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Corporate social responsibility in the Russian energy

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Abstract

Purpose - The paper looks into the institutional factors that shape CSR adoption in the Russian energy industry. Underpinned by theoretical foundations, this paper helps to understand which of Scott's (1995) three institutional pillars dominate the structuring of CSR in the Russian energy industry. CSR understanding depends heavily upon the institutional context of the countries (Kim et al. 2013). CSR is now employed internationally, facing various institutional contexts, with different cultures, regulations, norms and behaviours (Hira and Hira, 2000). Different motivational factors and value systems shape CSR internationally (Kim et al. 2013). Institutions are formal or informal rules, regulations, norms and understandings that constrain and enable behavior (North, 1990). This study employs neo-institutional theory to explore the specific factors that shape CSR in the context of the Russian energy industry. A neo-institutional framework provides an approach for the understanding different attitudes and practices in a specific social context (DiMaggio and Powell, 1991; Scott, 1995). The study is a detailed qualitative analysis of CSR in Russia, a country with different value and political systems from the U.S where CSR was initially developed (Campbell, 2007). This study employs the three 'pillars of institutions' regulative, normative and cognitive to identify pressures on CSR actions (Scott, 1995; Kostova and Roth, 2002).

Design/methodology/approach - Qualitative research is appropriate for this study as it enables to develop a deep understanding of people's hidden interpretation, motivations and understanding (Subhasis and Siva, 2014). Semi-structured interviews are conducted as it allows the employees to raise and discuss matters of importance to them (Denzin and Lincoln, 2005). Following Miles and Huberman (1994), qualitative content analysis technique is used to analyse the interviews to identify themes in the data.

Preliminary Findings – The findings reveal so far that CSR practice in Russian is not related to any single institutional pressure. However, for a post-communist economy such as Russia, a regulation implementation might be weak and may not play an important role in forming CSR. In fact, the non-regulatory processes such as normative influence may have a greater impact instead. The companies have been under media pressure over the social and environmental consequences over the past several years. Companies need to meet expectations of internal stakeholders such as employees, and external such as community where the company wants to perform. Russia has a strong traditional ideology of collectivism, which places strong obligations on employers for their employees (Mamontov et al. 2014). Companies are expected to provide various social benefits to employees in terms of healthcare, education, housing. This is taken-for-granted common social belief, which is embedded in culture and specific for this particular context (Bashtovaya, 2014). This belief has been inherited from the communist era where companies were considered as 'social caretakers', constantly providing social benefits (Fifka and Pobizhan, 2014). This belief is culturally formed unlike the regulative and the normative pillars (Scott, 2008).

Practical Implications – This paper offers an understanding on why Russian energy companies adopt CSR and what institutional factors shape their adoption. This sheds more light on institutional logics that underline CSR practices, and puts forward implications for managers and policy makers to construct more effective CSR strategies. In particular, this helps multinational companies to construct effective CSR strategies and not just adopt their CSR from home country.

Value -This paper looks into institutional factors in particular, which of three institutional pillars seem more relevant in shaping CSR in the Russian energy industry. The theoretical contribution from this research is to neo-institutional theory and three pillars of institutions, and its application to understand CSR in the Russian context. Based on a wide range of literature review, I integrate literature on CSR, neo-institutional theory, and post-communist economy. Thus theoretically conceptualizing the effects of three institutional dimensions such as regulative, normative and cognitive on CSR at international level. Although prior literature suggests a connection between CSR and institutions, I attempt to extend the theoretical framework by looking at a new contextual environment. Crotty and Rodgers (2012) argue CSR research requires to be more contextualised by tacking into consideration characteristics of the country. I attempt to broaden the Western interpretation about CSR by considering the post-communist economy of the country. If contextualisation is not in place, than the type and nature of CSR undertaken in non-western contexts might be diminished and misinterpreted.

Keywords Corporate Social Responsibility, Russia, institutional theory

References: Available upon the request