Segment of education is also high on the agenda, in order to make the complete computerization of this segment. In 2014 were connected primary and secondary schools as a first step, until the beginning of next year plans to complete the project of virtualization in these institutions.

The plan is to allow each student the use of information resources in their daily work, regardless of whether it is at school or at home, to provide distance learning, and to create a digital library. In 2014, BH Telecom has also made a competition for all primary, secondary and special schools in the Federation of Bosnia and Herzegovina which was an encouragement for all students and an opportunity to improve their knowledge. BH Telecom has also helped in renovation and opening of the basketball court with new sports equipment that is located within the Primary School in Blagaj.

BH Telecom cooperates with many domestic and foreign companies. This corporation has also cooperated with the leading telecommunication's manufacturers such as Siemens and Ericsson, and provided for its customers all around the world quality roaming services. Users can have secure communication when being abroad, in 136 countries around the world and they can choose among 315 operators with which BH Telecom has roaming agreements. BH Telecom's infrastructure is a part of the global telecommunications system and it provides business entities and all other users' utilization of high-quality mobile and

fixed network in long-distance and international traffic service packages. Since BH Telecom is a member of the International Telecommunications Associations, this includes following organizations (BH Telecom website, 2016):

1. European Telecommunications Networks Operators' Association (ETNO),
2. New Sky Satellites (NSS),
3. European Telecommunications Satellite Organization (EUTELSAT),
4. European Telecommunications Standardization Institute (ETSI),
5. International Maritime Satellite Organization (INMARSAT),

Socially responsible and ethical behavior towards its employees is extremely important in this corporation. One of the directors at BH Telecom said: "BH Telecom's employees are its strongest and key resource". In 2005, we have started with the specialization of the employee's knowledge by being a part of different educational projects. Corporation's predispositions are high quality human resources, their knowledge, skills and achievements. "Only competent and motivated employees can achieve goals and fulfil the strategy of the corporation"- explained one of the managers. One of the interviewees also said that ethical behavior towards employees of the corporation is one of the most important factors in the implementation of socially responsible society.

When it comes to the health care segment, BH Telecom has implemented an information system developed for the application of transplantation medicine in the Federation of BiH, which includes (BH Telecom website, 2014):

- application in the Cloud BH Telecom, maintaining functionality and technical support,
- linking sites that are in the system,
- services and account for each individual user or communication / conversations between users under favorable conditions,
- contact center that will be able to receive and give information to potential donors on requirements, with access to the data will be stored in the application (call logs, receiving e-mails, access to applications in the cloud),
- video calls and direct involvement of the medical team to a remote location,
- recording operations (transplantation) for archival purposes and later for training.

BH Telecom is currently in the final stages of preparation services for people with speech and hearing disabilities. In addition to these services, the system is ready to be integrated into it and the service type of e-prescription, e-card, e-ordering and e-referral developed by other partners. BH Telecom creates benefits for the wider community, to development and

through financial support, as well as stimulating other corporations in Bosnia and Herzegovina to express sympathy for the social needs and socially responsible behavior.

BH Telecom's orientation towards social engagement and participation in environmental projects represents a support to those who have a vision of creating a fairer business and living environment. "The state's biggest problem is corruption, and because of that it is sometimes difficult for corporations to be active on other fields, such as CSR. On the other hand it can be sometimes disappointing to be the only corporation that is actively promoting social responsibility. "The state can do better; it only needs a little encouragement"-said one of the managers. "State should be more active in the field of CSR, in a way to be more encouraging to corporations and to be more involved in different projects, no matter if the projects are in private or public sector" –explained one of the directors. When it comes to the improvement of BH Telecom's socially responsible activities one of the consumers explained that there are many things that can be improved. Some of them include use of the renewable energy and a better communication with their consumers.

When we asked our interviewees about their future plans and their future engagement in CSR, one of the managers said: "We are always open to new challenges, and all other corporations are more than welcome to join us". It would be nice if we had the opportunity to help other corporations in improvement of their strategies and ideas, so that they can be more active within different projects, donations and good business and to promote social responsibility in our country".

8.3.3 Economic initiatives and projects

Since BH Telecom acts socially responsible on a regular basis they continue to support many teams, clubs, and events, associations in the field of culture, science and education. BH Telecom, in the spirit of corporate social responsibility activities, along with its development strategy linked the development of BiH's society and achievement of benefits for the wider community and in addition to this donation in 2014 allocated an additional 191,800 KM for realization of 179 projects in the field of culture and sports. Legislation and farther deregulation and liberalization of the market will bring additional changes in this sector.

"Corruption is definitely a topic that should be dealt with publicly-owned enterprises. It is not easy to fight against it, but the promotion of socially responsible society, can be used as a good example for the fight against it". "Public sector corporations should have more important role in the society and because of that we try to be as better as possible so that we can use as an example to other corporations in the public sector"- said the PR Manager. "Development strategy of our corporation is related to the development of BiH's society.

Every success made by BH Telecom is the same as development and success of BiH's society", - explained the PR Manager of the corporation. BH Telecom always compares themselves with other corporations. This way they can be aware of their mistakes, advantages and disadvantages. That is the best way of doing any business- explained one of the employees.

BH Telecom invests each year significant resources in building a network infrastructure which can be a great support in providing modern services that require high-speed transfer of data. Competition and risks that are associated with the adoption of new services require a flexible strategy for the construction of infrastructure and for the new technologies. It is very important that research industry follows the manufacturer's reports, in order to choose the best model of potential property that is converted into technical platforms and network infrastructure. Social responsibility is an important part of the business practices at BH Telecom, and it is fully integrated in the strategy of the corporation. CSR demonstrates different activities such as cultural and humanitarian events, supporting sports, donations to non-profit organizations and investment in education and many other projects that are an important part of BiH's society (BH Telecom Strategic planning, 2014, p. 4).

"In particular, we are investing in the field of humanitarian work, trying to help those who need help. So we were among the first to single out one million KM for rehabilitation of the flood damage and for years we support the community of returnees by building the necessary infrastructure and providing conditions for life"- explained the PR Manager.

"BH Telecom also supports the work of many humanitarian organizations such as SOS Children's Villages BiH, Children's Home Bjelave, Department Drin and they always try to be available to the public"-, said the Manager of the corporation. The integration of CSR in corporate plans of the corporation has resulted in the new business concept that cannot be linked only to make profit, but also to perform community service work by rationally using natural resources and taking care of the environment. In 2014 was allocated multimillion-dollar amount for co-financing of public, cultural and sports life in BiH. "These are all the projects that can be used in improvement of our future business and have a positive impact on the society"- said one of the employees.

One of the managers stated that they are ready for the new challenges and responsibilities in the future. "We want to remain the first choice for users through further nurture their loyalty, through the development of new offerings, equalizing conditions of use and continuous improvement of the offer according to customer requirements".

8.4 Social, environmental, and economic impacts of BH Telecom's CSR activities

BH Telecom is the corporation that provides modern telecommunication services accessible to all citizens of Bosnia and Herzegovina, creating a positive atmosphere and freedom of communication. As a generator of development of BiH's economy and civil society for many years, BH Telecom actively works on promoting corporate social responsibility. Social responsibility of BH Telecom is focused on the development, sports, scientific, cultural, and other projects and activities that are carried out thanks to the commitment of every employee of the corporation. BH Telecom continuously confirmed its role as one of the most successful domestic corporations, which enables the development of BiH's society and economy, and supports implementation of numerous social activities in BiH.

A Senior Manager of the corporation stated: "Economic crisis can be distinguished by insecure environment in which business operates". Corporations try to escape from the effects of crisis by reducing budgets and cutting costs. They should focus on providing society's needs by ensuring distinct projects as a support to society to overcome the crisis. "But the truth is, sometimes is not easy to be the only corporation that promotes the CSR concept. One corporation in public sector is not enough to integrate socially responsible business practices, but BH Telecom is working on the implementation process every day. "Unfortunately we do not receive enough public support and that is one of the reasons that this corporation will never be enough to completely integrate socially responsible business practices in the public sector of our country"-explained the PR Manager.

When we asked consumers for the past experience with the product or service at BH Telecom, they explained that this corporation showed that they care about the opinions of their customers. On the other hand, the growth of competition today does not allow telecom operators to make mistakes in the relationship with consumers. "It is extremely important for all public sector corporations to be socially responsible towards their consumers, because it can help them to improve their image and buying process"- said one of the consumers. Listening to the needs of the consumers, their suggestions and experiences are the most valuable information to business.

"When we started to actively promote corporate social responsibility, there were people who did not even know what corporate social responsibility is. We have made questionnaires about the importance of the CSR, and we wanted to introduce the concept of CSR to our consumers"-said one of the managers. In our interview with consumers we also found out that they think that the role of corporate social responsibility in the modern

society should be more important, because it can help corporations to improve their image and to treat their customers and environment better. They also think that corporate social responsibility in the public sector is on a very low level. On the other hand one of the consumers stated: "I have never seen a support that BH Telecom gives to its employees". This means that some of their CSR activities are private or impossible to find.

"Sure, it is very important to assure consumers that responsible behavior is possible and that it will always be present in the buying process of our corporation",- explained one of the employees at the counter. In our interview with some of the consumers we asked them if they can define CSR of BH Telecom and they said that the social responsibility of BH Telecom is strategically defined in the policies of BH Telecom. This recognition is a testament to their commitment to continue to be good and give more. This choice can only motivate other corporations in BiH to actively engage in philanthropy, environmental care, care of the workers and the community.

From 2005 to 2015, BH Telecom has given scholarships to 250 students who after successfully completing the study had the possibility to carry out an internship at BH Telecom. Corporate social responsibility is reflected through the program of performing practical work (university students or internships) for students who have defined the obligation to perform practical work in the curriculum of educational institutions to which they belong. From 2006 to date was through the aforementioned process 1,104 full-time students in all organizational units of BH Telecom employed, and in 2013 BH Telecom has awarded 55 scholarships for the best students from the Federation of BiH. The Supervisory Board of BH Telecom issued a decision on the allocation of donations to legal entities in the exact amount of 1,317.010,00 KM for more than 750 subjects (BH Telecom website, 2016).

A manager, for example stated: "BH Telecom has employed a great number of young experts of different profiles with permanent investments in their knowledge. The commitment of our corporation is the accumulation and strengthening of human capital as a guarantee for further success and efficiency in business". By selective employment of new staff BH Telecom continuously works on the improvement of the average agenda education structure of staff able to deal with the challenges of new technologies.

BH Telecom is a socially responsible corporation member of the UN Global Compact with the regular reporting on the activities concerning corporate social responsibility. As Executive Director for Economic and Financial Affairs of BH Telecom stated, - "Since our corporation is the active member of the UN Global Compact social responsibility network, it is obliged to obey the ten principles of work and to report about its activities regularly".

"We also support our employees and try to be the best we can in difficult and crisis situations"- explained the Director.

"We have also been awarded for the best employer for three years in a row now". "In 2013 we have been awarded for the most desirable employer in BiH at the option of the portal Posao.ba; Best Employer for Persons with Disabilities; The Majestic Five Continents Award for Quality and Excellence; Oscar for quality; Super Brands Award and Best Bay Awards" - explained the PR Manager of the corporation.

The goal of BH Telecom's projects is creating benefits for a broader social community through its development and financial support, and as stimulation for other corporations to be more active when promoting socially responsible actions. These projects can be used to improve their future business and to have a positive impact on the society. By supporting many sports, cultural and humanitarian projects, BH Telecom has attempted to strengthen their work by giving donations and being active in socially responsible business (BH Telecom Sarajevo, website 2016).

A PR Manager commented: "A big segment of BH Telecom's social activities are donations to different legal people in BiH for many years in a row". A significant level of socially responsible activities of BH Telecom include investments in education and supporting young people by giving them scholarships and internships. "We also help them to gain practical needed knowledge and to finish their internships within the corporation"- said the PR Manager.

They also support sports and cultural projects. For many years now, BH Telecom is a sponsor of many sports associations and they have supported 16 national teams of BiH in 2014. Orientation toward social engagement and supporting projects that promote moderation and culture and strengthen the sport, and projects that emphasizes humanity, represent a support to those who have a vision of creating a fairer business and living environment. "These are the ways in which we are engaged in CSR" - said the Executive Manager of BH Telecom.

CONCLUSION

Corporate social responsibility developed into a modern and generally accepted concept, and it can be defined as every day's management practice and a way every corporation should be managed. Corporations need to be sure that their activities do not have negative effects on people. It is sometimes difficult to verify all the achievements in practice and to assess changes. Corporate social responsibility includes management energy and time as

well as the commitment of corporation's resources. CSR can be very helpful to corporations in stabilization of their consumer's base and in building of their brand image. This concept has become one of the most important factors of the culture development, and concept that should be an inevitable part of the long term business strategy of every corporation. The concept of CSR is integrated in the business model and its politics functions on the principle of mechanism that ensures its activity. The main goal is that corporations accept the responsibility for its actions and to encourage others to have a positive impact on the environment, community, workers and all other members of the society. This concept also brings an additional economic stability that is extremely important for the social responsibility, and responsibility towards the environment (Bašić, 2012).

Negative impacts on the social development of society and economic crises that are becoming an everyday situation, bad education of poor and undeveloped countries bring us to social disorders. These problems often lead to wars, terrorism or other problems that we face nowadays. All this led to the exposure of large corporations by the formal and informal groups of people and the legislative authorities and at the end to the corporate social responsibility (Bašić, 2012).

Corporations should take responsibilities for the ways their actions impact environment and society. They should also apply sustainability principles to the ways in which they carry out their business. Corporations are forced to reshape their frameworks, and business models. It is also important that a corporation has great relationship with its employees and stakeholders such as investors, suppliers, activists, etc. This is the only way to be successful.

In this thesis we have seen that CSR is a very popular issue in today's business world. It is important part of business for different parties such as employees, consumers, society and government. Corporations are aware of the needs for the CSR implementation system in their day-to-day business operations. Since there is no unique definition of CSR, this concept is sometimes misinterpreted with many similar concepts like corporate citizenship, corporate ethics, corporate sustainability, sustainable development. However, the focus is on the improvement of community's well-being by using different business practices. Different definitions on CSR have one thing in common- they explain CSR as a concept that brings together enterprises and society.

Bosnia and Herzegovina is a developing country and its main goal is the EU membership. The path to joining the EU is complex and it requires competition of many different conditions. This thesis attempts to find answers to the question: How can public sector's corporations contribute to the development of a socially responsible society? To be able to

give an answer to our research question, we firstly defined corporate social responsibility. Afterwards we looked at the CSR engagement in the public sector. It turns out that the biggest problem in public sector is corruption that comes in different shapes and sizes in different areas of the public sector.

In the practical part of the thesis, we made a research analysis of the public sector engagement in CSR, including one corporation in particular. Data collection of our research included in depth analysis of archival sources that included: presentations, corporation's annual reports, press releases, newspaper articles, etc. We analyzed data to get a better understanding of their engagement in CSR. Our first visit to BH Telecom was in March 2016. We conducted semi-structured interviews with the PR manager, consumers, senior managers, one of the directors, and employees.

After we carefully analyzed all our research results, we were able to give an answer to our research question. The answer to the research question is very simple- corporations in public sector can contribute to the socially responsible society by being a part of different educational projects, by giving opportunities to young people, giving them scholarships, and being more involved in different projects. We also found out that some of the reasons for failure of the implementation of CSR practices in BiH are lack of experience and insufficient promotion of good CSR practices.

From the interviews conducted at BH Telecom Sarajevo we can conclude that this corporation is doing a great job in creating responsible business. Nevertheless, that is not enough since all other corporations in the public sector are not contributing as much as they should be. In our interviews with the consumers we found out that they have never experienced a socially responsible practice in any of the other public sector corporations. Some of the key findings of this research show that most of the people in public sector take corruption as an example for bad business practices. The type of CSR business practices that BH Telecom uses is usually related to corporate philanthropy, cause related marketing and corporate social marketing.

Even though this corporation is an example of good CSR practices in Bosnia and Herzegovina, they have many omissions. They support many projects and actions, and they encourage other corporations to be good as well. But they are not completely familiar with the sustainable energy concept. This means that if they want to be the corporation that is socially responsible, they need to be aware of the positive impacts that renewable energy can bring. It is important that other corporations in the public sector work harder on the implementation of social responsibility.

Best ways to achieve this are different projects and actions that can help them to be more involved in this field. BH Telecom is involved in so many different projects and actions in BiH's public sector. Every year they give scholarships to students, they are sponsors of many sports and other events. BH Telecom is a corporation that is aware of the importance of the CSR implementation in the public sector corporations. Managers at BH Telecom Sarajevo recognize the importance of CSR to social and environmental performance, and they know that they need to incorporate it into their everyday business operations.

BH Telecom always supports all kinds of events where they actively promote social responsibility so that some other corporations can learn from them as well. Their task is not easy since they need to maintain the first place and to be the best in the future. By doing the same job as they do today they will remain the corporation that has always been there for their consumers and for all those who need a good advice in the future.

This research has few limitations. First, the research we conducted is very small, and since we only had the opportunity to talk to people who work at the corporation and few consumers, it is important to emphasize that this type of research is subjective. Another limitation of the research is the size of the sample. There should be used a bigger sample to investigate the relation between the public sector and CSR in depth. Another limitation of the research is the time limit, because we were not able to spend much time at the corporation and to analyze the answers in depth.

By conducting a case study at BH Telecom, we were able to analyze CSR and its application in this corporation, and to see to which degree has this corporation been able to apply their CSR policies. Unfortunately we were not able to completely evaluate how public sector corporations apply CSR and why do they engage in CSR, because our research was based on one corporation in particular. One of the limitations is also the lack of comparability with the other corporations in the public sector of our country, because almost all of them are privatized and their data are private or impossible to find.

Even though this research is very small we believe that it can be used as a base for the future qualitative research for a better understanding of the public sector engagement in CSR in BiH's public sector corporations.

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APPENDIXES

TABLE OF APPENDIXES

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APPENDIX A: Data collection and data analysis

Data collection

Data collection of the thesis included archival data from internal and external sources. Internal sources included corporation's annual reports and press releases. The external sources were based on different articles related to the corporate social responsibility of the corporation. After carefully investigating these documents, we continued data collection by conducting semi-structured interviews with informants. We visited BH Telecom in March 2016. The interview guide was composed of open-end questions. There were six interviews and almost all of them lasted for half an hour. We have not recorded interviews to encourage participants to speak openly.

Questions from the interview guide (BH Telecom's employees)

1. Do you think the state should be more involved in fostering corporate social responsibility of public sector? If so, in which way should the country encourage that?
2. Is BH Telecom, given its size, enough to integrate socially responsible business principles?
3. In your opinion, is it even possible to think about responsibility in terms of the economic crisis?
4. Can some of the projects be used to improve your future business? Do you think that these and similar projects have only a positive impact on your reputation in the society?
5. Is it evident that employees are the key resource to your corporation?
6. What does BH Telecom do to fight against corruption? Do you think this is a topic that should be dealt with publicly-owned enterprise?
7. What is the position of people who are engaged in CSR in the structure of BH Telecom? What are the advantages and disadvantages of such a position?
8. How do you engage in CSR?
9. Is ethical behavior towards employees important for your corporation?
10. Do you think that your corporation is aware of the problems that damage its community?
11. Has BH Telecom received public support for its socially responsible behavior in the last 4 years?
12. Does your corporation act socially responsible on a regular basis, or is that involvement occasional?
13. Do you plan in future to cooperate with some corporations in public sector in order to help them improve their strategies and to be better in improving CSR?

Questions from the interview guide (BH Telecom's consumers)

1. How would you define social responsibility of BH Telecom Sarajevo?
2. How would you rate the corporate social responsibility of public sector?
3. What do you think is corporate social responsibility related to the business strategy of BH Telecom?
4. What do you think how has does BH Telecom support its employees? Are you familiar with some of the activities?
5. What would you as a consumer improve in BH Telecom's socially responsible activities?
6. Do you as a consumer think that responsible behavior of public sector corporations can produce or provide better services in the buying process?

Data analysis

After we analyzed the notes from the interviews, we made an in-depth analysis of each answer so that we can understand it better and to link it with our research question. After we read each answer and all notes we got our own understanding of it and we got all the necessary answers for the research.

APPENDIX B: Number of subscribers at BH Telecom

Table. 1 Number of subscribers of mobile telephony

Year	Post-paid	Pre-paid
2005	245000	1160000
2006	240000	1360000
2007	255000	2200000
2008	283000	2920000
2009	405000	2800000
2010	450000	2550000
2011	585000	2650000
2012	554000	2800000
2013	624000	3080000
2014	705000	3580000
2015	758000	3100000

Table 2. Number of subscribers of fixed telephony

Year	The number of subscribers of fixed telephony
2005	960000
2006	978000
2007	1115000
2008	968000
2009	912000
2010	985000
2011	954000
2012	862000
2013	880000
2014	859000
2015	845000

Table 3. Number of Internet users

Year	Number of Internet users
2005	805185
2006	1055000
2007	1307585
2008	1421540
2009	2000000
2010	2113100
2011	2184500
2012	2265000
2013	2468000
2014	2475500
2015	2632000