



UNIVERSITY OF
NORDLAND

BODØ GRADUATE SCHOOL OF BUSINESS

MASTER THESIS

Master of Science in Sustainable Management

FE306E

*Does 'one-size-fits-all' fit Russia?
The peculiarities of CSR strategy adaptation by
MNEs' subdivisions*

by

MARIIA KLITCUK and KSENIIA KOVALEVA

Spring 2014



Abstract

One of the most significant modern trends of global business sphere development is the growing popularity of the corporate social responsibility (CSR) concept application. And large multinational enterprises (MNEs) are recognized to be the main driving force of CSR performance expansion and evolvement. But due to the international character of their operations, MNEs face new kinds of institutional challenges, having to adopt to different host countries' institutional contexts. In managing those challenges MNEs can choose either to apply a globally universal 'one-size-fits-all' strategy or develop a specific one for each market it operates in. And this choice can be fatal for the MNEs performance and for the local communities' well-being.

The main focus of current studies is placed on the interdependencies between MNEs' CSR policies and local institutional environment they operate in, while the internal management issues stay out of touch. Thus, in our research paper we aim to include the internal perspectives of strategic CSR and strategy openness in the study of these relations, creating a more integrated picture of MNEs' CSR strategy adaptation to local contexts.

Our research is based on the 7 case studies of MNEs' Russian subsidiaries, which gave us an opportunity to conduct observations of CSR measures implementation and to interview managers responsible for them. The obtained data help us to conclude that the CSR policies of studied subsidiaries contain the features of strategic CSR but with little stakeholder engagement in line with low level of localization and openness of strategies. Also, the subsidiaries' managers are defined to face the challenges in globalized strategies application, which are related to the specifics of Russian institutional context.

The integration of internal issues in our research gives new insights on the studied phenomenon of local CSR strategy adaptation, mainly pointing to Russian subsidiaries being clutched between the pressures of their parent companies and local Russian institutions. The analysis of obtained findings enables us to propose that local MNEs' CSR strategies need a balance in the consideration of external localization issues and internal openness issues. The derived interdependences we present in the form of a new theoretic model, which can be used for further strategic CSR theory development.

Key words: *CSR strategy, MNEs, Russian subdivisions, strategic openness, global-local balance, institutional context*

Acknowledgements

The presented Master Thesis is an obligatory graduation work for Master of Science in Sustainable Management program at Bodø Graduate School of Business. The thesis counts for 30 points.

First of all we would like to give sincere thanks to our supervisor Professor Anatoli Bourmistrov for his excellent coordination, support and experienced consulting throughout the research process. Thank you for your involvement, valuable feedback and always timely assistance!

Also we are very grateful to all the lecturing staff of Sustainable Management program in Bodø Graduate School of Business and Baltic State Technical University for providing us with invaluable and high-quality knowledge and interesting classes during our educational program. Special thanks we would like to say to Marina Volkova, Eugeniy Aleksandrov and Irina Ponomarenko for the organizing our business practice in Saint-Petersburg, which became an inspiration and an empiric basis of our study.

Also we are very much obliged to the representatives of “Hyundai Motor Manufacturing Rus”, “Brewery Heineken”, “Baltika”, “Philip Morris Izhora”, “JTI-PETRO”, “Coca-Cola Hellenic” and “Gillette” enterprises for the assistance in our research process. We really appreciate the time and efforts you spent on us and without your participation this research paper could never be written.

We are very much thankful to all the researchers which works we addressed to in our study. Without their theoretical contribution the presented research wouldn't have been conducted properly and we wouldn't be able to provide the findings we give.

And finally we are very grateful to each other for the patience, constant ideas and opinions exchange and efficient cooperation while writing this Master thesis. Each one's participation was a priceless contribution to the conducted research.

Table of Contents

Abstract	i
Acknowledgements	ii
Survey of Tables	v
Survey of figures	vi
Survey of Appendices	vii
1 Introduction	1
1.1 Relevance of research.....	1
1.2 The problem statement	4
1.3 Structure of Master Thesis	5
2 Theoretical frame of reference	7
2.1 Defining the concept of CSR	7
2.2 Strategic CSR	10
2.3 Managing CSR	11
2.4 Strategic openness	14
2.5 Global – local balance in CSR management	17
2.6 Institutional theory framework: main concepts and tendencies in CSR application.....	19
3 Methodological framework	24
3.1 Definition of methodology	24
3.2 Research philosophy	25
3.3 Research approach.....	26
3.4 Research design.....	27
3.4.1 Type of the research design.....	27
3.4.2 Research strategy.....	29
3.5 Data collection methods	30
3.5.1 Primary data	32
3.5.2 Secondary data	35
3.6 Data evaluation and analysis	36
3.6.1 Analytic induction method	37
3.6.2 Validity and reliability of research	38
3.6.3 The limitations of our research.....	40
3.6.4 Ethical aspects	40
4 Empiric	42

4.1	The peculiarities of CSR strategies applied by studied MNEs' Russian subsidiaries.....	42
4.1.1	External social policies – helping local community.....	43
4.1.2	Internal social policies – employees in focus.....	47
4.1.3	Environmental policies.....	49
4.1.4	Economic aspects – focus on company's interests.....	54
4.2	Comparing Russian local CSR strategies with their global analogues.....	59
4.3	Openness of CSR strategies in Russian subdivisions.....	66
4.3.1	Examining CSR strategy openness – inclusion characteristics.....	68
4.3.2	Examining CSR strategy openness – transparency characteristics.....	74
4.4	Challenges of adapting global CSR strategies in Russia – subsidiaries' managers speaking.....	80
4.5	Institutional context causing the challenges.....	84
5	Analysis: answering research questions and proposing a new model.....	93
5.1	Strategic CSR: low level of stakeholders' engagement.....	93
5.1.1	Incorporating CSR policy into the main operational strategy.....	94
5.1.2	Searching for potential economic benefits from the CSR performance.....	94
5.1.3	Stakeholders engagement: involved in realization, but not in formulation of strategy.....	95
5.2	Strategy openness: little inclusion, lots of transparency.....	96
5.2.1	Low level of inclusion.....	97
5.2.2	High internal and external transparency.....	98
5.2.3	Addressing Whittington et al. (2011).....	99
5.3	Global-local balance: localizing by simplifying.....	100
5.4	Institutional context: lack of consideration challenging realization.....	102
5.5	A new theoretic model induced.....	104
6	Conclusion.....	108
6.1	Summarizing the thesis.....	108
6.2	Contributing to the theory and practice.....	110
6.3	Directions for further research.....	111
6.4	Personal experience.....	112
	References.....	113
	Appendices.....	122
	Appendix 1. The interview guide.....	122
	Appendix 2. The list of references for the empiric part of research.....	123

Survey of Tables

Table 2.1 Definitions of CSR	8
Table 2.2 Corporate Social Responsibility stances	12
Table 2.3 Open strategy: transparency and inclusion	15
Table 2.4 The main conceptual frameworks of institutional theory development	22
Table 3.1 Comparing primary and secondary data	31
Table 4.1 The main directions of companies CSR policies (2008-2013)	43
Table 4.2 Environmental policies: main directions and initiatives	50
Table 4.3 The potential benefits for the studied companies	56
Table 4.4 The examples of global and Russian strategies visual similarities	60
Table 4.5 Comparing the CSR strategies of Russian subsidiaries and their parent companies	61
Table 4.6 Examples of Russian CSR projects and their global analogues	65
Table 4.7 External transparency measures, applied by studied enterprises	78
Table 4.8 The Hofstede scores (maximum 100) for Russia and MNEs' countries of origin	86
Table 4.9 A comparative study of Russian economy structure	90
Table 5.1 The economic advantages of applied CSR measures	95

Survey of figures

Figure 1.1. Number of articles referring to CSR in the four IB journals (1990-2013) 2
Figure 3.1 The Research Onion framing our methodology 25
Figure 3.2 The classification of secondary data 35
Figure 4.1 CSR governance model 67
**Figure 5.1 Strategic CSR of MNEs: The external and internal aspects of local adaptation
..... 106**

Survey of Appendices

Appendix 1. The interview guide	123
Appendix 2. The list of references for the empiric part of research	124



1 Introduction

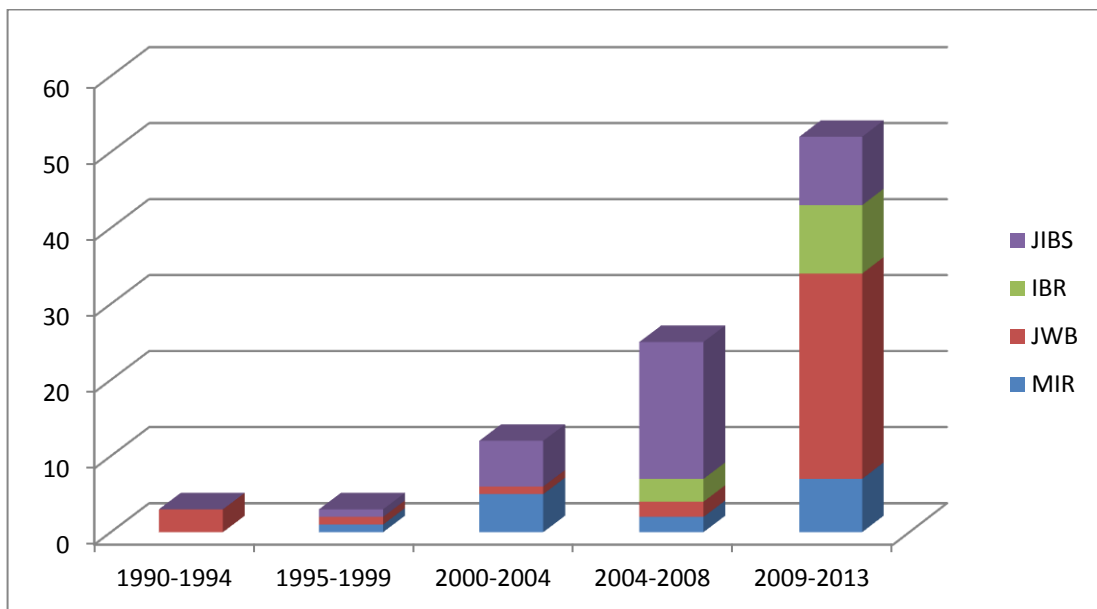
This chapter provides the general information on the relevance and direction of our research. At first, we will give the reasoning concerning the choice of our master thesis topic. Then we provide a short literature review on the development of the chosen topic and define the potential contribution that our study can make for it. After that we will develop the problem statement for our study. Finally, we will present the structure of our master thesis providing brief information on each of the chapters.

1.1 Relevance of research

If observing the trends of current global economy development, it's hard not to notice the radical shift toward higher corporate social responsibility of business performance. More and more companies all over the world are choosing to modify their strategic goals to include solving environmental and societal challenges into the range of their business targets. The number of companies joining UN Global Compact, which is the worldwide largest CSR initiative, rose from 40 to more than 8000 from 140 different countries over the last decade. At the same time, the philanthropic contributions of CECP, which unifies more than 150 CEOs of the world's largest companies, reached more than \$20bln in 2012. Such facts illustrate CSR popularization becoming one of the most influential tendencies of modern global market evolvement (UN Global Compact, 2013; CECP, 2013).

And although current studies do confirm the growing number and influence of small and medium enterprises (SMEs) involved into CSR activities, large multinational enterprises (MNEs) are still representing the main force of the global sustainable development (Russo and Perrini, 2010; Smith, 2013; UN Global Compact, 2013). Having better financial and knowledge resources and extending responsible behavior principles into all of its subsidiaries and supply chain members, MNEs successfully serve as the best-practice examples and the main drivers of CSR ideas spreading into different countries and industries (Valicenti et al., 2006; Kolk and van Tulder, 2010; UN Global Compact, 2013).

The review of current CSR literature tendencies shows that sustainability issues have attracted particular attention of MNEs performance researchers and are becoming more and more frequently mentioned in the international business literature. In the special edition of *International Business Review* Ans Kolk and Rob van Tulder point out that although only 3% of articles published in main management journals over last two decades discuss CSR or sustainability topics, the number of CSR articles in main 4 international business journals (*Journal of International Business Studies*, *Management International Review*, *Journal of World Business* and *International Business Review*) shows a steady growth during the same period (Kolk and van Tulder, 2010). Having updated Kolk and van Tulder research with 2009-2013 data, we got the picture, illustrating doubled number of CSR articles in 2009-2013 period (see Fig.1.1):



Source: Kolk and van Tulder (2010), supplemented with authors research

Figure 1.1. Number of articles referring to CSR in the four IB journals (1990-2013)

But all along with taking CSR initiatives to the next level, global corporations also face the challenges which local companies don't meet, as internationalization of MNEs operations brings up the institutional aspects of their host countries (Husted and Allen, 2006). On the way of its operational globalization, each multinational company faces the necessity of making a choice – whether to develop one universal global strategy used for each host country, or to turn from global to multi-domestic approach, taking into consideration the economic, legal, ethical, environmental and social characteristics of each market in order to develop a unique strategy for it (Bartlett & Ghoshal, 1989).

And that choice can be fatal in some cases, as global strategies proved to be unsuccessful in some countries, causing companies failure, as for instance it happened to Nestle, which distribution of its baby formula in Africa awakened massive consumer boycotts and got company in a lot of trouble (Kolk and van Tulder, 2010). And in case of CSR strategy, making the right decision about taking into account institutional peculiarities is even more important, because an inappropriate CSR policy reduces the benefits of not only the company, but its stakeholders as well.

That's why we decided to focus on studying the peculiarities of adopting global CSR strategies for a particular market in the context of its institutional environment. If considering the current direction of the research in this field, the focus seems to be resting on the interdependences of CSR performance and institutional environment it is realized in. While some researchers outline the CSR strategies influence on the local institutional environment (Wiig and Kolstad, 2010), others study the effect that institutional context can have on it (Pinkse et al, 2010). There is also a separate direction of study devoted to examining the differences between globally universal and locally specific types of CSR strategies, started by a landmark book by Christopher A. Bartlett and Sumantra Ghoshal "Managing across borders: The transnational solution". (Bartlett and Choshal, 1989) Applying their model of thinking for CSR performance, following research either stresses that CSR strategy should be preferably localized in terms of local institutional pressure (Baron, 1995), or specifies that the choice between global and multi-domestic approach in applying CSR strategy depends on the relationships with stakeholders and other institutional aspects of each country's market (Lucea and Doh, 2012).

Either way, the main focus of the relevant researches in the chosen field of CSR theory seems to be concentrated on the interdependence of CSR strategies and institutional contexts, while the internal management influence seems to be not considered in these relations. But we consider the internal processes to also have an influence on this phenomenon. That's why we find it very important to integrate the internal management issues in studying the CSR strategy localization issues.

The only article we came across, which somehow reflects on the institutional pressure in relation to the internal strategic processes and outlines the stronger influence of the latter is written by B.W. Husted and D.B. Allen. (Husted and Allen, 2006) But this study considered only two directions of CSR policy – local aspects of job creation and global environmental policies and was conducted through the survey of more than 100 MNEs. We would like to conduct a more

qualitative and integrated study, examining less MNEs, but all the complex of their CSR initiatives and considering not only the realization, but also the formulation of CSR strategies. So, in our research paper we would like to base on supplementing the institutional and global-local frameworks by integrating the internal perspective into the CSR-institutions interaction with the help of strategic CSR approach (Johnson et al, 2010) and the 'open strategy' framework (Whittington et al, 2011).

And one of the most suitable case scenarios for analyzing the local aspects interference is Russian domestic market, which political, legal, social, economic and cultural aspects are reported to be among the main points of concern for foreign companies (EY, 2013). Since Russia is currently raising in its attractiveness for foreign investments, having doubled its investment attractiveness EY score since 2005 and ranking 6th among most attractive for foreign direct investments countries, more and more MNEs are going to face those challenges on the way of entering Russian business environment. (EY, 2011; EY, 2013) And in terms of conducting CSR activities, which are highly context-dependent, the institutional challenges are even more influential. Being forced by global trends and stakeholders pressure, MNEs are used to the necessity of CSR strategies realization, but on the Russian market sustainability is much less practiced and developed. So, it will be of a special interest to study how the Russian subsidiaries of MNEs adopt their CSR approach to Russian context and how they formulate and apply their CSR strategies on the Russian market. To develop a more holistic view of their CSR performance, we will study CSR strategies in terms of external environment influence and internal processes of CSR management.

The foregoing illustrates the relevance of this research, which is based on studying the CSR strategies of several MNEs operating on the Russian market and analyzing it from global-local balance, strategy openness, strategic CSR and institutional perspectives. The conducted research can help to widen the theoretical base of MNEs CSR activities with a Russian market perspective and to deepen the understanding of CSR strategy concept by disclosing the internal processes of CSR strategies formulation and application and reflecting on their influence.

1.2 The problem statement

Having discussed the relevance of our topic and reviewed the literature background, we can say that the research on CSR strategies adaptation to different institutional contexts is important in terms of current business sphere tendencies and scientific literature development. But in this sphere of studying, the focus is placed on the implementation of different CSR measures in terms

of different institutional environment, while the internal processes of CSR strategy formulation and realization stand apart. However, being exogenous, institutional environment is much more difficult to change, than to organize the endogenous processes of CSR strategy development in a way that could make it less problematic for the company and more suitable for the local context. Basing on the foregoing, we find the following problem statement to be the most appropriate for disclosing the topic of our research:

What are the peculiarities of CSR strategy formulation and realization in MNEs' Russian subdivisions in terms of their adaptation to Russian context?

In order to integrate our study in the development of existing theories relevant to our research, we need firstly to examine them in detail to identify their loopholes and to see how we can eliminate them by our study. That's why we decided to formulate our research questions while creating the theoretical framework of our study, linking them to each of the theories we consider. We believe that answering these questions will contribute to these theories development.

1.3 Structure of Master Thesis

In order to provide a high-quality research we decided to structure our master thesis paper dividing it into six chapters:

1. Introduction;
2. Theoretical frame of reference;
3. Methodological framework;
4. Empiric;
5. Analysis;
6. Conclusion

All together these chapters provide relevance, theoretical and methodological framework of our research, highlight practical aspects of observation, present analytical review of the received empiric data projected on our theoretical model and conclude on the received results.

The ***Introduction*** chapter provides a large discussion concerning background and relevance of our research followed by formulation of a problem statement which will indicate the further direction and foci of our research questions as well as the whole paper.

The **Theory** chapter provides a theoretical framework for our research paper. This chapter gives an overview of a range of theories addressing our problem statement and integrating them into a holistic model finally stating research questions.

The **Methodology** chapter aims at establishing methodological framework of our research paper defining the research philosophy underlying our master thesis, developing appropriate research design and methods and arguing validity and reliability of the research.

The **Empiric** chapter presents the results of our study of the CSR strategies formulation and realization in 7 Russian subsidiaries of large multinational enterprises. The chapter defines the common features and peculiarities and the openness and localization extent of the CSR strategies implemented by Russian subdivisions of MNEs. It also depicts challenges, which Russian CSR managers face on the way, disclosing its connection with Russian institutional context.

The **Analysis** chapter provides the juxtaposition of the findings received during the research and the theoretical framework we applied to. Concluding on the received results we answer the research questions of our Master Thesis and develop a new theoretical model.

The **Conclusion** summarizes what we have done in our research paper in terms of developing a new knowledge and challenging the existing theory. This chapter also argues the theoretical and practical applicability of our findings and suggests the proposals for further investigation.



2 Theoretical frame of reference

This part is devoted to shaping the theoretical foundation of our master thesis. In this section we are going to explain what underlies our research interest from the theoretical point of view. Defining the theory within the field of strategic CSR, strategy openness, localization and institutional environment is extremely important for formulating our research questions and further addressing them.

2.1 Defining the concept of CSR

Nowadays the CSR concept is becoming a subject of a global interest. The world society is expecting business to be responsible and go beyond its economic activities and interests. The history of CSR goes back to the Industrial revolution which triggered companies' awareness of interdependence between improvement of employees' working conditions and increase in labor productivity. However the concept itself starts being shaped in 1950s and since that time it has been actively developing. During the last six decades CSR was gradually moving from the more conceptual to a more practical perspective turning out to be a starting point and a driver for an amount of CSR-compatible themes such as: stakeholder theory, business ethics, sustainability and corporate citizenship (Carroll, 2008).

The increasing process of the overall globalization and growing people awareness about social and environmental problems imposed on companies operating on international markets to implement CSR practices and integrate it into the company's business strategy. A not-for-profit organization BSR (Business for Social Responsibility) named CSR as *a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes through the company* (mentioned in Carroll, 2008:38).

In spite of the fact that CSR is not a new concept and currently its popularity is growing, defining CSR is not that easy. Due to the controversies which the concept creates the definitions

of CSR may vary depending on the role of the corporation that it is supposed to play in society. There is a wide range of CSR definitions in the existing literature. Some of them are presented at the table below.

Table 2.1 Definitions of CSR

Carroll (1979:500)	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.
Matten and Moon (2005:335)	CSR is a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability, and environmental responsibility. It is a dynamic and contestable concept that is embedded in each social, political, economic and institutional context.
World Business Council for Sustainable Development (1999:3)	CSR is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

Having a common idea each of the definition from the table has its own focus. The most commonly used definition of CSR concept was developed by Archie Carroll (1979:500). This identification of the concept is mainly focused on the company's obligation to correspond the social expectations. The Carroll's definition is especially valuable for it touches upon economic, legal, ethical, and philanthropic responsibilities, which were further organized in a Carroll's pyramid (1991) making this definition a basis for the later appeared others. Matten and Moon's (2005:335) definition of CSR concept tells nothing about the company's responsibilities exactly but mostly dwells on understanding CSR as very multifaceted concept which brings together the ideas from a range of contiguous spheres. Matten and Moon (2005:335) also attracts our attention to the contestability of the concept depending on the context of the situation. Another CSR definition which is most closely meets our understanding of the concept was developed by World Business Council for Sustainable Development (1999:3). WBCSD (1999:3) makes a special stress on the continuity of company's commitment to make business in a responsible way, explaining the difficulty of applying CSR concept and impossibility to become responsible

at once. The definition (WBCSD, 1999:3) also puts contribution to economic development at the first place, emphasizing that CSR is not what company should work for but how. WBCSD's definition (1999:3) also broadens the range of people who affect and is affected by company's policy from workforce to society at large.

By and large all the existing CSR definitions reflect the essential features of the concept, such as (Crane et al., 2008:7-9):

- *Voluntary.* Most CSR definitions consider it to be voluntary activities of the company that go beyond existing legal requirements.
- *Internalizing or managing externalities.* Following the CSR concept impose obligations on a company to solve different kinds of social and environmental problems, thus making the company manage these externalities and include the cost of its internalization into the goods.
- *Multiple stakeholder orientation.* Providing CSR policy intends that company takes into account interests of a wide range of stakeholders which are affected by and affect the company's decisions.
- *Alignment of social and economic responsibilities.* Conducting CSR policy shouldn't be opposed to the economic interests of the company. Since business is not charitable but a for-profit institution, every company aims at profit maximization. Business should balance economic and CSR issues.
- *Practices and values.* Although implementing CSR concept in the company is usually based on business practices of managing environmental and social problems, conducting CSR strategy remains to be a controversial issue due to the importance of fundamental values which underlie the companies decisions in this field.
- *Beyond philanthropy.* We should clearly specify that the real meaning of CSR is not equal to philanthropy in terms of helping the paupers. Following CSR concept is about improving the general impact on society that is imposed by the whole range of business activities.

These characteristics are common for the interpretation of most CSR definitions. However every company understands and adapts the concept in its own way. In our work we consider CSR to be the company's commitment to lead business in an ethical way improving living standards of

society and employees by incorporating social and environmental issues into its business strategy.

While the first part of our definition resembles the previously mentioned ones referring mostly to the conceptual part of CSR, then the practical issue of integrating CSR into business strategy is a new concept to reflect on. And as the stakeholder pressure nowadays makes implementing CSR activities almost an obligatory part of business performance, it must trigger companies find the beneficial ways of implementing them. We suppose that being successfully integrated into business strategy CSR activities can improve not only social and environmental conditions but the performance of the company as well. Since we study commercial organizations operating in a highly competitive environment, it's vital for them. That is why we find it significant to pay attention to such a concept as strategic CSR.

2.2 Strategic CSR

Increasing interdependence of world societies and business communities brings up a problem of CSR management, thus opening a question of the necessity in setting forth a special CSR strategy or policy and its incorporation in the corporate strategy. Global corporations' influence on the world society is enormous nowadays and they are expected to be socially responsible. At the same time MNEs remain commercial that still aims at making profit (not at providing charitable activities). That's why the current companies' dilemma is not in whether to apply CSR practices or not but in its successful integration in the overall organizational strategy. CSR practices should be not applied as some standalone activities but they need to be carefully adapted to the corporate strategy so that it could bring even more advantages to the company. A company should focus on the long-term profits of its commitment to environmentally and socially friendly practices (Porter and Kramer, 2006).

According to Burke and Logsdon (1996:496) *CSR is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission.* This actually means that strategic CSR first and foremost should create additional value to the company and reflect company's business goals. Porter and Kramer (2006:82) also hold an opinion that *it is through strategic CSR that the company will make the most significant social impact and reap the greatest business benefits.* Defining strategic aspect with respect to CSR this way these scientists emphasize that strategic CSR is not about just making the world better but it's about making company's commitment to leading business in a responsible way its competitive advantage.

Moreover Porter and Kramer (2006:81,86) derive *Responsive CSR and Strategic CSR*. While *Responsive CSR* refers to improving social well-being in general and reducing negative social and environmental impact from company's activities, *Strategic CSR* implies modifying companies activities in accordance with corporate strategy and in the way it could generate value for society and strengthen company's competitiveness. Thus "strategic" aspect in terms of CSR can be defined as something that makes CSR practices contribute to consolidation of company's business position and its value chain improvement (Porter and Kramer, 2006). Thus CSR policy development apart from corporate strategy leads to loss of opportunities (Porter and Kramer, 2006).

In our work we consider strategic CSR to be company's CSR policy which is developed in accordance with overall corporate strategy and is slipped into it, thus providing not only social and environmental improvement but strengthening company's position on the market as well. This actually means that Strategy plus CSR is not equal to strategic CSR.

Strategic CSR today is on the map for business, society and academic community (Habisch et al., 2005). According to Carroll (2008:42) *The pressures of global competition will continue to intensify, however, and this will dictate that the 'business case' for CSR will always be at the center of attention*. Thus strengthening globalization process makes it even more crucial and complex for global corporations to keep pace with increasing social and environmental requirements. For that reason the managerial question concerning mechanisms these CSR practices can be applied becomes an issue of vital importance.

2.3 Managing CSR

Managerial question of CSR refers to the relations between Strategic CSR and corporate strategy of the company. Although Strategic CSR may be taken for CSR Strategy which can be defined as a standalone strategy company implies towards CSR practices realization, we are inclined to think of Strategic CSR as a component of company's overall corporate strategy (McWilliams et al., 2006). Taking Strategic CSR as one of the company's corporate strategy dimensions we both endue Strategic CSR with features of strategy and assume its integration into the corporate strategy. Thus what we will talk about is CSR strategy which is a part of company's overall corporate strategy.

Although the key message of strategic CSR concept seems to be quite clear we can't be sure that it's clear in practice. And the definition of strategic CSR we tried to disclose reflects kind of ideal way of managing CSR, which all companies need to endeavor, however it is not the rule.

Every company has its own CSR strategy and manages such activities differently, but some similarities exist. Thus Johnson et al. (2011:134) argues that *different organizations take different stances on CSR which are reflected in how they manage such responsibilities*. The Table 2.2 below represents four stances which are placed in the order of growing company's response to social and environmental problems (Johnson et al., 2011).

Table 2.2 Corporate Social Responsibility stances

	Laissez-faire	Enlightened self-interest	Forum for stakeholder interaction	Shaper of society
Rationale	Legal compliance: make a profit, pay taxes and provide jobs	Sound business sense	Sustainability or triple-bottom line	Social and market change
Leadership	Peripheral	Supportive	Champion	Visionary
Management	Middle-management responsibility	Systems to ensure good practice	Board-level issue; organization-wide monitoring	Individual responsibility throughout the organization
Mode	Defensive to outside pressure	Reactive to outside pressure	Proactive	Defining
Stakeholder relationships	Unilateral	Interactive	Partnership	Multi-organizational alliances

Source: Johnson et al., 2011:135

Thus *Laissez-faire* stance assumes that a company meets the minimal legal requirements which are economic usually. The company states that business should make profit, pay taxes and be accountable to its shareholders only, while social and environmental improvements remain to be the deal of government. CSR in this situation is not a matter of strategic question, but is

something that exists separately from corporate strategy. It is not planned although poorly controlled on the middle-management level. The company provides some basic CSR activities just in order to fight the outside pressure and that is why it's not interested in the interaction with stakeholders (Johnson et al., 2011).

Enlightened self-interest stance refers to a CSR implementation stage when reputation starts playing a significant role for company and providing CSR activities becomes kind of long-term investment supporting this reputation and bringing financial benefits. Companies try to respond to the interests of wider range of stakeholders interacting with them. Reacting to outside pressure companies provide CSR practices and even implement international standards in order to confirm their actions (Johnson et al., 2011).

Forum for stakeholder interaction is the stance when CSR becomes strategically important. A *Forum for stakeholder interaction explicitly incorporates multiple stakeholder interests and expectations rather than just shareholders as influences on organizational purposes and strategies* (Johnson et al., 2011:135). Being a matter of strategic importance CSR becomes a board-level issue and is incorporated in the corporate strategy. Understanding CSR through the concept of triple-bottom line companies assess the business success from the perspective of its social, environmental and economic performance equally creating the special systems evaluating the achievements in each of these dimensions (Johnson et al., 2011).

The most advanced stage in terms of providing CSR activities is the stance of *Shaper of society*. This is the situation when a company is established in order to improve social norms. All other activities in the company are governed by the priority goal of the company which is to change values. It is actually the case when the question coming up is in incorporation all the other organizational activities in the company's CSR vision rather than vice versa. However such companies are rarity in nature (Johnson et al., 2011).

All these CSR stances reflect the extent to which an organization integrates its CSR strategy in its corporate strategy as well as company's understanding and vision of CSR and the character of CSR practices realization. The CSR stances refer to the way a company defines and handles CSR activities; however there is nothing about the forming process of CSR strategy. Perhaps it can't be so easily inserted in these stances but still we believe the way of shaping CSR strategy affects CSR activities realization, that's why we would like to focus on the strategic openness concept.

2.4 Strategic openness

The process of CSR strategy forming reflects both the vision of the company and to some extent defines the outcome of CSR strategy implementation. We consider it to be kind of internal factor of CSR strategy effectiveness. We are not going to discuss the process and the specific steps of CSR strategy forming but we would like to pay more attention to the extent of CSR strategy openness in a company and its interaction with CSR practices realization.

Being a part of the corporate business strategy, CSR strategy can be still studied as the self-sufficient one. In the practical part of our master thesis we'll try to fit on such phenomenon as *openness of the strategy* to the CSR concept in order to understand what does opening strategy means in terms of providing CSR activities.

The theoretical concept of *open strategy* we are going to rest on in our further research was developed by Whittington et al. (2011). According to Whittington et al. findings (2011) *opening strategy* practices becomes more and more popular nowadays and the tendency of delegation strategic planning responsibilities to middle managers and subsidiaries is growing. Whittington et al. (2011:532) discloses strategic openness from the two perspectives: *an openness in terms of inclusiveness, in other words the range of people involved in making strategy; and an openness in terms of transparency, both in the strategy formulation stage and, more commonly, in the communication of strategies once they are formulated.*

Thus inclusion implies the process of information, experience and viewpoints reciprocation between wide range of stakeholders which contributes to the strategy development in the company. Inclusion can be both internal and external. Internal inclusion refers to involving employees of different levels across various departments and subsidiaries into the decision-making process. It can be not only about participating in strategy forming, organizational activities targeted at receiving any kind of feedback from their employees (like holding conferences), which finally contribute to the strategy formulation, reflect the process of internal inclusion as well. External inclusion goes beyond the company's boundaries and applies to cooperating and arranging communication with organizations and agents of interest, engaging in associations and taking part in forums in order to take into account a range of external stakeholders' interests and offers while developing an efficient strategy (Whittington et al., 2011).

Transparency in terms of strategy openness means that the information concerning strategy formulation and realization is available for stakeholders. Both internal and external transparency disclose company's strategic solutions, the difference is in the audience whom this information is addressed to. Internal transparency is crucial since it helps employees understand company's strategy and undertake the necessary measures for its realization. External transparency aims at informing the external stakeholders (other organizations, society) on the strategic decisions and the reasons these decisions are taken (Whittington et al., 2011).

Being in such close interaction inclusion and transparency however is not the precondition of one another. Transparent strategy formulation may not be always inclusive and vice versa (Whittington et al., 2011).

Considering both inclusion and transparency from the internal and external perspectives Whittington et al. (2011) offers the following examples of opening strategy approaches: blogging, strategy updates, jamming, crowd-sourcing (see Table 2.3).

Table 2.3 Open strategy: transparency and inclusion

	Transparency	Inclusion
Internal	Blogging	Jamming
External	Strategy updates	Crowd-sourcing

Source: Whittington et al., 2011:535

Thus jamming and crowd-sourcing improve inclusion in terms of strategy formulating and realization. While jamming aims at involving employees in the strategy development process, crowd-sourcing targets at the external audience in order to trigger innovation process. Blogging and strategy updates practices can provide more transparent strategies. And while strategy update is more common for external use, blogging is becoming more and more popular in disclosing company's strategic decisions both internally and externally (Whittington et al., 2011).

One more important issue left is about what makes the strategy more or less open. It's important to know about such contributing factors because it's both helpful in understanding the current situation and changing it. The influential factors define the environment and the circumstances under which the strategy is being formulated and the subject awareness gives an opportunity to make necessary changes in favour of opening the strategy.

Basing on Abbott's forces (Abbott, 1998) Whittington et al. (2011:537) points out those of increasing importance: *the kinds of organizations that strategists serve; the wider society in which strategists work; the cultural environment, particularly the organization and legitimation of knowledge; and the technologies which create and facilitate different kinds of work.* Although Whittington et al. (2011) touches upon this question from the perspective of strategic planning as a job it is still relevant to our research since it's about strategists and their work who finally set forth the strategy under the influence of these forces. At this rate organizational, societal, cultural and technological forces creates kind of a framework for strategy formulation and development. According to Whittington et al. (2011:537) *strategic planning is not inherently either open or closed, but contains a set of potentialities that manifest themselves differently according to circumstances.* And it's about these forces that denote strategy as something that can never be neither absolutely open nor closed but it is always endowed with both characteristics.

As a result opening strategy process challenges such traditional strategy characteristics as exclusiveness and confidentiality by making it more inclusive and transparent. And at the same time this opening strategy process is largely influenced by the range of forces, mentioned above. This new way of thinking about strategic planning gives new opportunities: *The opening of strategy will, we argue, widen the search for strategy ideas and improve commitment and understanding in strategy implementation* (Whittington et al., 2011:535). These benefits of following opening strategy concept are vitally important especially in terms of providing CSR policy since it's still a new field of management in business sphere and sharing knowledge and practice will make CSR practices implementation more efficient and effective.

Although strategy openness becomes quite a strong trend in business society and most companies are becoming more and more interested in considering inclusion and transparency while planning a strategy, it is still not the case for the number of countries where these influential forces work differently (Whittington et al., 2011). Whittington et al. (2011:532) suggests that strategic openness is not typical for *semi-capitalist economies* arguing (2011:540) that *the new large multinationals from China, Russia and other authoritarian but fast-growing societies may not be the subject to the same organizational, cultural and societal pressures for transparency as traditional publicly owned western corporations.* In the practical part we will have an opportunity to analyze the opening strategy trend in terms of large MNEs operating on Russian market and thus confirming or refuting this presumption.

Moreover, in terms of large MNEs, the issue of strategic CSR earns a new perspective, since we consider it to be connected with the relationships between parent companies and subsidiaries as well. And analyzing CSR strategy on that level brings up the issues of adapting global CSR strategies to local contexts. That's why we consider it relevant to study the CSR strategies of MNEs not only in terms of their openness, but also supplementing it with considering their global-local balance.

2.5 Global – local balance in CSR management

Transnational companies operating on a number of different national markets face a challenge of balancing global and local factors and as a result forming CSR strategy in this situation. Bartlett and Ghoshal (1989) argue that the possibility of underestimating the importance of global or local factors conceals a serious danger to transnational companies. Thus the question of managing CSR on both global and local levels becomes especially important for large corporations.

The approaches to interpretation and highlighting the contextual factors affecting company's commitment to a more or less global or local strategy differ by taking globalization or localization as a starting point. While some scientists argue that globalization encourages the standardization in the business environment (Ohmae, 1990) others insist that local contexts require companies to adopt their strategies to the existing environment (Whitley, 2007). An amount of researches, disclosing one or another standpoint from different perspectives, providing thus arguments supporting the certain one, has been held (Brown and Knudsen, 2012). Depending on local-global balance in terms of managing CSR activities, CSR strategy can be centralized or localized to some extent (Brown and Knudsen, 2012).

That way locally adapted CSR strategy can be initiated by consumers' preference and regulations (Prahalad and Doz, 1987) or critical cultural differences (Ghemawat, 2007). Being required by the competitive environment CSR strategic planning adopted to the local peculiarities is the only way to effective realization of CSR policy (Porter and Kramer, 2006). Giving an overview of the contextual factors affecting company's commitment to a more or less global or local strategy, Brown and Knudsen (2012) emphasizes the institutional and cultural influence as the most crucial. *The conditions under which local adaptation is required are primarily institutional or cultural* (Brown and Knudsen, 2012:5).

The oppositionist to the locally-oriented CSR strategy planning give the strong reasoning in favour of implementing CSR strategies globally. Followers of the CSR strategy centralized idea argue that the context company faces in different countries can be more or less the same and implementing strategy globally in this case seems to be more efficient (Brown and Knudsen, 2012). *Institutional challenges may be similar enough across some contexts to allow a firm to specialize on a particular type of "void"* (Brown and Knudsen, 2012:9). Thus following standards, proposed by GRI for example, can be integrated into CSR strategy and reflect the company's global vision of CSR activities.

The question concerning the degree of CSR strategy localization remains undisclosed. And the fact is that there is no certain answer to it. Every situation needs to be solved individually. According to Logsdon and Wood (2005) sometimes a company has to implement a highly centralized CSR policy and the other time the institutional context makes the company adopt its CSR activities to the local peculiarities.

Having broadly discussed the idea and the necessity of localization global CSR strategies, Brown and Knudsen (2012) has developed a range of propositions for the CSR strategy localization or centralization. Thus the CSR strategy should be localized in case when:

1. There are differences in legislation between different markets of operation;
2. There is a special consumers' preference which has been formed by a specific framework of norms and values.

And on the contrary it should be centralized when:

1. There is a strong influence of promoting sustainability organizations such as GRI and the UN Global Compact which initiate and encourage following general standards;
2. The company takes into account CSR perspectives while choosing markets of expansion;
3. The company decides to operate on the markets with very similar institutional contexts.

Having discussed some issues of globalization and localization of CSR strategies we've understood that there is no such a strategy that can be just centralized or localized, but it generally includes both characteristics. However the biggest problem of the local-global balance is at fitting the company's CSR strategy to the interests of local communities but not at expense of the company's competitive advantage provided by the global scale of its operation. In these

terms, we find it important to consider those communities in more details, basing on the institutional theory framework

2.6 Institutional theory framework: main concepts and tendencies in CSR application

All along the history of international business theory development, the institutional model of thinking has been very often used by researchers for analyzing the observed tendencies (Thornton and Ocasio, 2008). In economic literature a common application of institutional theory is its usage with a goal to analyze how organizational environment can influence the performance of firms or other economic actors (Scott, 1987). So, in recent years it attracted special attention of economic researchers, as processes of globalization have increased its influence to reach every growing industry of each national market (Aguilera and Jackson, 2003). And as MNEs can be called the face of globalization processes, their performance and strategies couldn't help but become one of the issues of institutional theory analysis, and their CSR policy isn't an exception.

The institutional aspects of MNEs' responsible performance have often been discussed in business literature, focusing on the interdependent relationships of MNEs and markets they function in. An example of studying CSR strategies influence on the local institutional environment is a research paper by Arne Wiig and Ivar Kolstad (2010) concerning the relevance of MNEs CSR activities for attaining legitimacy of host country stakeholders. Basing on analyzing CSR policies of foreign oil companies operating in Angola, the study focused on their importance for getting licenses and contracts in this country. Although attained results showed that CSR policies were initially unimportant for local institutions of Angola, Wiig and Kolstad concluded that oil companies still strived to use them as lobbying instruments, incorporating CSR activities into their market entering strategies. The authors pointed out that such behavior of foreign companies can facilitate the patronage problems of local institutions and result in intensifying the resource curse of the country (Wiig and Kolstad, 2010).

The inverse influence of local institutions on transnational CSR strategies were studied in Pinkse et al. and Husted & Allen researches. In their study Jonatan Pinkse, Matthias J. Kuss and Volker H. Hoffmann (2010) focused on the local human resources factors of MNEs environmental strategy effectiveness. They studied the influence of absorptive capacity in local subsidiaries, defining it as ability to uptake external information, on the implementation of global environmental strategies on the regional level. Their findings confirmed that a shared level of

absorptive capacity across subsidiaries and units of a multinational company can result in a more successful environmental strategy implementation (Pinkse et al, 2010). The other research paper by Bryan W. Husted and David B. Allen (2006) compares the influence of strategic decision-making versus institutional pressure on framing the CSR policy of the company. Basing on theoretical analysis and empiric study of CSR practice in multinational enterprises of Mexico, Husted and Allen came to the conclusion that the pressure of institutional isomorphism overcomes the strategic logic, having more effect on the CSR strategy development and implementation (Husted and Allen, 2006).

There are two articles we find especially contributive to studying MNEs' CSR policies from an institutional perspective. One of them, written by Dirk Matten and Jeremy Moon, addresses the factors of CSR policy differences in different countries. Presenting the peculiarities of CSR policies in USA and Europe, the authors explain the outlined differences with the influence of USA and European national business systems (Matten and Moon, 2008). The other article, written by Stephen Brammer, Gregory Jackson and Dirk Matten, had a significant influence on CSR concept interpretation, presenting it not as a voluntary initiative, but as an answer to 'institutionalized forms of social solidarity'. The authors support their position with the analysis of CSR development from historical and political prospect and by comparing CSR initiatives in different institutional environments (Brammer et al., 2012).

As we would like to join the discussion of the interdependencies between CSR policies and national institutions, we find it reasonable to use the institutional framework for our analysis as well. But with a high popularity of the model, the occurrence of different rendering of its main concepts and aspects was inevitable (Mizruchi and Fein, 1999). So, in order to eliminate the risk of misinterpretation in our research, it's essential to study the existing approaches of institutional theory treatment and to define the one which will be used in our study.

The main issue triggering the difference of institutional theory understanding is the choice of a central concept and its definition. There are no standard and generally accepted definitions for such terms as institution, institutional environment and institutionalization process (Bjorck, 2004). W.R. Scott (1987) in his landmark study "The adolescence of Institutional theory" defines the four main conceptual frameworks existing in this theory application, basing on the differences of the main concept formulation and the direction of study chosen by different researchers. Supplementing the analysis presented by Scott with the more recent research paper by Greif, we can summarize the main institutional theory directions as follows (see Table 1):

In our research paper we would like to consider the most recent conceptual framework, which bases on institutions as a central concept and defines them as sets of institutional elements. This approach was developing under the influence of game theory approaches and differs from the previous ones by considering institutions not as completely exogenous factors, but as the outcomes of actors' interactions. Thus, this conceptual framework provides more opportunities for a complex and aggregated analysis of the institutional environment. (Greif, 2002) So, the concept of institutions, applied in our study can be defined as “*a system of complementary institutional elements and the regularity of behavior they generate by enabling, guiding, and motivating it*”. (Greif, 2002: 8) The institutional elements, according to Greif approach, include rules, beliefs, norms and organizations. (Greif, 2002)

According to the framework, developed by Avner Greif (2002), these institutional elements have an aggregate influence on actors' behavior. Rules act as a set of guidance, defining the situation the actors operate in, distributing the knowledge and regulating their behavior. Beliefs and norms, shared by the participators of an institutional sphere, lead and motivate the behavior of the actors. While organizations function is to articulate and generalize those rules on the way with influencing and changing them (Greif, 2002). The defined set of institutional elements is applied for analysis in social, economic and political spheres. (Greif, 2002) Thus, in our analysis we will focus on the influence of political, social and economic institutions

We consider the chosen institutional theory conceptual framework to be the most contributive in terms of our research, as it can be most successfully implemented for the analysis of CSR activities. Due to its stakeholders' orientation, CSR can be treated as a policy, implemented in the intersection of business, society and politics (Husted and Allen, 2006). Thus, its development and implementation is largely interdependent with the social, economic and political institutions of the organizational environment. And understanding these institutions not as imposed exogenous factors, but as the outcomes of economic, social and politic interactions helps to better integrate the CSR and institutions concepts together to conduct a more aggregated study in terms of their interdependence and mutual influence.

Table 2.4 The main conceptual frameworks of Institutional theory development

Central concept	Definition	Direction of study	Main contributors
Institutionalization	the reciprocal typification of habitualized actions by types of actors	defining 3 stages of institutionalization studying the organizations adoption of legitimate behavioral patterns and the influence of belief systems	Berger, Luckmann, Zucker, Meyer, Rowan, Berger, Tolbert , Hayek
institutional environment	elaboration of rules and requirements, to which individual organizations must conform if they are to receive support and legitimacy	recognizing the importance of cultural elements over technical characteristics; studying the reasons of isomorphic behavior and types of institutional pressure; defining the role of laws, rules and regulations	Meyer and Rowan, Scott, DiMaggio and Powell
Institutions	enduring systems of social beliefs and socially organized practices associated with varying functional arenas within societal systems	describing different societal structures and differentiating the norms and beliefs of particular institutions (institutional logics)	Hughes, Hertzler, Scott, Friedland and Alford
institutions as sets of elements	a set of man-made non-technological factors, generating behavior among interacting individuals	implementing the game theory approach to institutional studies; defining the main institutional elements - rules, beliefs, norms and organisations; replacing the assumption of necessity of following imposed rules and norms with considering it as an endogenous outcome of economic, social or political interactions among individuals	Young, Greif, Hodgson, Thelen, Aoki, Kandori, Milgrom, North and Weingast, Clay, Ostrom, Gibbons and Rutten

Source: Scott, W.R. (1987); Greif, A. (2002)
 Bodø Graduate School of Business, 2014

Moreover, such an approach helps in studying the CSR strategies of multinational corporations, operating in many countries with different institutional environments. Due to an international character of operations, MNEs face new kind of institutional challenges. While adopting global CSR strategy for a particular local market, MNEs come under the influence of local institutions, which can complicate CSR initiatives realization, especially if local environment is problematic or sharply different from the MNE's domestic one (Campbell et al., 2011). It is related not only to relationships with external local stakeholders, but also the internal issues such as local subsidiaries' employees performance. So, treating local institutions as endogenous outcome of their operations is more suitable for MNEs, since it discloses not only how institutions affect companies' performance, but also how companies' CSR performance interacts with those institutions and affects them. Thus it brings the institutional concept inside the CSR strategy development, which can help to better understand the peculiarities of MNEs' adopting CSR strategies to different local contexts.

Summarizing the presented chapter, we can say, that by examining the mentioned theoretical concepts, we obtained general understanding of the explanations they give for the issues relevant for our study. But as we saw some connections of their focus issues, it made us wonder how the integration of these frameworks can affect their interpretation. That's why we decided to unify them in terms of our study to see what new insights and interdependences can be outlined. In order to achieve it, we derived the following research questions for our study:

RQ 1: What are the main peculiarities of studied MNEs Russian CSR policies? Do they contain the features of strategic CSR approach?

RQ 2: What is the level of CSR strategy openness in studied MNEs' subsidiaries?

RQ 3: What approach do studied MNEs apply in terms of CSR strategy adaptation to local context?

RQ 4: What problems do Russian subsidiaries' managers face in terms of CSR strategy realization?

RQ 5: What are the institutional factors challenging the CSR performance in Russia? How do these factors correspond with the problems that managers claim to face?



3 Methodological framework

This chapter provides all the necessary information concerning the methodological framework of our master thesis. Methodological chapter is vitally important in terms of defining the right way of doing the study, responding to our problem statement and research questions.

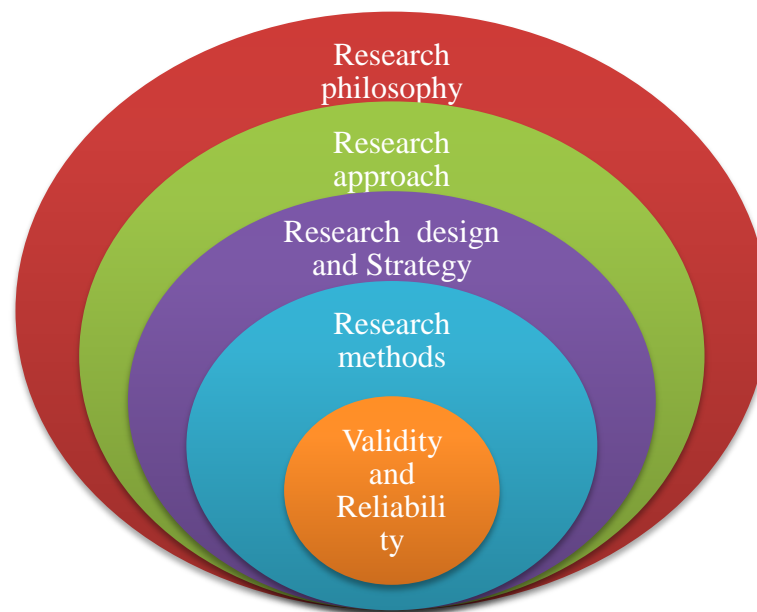
3.1 Definition of methodology

The term methodology refers to the theory of how research should be undertaken and this “how?” in its turn refers to the specific techniques of data collecting and analyzing (Saunders et al., 2007:3). However developing the methodological framework doesn't mean enumeration of applied methods but it considers the overall justification of the research putting forward the generally accepted tools for research conducting (Easterby-Smith et al., 2012).

There are no correct or incorrect research methods. Being highly dependent on the research objective and context, each of them fits different situations. Thus constructing the methodology properly is extremely important since it determines the extent to which the paper addresses the research questions and defines the quality of research (Saunders et al., 2007). Developing methodological framework for our research we decided to create kind of a model explaining our way of thinking towards forming the methodology. Basing on the *Research onion* offered by Saunders et al. (2007:102) we established our own.

The model presents the methodology forming processes and interdependence of each subsequent stage with the previous one (see Fig 3.1). According to such model the methodology development process starts with choosing the research philosophy underlying the study which is the most suitable in terms of corresponding the field of our research. Having chosen the research philosophy we need to specify research approach. Research approach which presents kind of the logical way of conducting the study in its turn depends on a research philosophy. The next stage considers defining the research design. Although both research design and strategy are not so

dependent on the chosen research philosophy and approach, they still need to be considered within these two aspects so that they could work properly. Within the chosen research strategy we need to define the exact research method which we are going to use and apply for further data collection and evaluation. And finally we think that each layer of such an “onion” constructing the methodology for research conduction influences the validity and reliability of the study. We find understanding of the methodology building essential since it provides the construction of an applicable methodological framework, which in it turn determines the quality of research.



Source: Saunders et al. (2007)

Figure 3.1 The Research Onion framing our methodology

3.2 Research philosophy

Since every research paper aims at developing new knowledge thus contributing to the theory evolution, choosing the research philosophy becomes of vital importance. The research philosophy determines the essential issues concerning the nature of research. Providing the range of assumptions research philosophy underlies the research strategy and used methods thus framing the whole research process. On the one hand the choice of the philosophy reflects the most appropriate way of addressing the studied subject and on the other hand it determines the methodological framework of the research paper (Saunders et al., 2007).

There are mainly two epistemologies underpinning the research philosophy: Positivism and Social Constructionism. Positivism considers objectiveness of the research conducted by an independent researcher who relies on the fundamental theories and uses hypothetical-deductive

method providing the casual analysis. Social constructionism on the contrary supposes that the researcher becomes a part of what is being studied and applies for some certain cases and peoples' experience while conducting the research (Easterby-Smith et al., 2012).

Defining the philosophy underlying our research paper we payyB attention to the following characteristics of our work determined by theoretical base we are going to adopt. The first one is objectiveness, and the second one is measurability. Addressing the interests of stakeholders (Carroll, 1979) CSR strategy is socially oriented and thus we consider it to be socially constructed. Institutional theory in its turn has always been meant to explain the existing economic tendencies from the perspective of institutional environment (Scott, 1987; Thornton and Ocasio, 2008). Since CSR concept and Institutional theory have been developing through the constant discussions and debates, we believe that CSR concept and Institutional theory are not objective in judgments they provide and all these CSR issues and institutional influence can hardly be measured. At the same time such phenomena as opening strategy and the processes of its localization as well as strategic CSR are just forming due to the increasing interest and growing debates among the scientific area (Whittington et al., 2011; Brown and Knudsen, 2012). That is why we believe the philosophy underlying our master thesis is social constructionism.

Following the philosophy of social constructionism imposes implementing the certain methodology towards conducting the research. Thus aiming at contribution to the expanding of CSR concept interaction with other theories, getting new insights we have conducted our research providing the analyses of studied cases. The supposed way of conducting research reflects the social-constructionism philosophy (Easterby-Smith et al., 2012).

3.3 Research approach

As a matter of fact research theory also defines the most appropriate research approach in terms of conducting a study. Research approach in its turn is supposed to consider *the extent to which you are clear about the theory at the beginning of your research which raises an important question concerning the design of your research project* (Saunders et al., 2007:117). Thus positivism usually intends the usage of deductive approach and social constructionism more often refers to the induction as a research approach. While deduction supposes providing research progress through testing the hypothesis, induction contributes to the theory development through the analysis of gathered data. However the relations between the research philosophy and approach described above are not always the case and not unilateral (Saunders et al., 2007).

Guided by the idea of social constructionism we applied to the induction research approach while conducting our research paper. We find this approach to be more relevant to our master thesis in terms of exploring peculiarities of CSR strategy adaptation by MNEs operating in Russia. This is because being defined as a concept which possesses a range of characteristics CSR still remains to be quite vague in terms of its realization (Carroll et al., 2012). The thing is that each company adapting CSR concept implements it differently and this arises the necessity of contacting people dealing with CSR strategy at the enterprises.

Since our study aims at discussing the peculiarities of CSR strategy adaptation by MNEs operating in Russia disclosing thus CSR from different perspectives and characterizing it, we find the subject of our to be study multifaceted.

Thus we have built our research mostly on the interviews of companies' CSR managers and representatives, supplementing it with reports in order to understand how Russian subdivisions of global corporations understand and adopt CSR strategies. Applying to the inductive research approach we also got insight of problems that companies' managers face while implementing CSR activities.

3.4 Research design

Having chosen the research approach it is extremely important to work out the research design thoroughly. *Research design is about making choices upon what will be observed and how* (Easterby-Smith et al., 2012:38). Research design corresponds to kind of a general plan of doing the research, which defines the objectives, coming out of our research questions, the data collection methods and also restrictions and ethical problems which a researcher faces while gathering necessary information. The fundamental nature of the research design which is in addressing our research questions becomes a key issue in conducting the research to a good quality (Saunders et al., 2007).

3.4.1 Type of the research design

Addressing the goal of our research the research design is also dependent on the research philosophy underlying our master thesis. Developing an appropriate research design we should have specified the plan of our research which on the one hand could disclose our research objectives and on the other – didn't contradict our research philosophy and approach.

The method's literature derives the three main types of research design: exploratory studies, descriptive studies and explanatory study. Each of these research types is used in different situations and addresses different research questions (Saunders et al., 2007).

Exploratory research is usually aimed at clarifying the nature of studied subject, highlighting it from different perspectives in order *to seek new insights; to ask questions and to assess phenomena in a new light* (Robson, 2002:59). This design fits the research when the subject or research is not clearly defined.

On the contrary choosing the descriptive research design becomes of high priority when the studied subject is well defined and a researcher is going to characterize it very accurately and thus exactifies it. However using descriptive research design a researcher can be accused of lack of analysis and data evaluation (Saunders et al., 2007).

Explanatory research design is more common for the *studies that establish causal relationships between variables* (Saunders et al., 2007:134). This research design aims at explaining the observed situation through the analysis of cause-effect relationships between the events.

Donning these types of research to our research questions we've come to the conclusion that exploratory research design with elements of descriptive one would be the most efficient variant addressing our research questions.

Guided by our research problem – which is in defining the peculiarities of CSR strategy adaptation by MNEs operating in Russia – we aimed at characterizing CSR strategy implementation by Russian subdivisions of MNEs from different perspectives. Since this subject is quite controversial and not broadly highlighted we explored this field and created our own vision based on the example of observed companies. Through writing our master thesis we were developing a model which could incorporate the theories and concepts we applied to while defining the peculiarities of CSR strategy adaptation by Russian subdivisions of MNEs. The model we created is based on the broad discussion of separate characteristics relevant to CSR strategy which we have derived in the theoretical part. Thus while creating our vision concerning CSR strategy implementation refers to explorative research design highlighting it from different perspectives, digging into each separate characteristic arguing its relevance to CSR strategy implementation in Russia refers to descriptive research design.

While conducting our research first of all we developed the common features of CSR strategies provided by Russian subdivisions and compared them with global corporate strategies. These data was extracted from the global and Russian CSR/Sustainability reports. Further on we characterized CSR strategies which adopted Russian subdivisions of MNEs from the perspective of its openness and global-local balance. Deriving and reasoning the difficulties which face Russian CSR managers we referred to the institutional aspect.

3.4.2 Research strategy

Being implemented within the framework of the certain research design, research strategy is not defined by it. However every research strategy can be applicable within different types research design. Research strategy working within the research design framework also aims at helping researcher *to answer particular research question(s) and meet objectives* (Saunders et al., 2007:135).

According to Saunders et al. the most common research strategies are the following: experiment, survey, case study, action research, grounded theory, ethnography and archival. There is no the better one, more valid or reliable, but each of them addresses specific issues of research and appropriate for different situations. However following one or another research strategy we determine the level of validity and reliability of our research (Saunders et al., 2007).

Taking into consideration the research questions we were to address we found the case study strategy to be the most appropriate for conducting our master thesis. According to Robson (2002:178) case study is *a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*. This is because the subject we investigated is not well known in the scientific society due to lack of researches in this field. So we find studying the experience of exact subdivisions of global corporations operating in Russia the most efficient way corresponding to our research questions.

The case study strategy applied to our master thesis considers the data relevant to CSR strategies implementation in 7 Russian subsidiaries of large multinational enterprises, situated in St. Petersburg. So, we based our research on the data concerning the following enterprises:

- “Hyundai Motor Manufacturing Rus” (Hyundai Motors Group);
- “Brewery Heineken” (Heineken Group);
- “Baltika” (Carlsberg Group);

- “Philip Morris Izhora” (Philip Morris International Inc.);
- “JTI-PETRO” (Japan Tobacco Inc.);
- “Coca-Cola Hellenic” (Coca-Cola Company);
- “Gillette” (Procter & Gamble Company)

Thus our empiric part provides an integrated overview characterizing CSR strategies implementation by MNEs' subsidiaries operating in Russia. Firstly we summarized description of the studied CSR policies containing definition of their common features and peculiarities. Moving further we compared local CSR strategies of Russian subsidiaries with global CSR strategies of the MNEs they belong to – later on this helped us to define whether global (centralized) or multi-domestic (localized) approach is used for the CSR strategy realization. Then we studied the internal processes enabling CSR strategy expansion to Russia with a focus on the openness of local CSR strategic processes in Russia and the challenges Russian CSR managers face on the way. Finally we defined the institutional roots of problems that CSR managers face in Russia.

As the studied companies don't belong to one industry or economic sector, the data on their CSR policies is difficult to use for comparison or generalization. But still we studied not one but several companies and consequently we figured out some tendencies during our study. In this situation it's worth mentioning that applying to the multiple cases while addressing the case study strategy enabled us to generalize on our observations concerning the peculiarities of CSR strategy adaptation by Russian subdivisions of MNEs (Yin, 2003).

3.5 Data collection methods

In defining the methodology of our research we consider the choice of used data types and methods of their collection a vital matter, which must correspond with the goals of research, its design and approach applied. There are two main choices which need to be done in terms of defining the data collection methods. One is related to quantitative-qualitative characteristics and the other is about the primary-secondary types.

Choosing between quantitative or qualitative methods significantly influences the data collection techniques and data analysis procedures. Thus if quantitative method considers using and producing numerical and standardized data during the process of its collecting and analyzing, then qualitative method on the contrary is supposed to operate with non-numerical and unstandardized data (Saunders et al., 2007). Since our work doesn't consider investigation the

cause-effect relationship but has a more exploratory and descriptive nature, we didn't study the meaning of numerical data, but we aimed at finding out peculiarities and characteristics of CSR strategy adaptation by Russian subdivisions of MNEs. And hence being guided by inductive research approach we used the mono-method which supposes collecting and analyzing qualitative data. Choosing the qualitative method determines using the techniques of data gathering and analyzing such as in-depth interviews and qualitative data analysis.

Apart from qualitative-quantitative matter, there are two main types of data we can work with - primary data, which are new and gathered specifically for the current research, and secondary data, which have already been collected but with a different goal and agenda (Easterby-Smith et al., 2012). Working with both types of data has its advantages and disadvantages, which can be seen in the table below (see Table 3.1.)

Table 3.1. Comparing primary and secondary data

Type of data	Advantages	Disadvantages
Primary	<ul style="list-style-type: none"> ○ Fully relevant for current research; ○ Up-to-date information; ○ Highly reliable as collected by a researcher; ○ Based on relevant theoretical constructs, research strategy and design; ○ Widens the database for further research 	<ul style="list-style-type: none"> ○ Costly and time-consuming; ○ If requires high personal involvement of researcher– risk of bias and high subjectivity; ○ Must be controlled in terms of respondents' goals and motives ○ May provoke difficult ethical concerns;
Secondary	<ul style="list-style-type: none"> ○ Less expensive in collection; ○ Less time-consuming – leaves more time for analysis; ○ High quality and permanence of data ○ Unobtrusive; ○ Provide large-scale and longitudinal data; ○ Can bring unforeseen discoveries 	<ul style="list-style-type: none"> ○ Collected with other research goal – may be only partially efficient for the study; ○ May be difficult or expensive in access; ○ Contains subjective opinion of previous researcher ○ Needs to be checked in terms of quality and trustworthiness

Source: Saunders et al. (2007); Hox, J. and Boeijs H. (2005)

As you can see from the table, some disadvantages of one type of data can be eliminated by the use of another, that's why in our research we used a combination of primary and secondary information. Moreover, in terms of our study focus it is impossible for us to base it on primary or secondary data only. On the one hand, studying CSR strategies of MNEs' Russian subsidiaries in terms of their global-local balance and Russian institutional context influence requires gathering large-scale information about parent companies strategies and operations, and about the specific features of Russian economy, politics and society, which we would never be able to collect personally due to limits of time and resources for current research. On the other hand, the study of specific features of CSR strategies in chosen Russian subsidiaries and the research of the CSR strategy openness and challenges they face requires deep insights into internal processes of these organizations and employees' opinions, which could be better obtained only by primary data collection.

Also, considering that any CSR strategy inevitably has a focus on improving the reputation of the company, the primary information collected by direct contact with its representatives may be influenced by their intention to present the company in a better way. Thus, the usage of secondary data can increase the objectivity of the study. Of course, these motives described also affect internal secondary data sources such as CSR reports, but the auditors' evaluation contained can increase their credibility. And the external opinion presented by different foreign and Russian studies, mass media sources and experts' viewpoints can help to look at the studied phenomenon from different perspectives.

3.5.1 Primary data

There are several methods of collecting primary data, which mainly differ in number of respondents, type of information obtained and the level of researcher involvement. Saunders and his colleagues define such main types of primary data collection as (Saunders et al., 2007):

- Observations (structured and participant)
- Interviews (group, structured, semi-structured and in-depth (unstructured))
- Questionnaires

In our research we applied such methods as observations and interviews. We find such a combination most efficient in terms of our research goal. As we aim to study CSR strategies focusing on the peculiarities of their formulation and application, it is important for our study to supplement the analysis of main CSR initiatives and projects applied by the companies with the internal data on the issues and peculiarities coming former to their realization, which we

obtained by interviewing managers responsible for CSR measures. And by applying the method of observations we had an opportunity to visit the production facilities of studied companies to watch the internal technological and social improvements that companies claimed to realize in terms of their CSR strategies. It gave us an opportunity to get a better understanding of social and, especially, technological modifications realized in terms of CSR policy and to confirm managers' words with actual achievements presented. Thus, using a combination of interviews and observations methods deepened our understanding of studied phenomena and increased the reliability of information provided in our research.

In choice of the interview type applied the main focus is on the level of standardization of the dialogue with interviewees, which can range from strictly formalized structured interviews to informal unstructured (in-depth) communication. Also the interviews can be conducted on a one-to-one basis, or represent a group discussion. (Saunders et al., 2007) In terms of our study we applied 2 types of interviews – group discussion and semi-structured one-to-one conversations.

We started with taking part in group discussions, organized by Baltic State Technical University during our business practice in Saint-Petersburg. We were provided with an opportunity to take part in the excursions to the Saint-Petersburg subsidiaries of 7 MNEs to examine their CSR initiatives and to communicate with managers responsible for them. Together with our group mates we conducted in-depth interviews of CSR managers, ecologists or other companies' representatives, letting their perceptions guide the structure of interviews, but supplementing it with discussion of the issues we became interested in, sharing the viewpoints with managers and other students. The list of group discussion corporate participants can be presented as follows:

- “Hyundai Motor Manufacturing Rus” middle manager;
- “Brewery Heineken” middle manager;
- “Baltika” middle manager;
- “Philip Morris Izhora” middle manager;
- “JTI-PETRO” middle manager;
- “Coca-Cola Hellenic” middle manager;
- “Gillette” middle manager

Then we supplemented it with observations of the production process, evaluating the actual level of working conditions safety and environmentally friendly initiatives in terms of equipment and technologies applied. Conducting a one-time observation, we couldn't gain a longitudinal and

periodic perception of CSR policies, but we got some insights on the 'what' is done and 'how', and had an opportunity to ask question during the excursion which helped us to understand 'why' in some cases. Thus, in-depth interviews in combination with observations gave us a general understanding of CSR policies in studied companies and helped *to find out what is happening and to seek new insights*" (Robson, 2002:59).

"Seeking new insights" we analyzed the obtained data and outlined the tendencies we were interested in. During most of interviews, companies' representatives mentioned that their CSR projects are realized in terms of global CSR strategies. Thus, we got interested in the level of Russian subsidiaries involvement and contribution to the formulation of CSR strategies they realize in Russia, focusing on global-local balance and openness of CSR strategies. In order to get a deeper understanding of these internal processes, later we conducted several semi-structured interviews with Saint-Petersburg' subsidiaries managers, responsible for CSR performance to evaluate the level of their involvement in strategy formulation process. We chose to use semi-structured interviews, as we were restricted by the time that managers could spend, so we defined 6 main questions guiding the interviews in order to obtain the answers on all the topics we were interested in. The formulated questions are presented in the Appendix 1.

Due to the sensitive topic of interviews being related to the internal processes of the company and relations with head office, and also due to lack of time, not all of the 7 studied companies took part in these interviews. Only managers from 3 companies agreed to participate in that part of our study and only on an anonymous basis. Thus, the interviews were conducted with:

- "Hyundai Motor Manufacturing Rus" middle manager;
- "Brewery Heineken" middle manager;
- Philip Morris Izhora" middle manager;

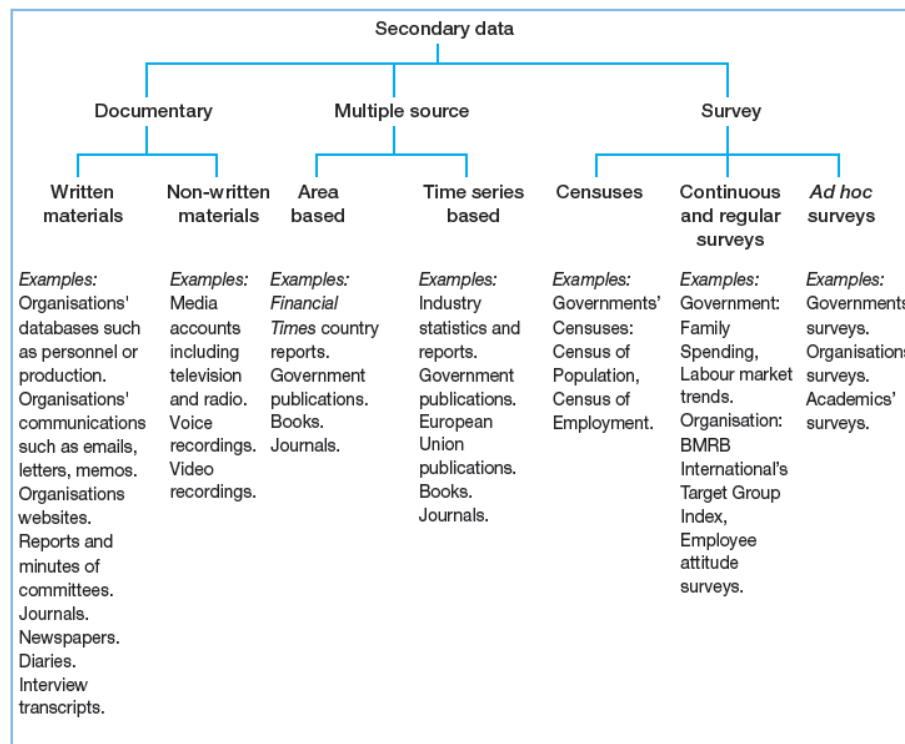
Each interview was 30-40 minutes long and was conducted with the help of Internet communication system Skype. We used a recorder machine, which allowed us to concentrate fully on the listening to the interviewee and provided us with an opportunity of further re-listening and direct quoting. Due to existing possibility of some terms misunderstanding, the theoretic constructions applied in our research were adapted and explained during interviews to ensure the correct perception of interviewee. Also to deepen the understanding and obtain real-life examples we used the laddering up-and-down technique, guiding the interview by the

connected and focused on interviewee's personal experience questions (Easterby-Smith et al., 2012).

Thus, although the choice of primary data collection methods was partially dictated by the ability to gain access to the companies, provided to us mostly by the Baltic State Technical University agreements, but we consider it both defining and being defined by our research goal and design, thus being very efficient in terms of the conducted study.

3.5.2 Secondary data

The secondary data are an important resource for our research, as it is the most efficient source of the information for studying large-scale and geographically dispersed phenomena (Saunders et al., 2007). As in our paper we aim to study the CSR strategies of MNEs Russian subsidiaries in terms of their global-local balance, Russian institutional aspects and the level of openness complied, it requires information about global CSR performance of parent companies, the organizational structure of global CSR subdivisions and Russian institutional environment characteristics. There are a lot of different types of secondary data sources we could apply, the main of which include the following: (see Figure 3.2)



Saunders et al. (2007: 249)

Figure 3.2 The classification of secondary data

In our research paper we used all the main types of secondary data, including written documentaries such as books and articles from business journals on the CSR strategy aspects, corporate websites and CSR reports of the studied companies and mass media data on companies CSR performance; results of commercial and academic surveys conducted on the global, country or industry levels; and multiple source data, combining documentary and surveys data in terms of countries or industries development assessments. Thus, the set of secondary data used contains both raw information and the results of prior research and assessments conducted, providing us with objective data for our analysis and subjective information with prior research perspectives. The latter were used carefully, as they were biased by external opinions and prior researchers' perceptions, which could serve as an inspiration to current research, but weren't to distract us from the focus of our study.

In the beginning of our study, secondary data were used to obtain general understanding of the studied area, to define the focus of our research and to assess the development of scientific knowledge and practical operations in terms of chosen focus area. Later, the usage of global and Russian corporate websites, CSR reports and mass media data efficiently supplemented obtained primary data, giving a more detailed description of CSR strategies, than we could get during time-limited interviews and observations. And finally cross-country and Russian surveys and studies helped us to outline the peculiarities of Russian institutional context that studied enterprises operate in and the influence it has on their CSR strategies.

Thus, by integrating secondary data in the sphere of our research, we obtained the main advantages of such data usage, as we were "*able to analyze far larger data sets ... and (could) spend more time and effort analyzing and interpreting the data*" (Saunders et al., 2007: 259). In order to increase the efficiency of these data usage, we were very careful in their search and selection, formulating clear tasks for internet search systems and scientific databases and selecting only up-to-date and relevant sources to use.

3.6 Data evaluation and analysis

The choice of the analysis framework depends largely on the type of data obtained and the research approach chosen. Saunders et al. classify the methods of analysis mostly on the basis of qualitative-quantitative and deductive-inductive balance (Saunders et al., 2007). In case of our study, we aimed to gather mostly qualitative data, as we consider numeric information to be inappropriate for studying the peculiarities of such a complex socio-economic phenomena as CSR performance of commercial organizations. In this matter we support Dey's opinion, stating

that *the more ambiguous and elastic our concepts, the less possible it is to quantify our data in a meaningful way* (Dey, 1993:28). Thus, in analyzing the data we ended on using the combination of deductive and inductive approaches, as exclusively inductive qualitative analysis of data may result in only an *impressionistic view of what they mean* due to their *complex and unstandardized nature* (Saunders et al., 2007: 474). While exclusively deductive qualitative analysis has such significant disadvantages, as *possibility of introducing a premature closure on the issues to be investigated, as well as the possibility of the theoretical constructs departing excessively from the views of participant* (Bryman, 1998:81). The unit of analysis is chosen to be a CSR policy direction.

3.6.1 Analytic induction method

Basing on foregoing, in our study we chose to apply an analytic induction method, which Johnson (2004:165) defines as *the intensive examination of a strategically selected number of cases so as to empirically establish the causes of a specific phenomenon*. The deductive side of this method application in our research paper is that the strategy of analysis and case studies selection was developed in accordance with continuous study of the theoretic and practical background of phenomena, which helped us to make a relevant research and to link it *into the existing body of knowledge in (your) subject area* (Saunders et al., 2007: 488). But the former theoretical study didn't result in deriving the hypotheses or propositions to be tested by our analysis, it acted more like a help for us in constructing the logic of our study. The analytic induction analysis applied contained the following stages:

- Studying the phenomena of applying the foreign in nature CSR concept in Russian companies - choosing the cases of Russian subsidiaries of MNEs due to a combination of foreign business model and Russian stuff usage;
- Supplementing the focused area with the global-local balance of MNEs' CSR performance - studying the prior chosen cases in terms of global-local CSR strategies comparison, defining the importance of internal processes of CSR strategy formulation;
- Supplementing the focused area with the perspective on the openness of CSR strategy process in chosen MNEs - studying the defined cases by describing CSR strategy openness level from the perspective of Russian subsidiaries managers;
- Identifying the challenges they face and their connection to the peculiarities of Russian institutional context – supplementing focus area with the institutional environment influence.

Thus, the data analysis was a constant process, which started in the beginning of data collection and continued after its end. It helped to appropriately shape the direction of data collection and to make corresponding conclusions in attempt to outline some explanations and tendencies from the obtained data volume (Saunders et al., 2007). The deductive link to the existing theories in the end helped to induce a proposition for a new theoretic model development. Basing on the current theories applied for CSR performance analysis, such as strategic CSR, global-local balance, openness of a strategy and institutional theory, the derived model attempts to unify these frameworks for defining new explanations and correspondences existing.

The revision of the obtained data in accordance with this model helped to define new aspects and insights in the studied phenomena, thus contributing to the efficiency of current research and attempting to provide the development of the CSR theory.

3.6.2 Validity and reliability of research

According to Saunders et al, the validity *is concerned with whether the findings are really about what they appear to be about* (Saunders et al., 2007: 150). We understand it as identification of whether the researcher findings are logically and appropriately derived from the data obtained, and whether those data are able to give answers to the research questions defined.

According to the Raimond's (1993) framework, the threats to validity can arise during the 4 main "logical steps" of the research. Let us present how we tried to avoid such logical leaps occurring:

1) Identifying the generalizability of research

It deals with the possibility to apply the results of current research for other research context, in our case for the other organizations than we studied (Saunders et al., 2007). Basing on conducting case studies of only 7 enterprises it would be unreasonable to imply that the findings of our research can be generalized somehow for other Russian or foreign MNEs. We don't intend to do that, focusing more on studying and trying to explain what is going on in chosen 7 enterprises and why it may occur, so we don't claim our findings to be true for other enterprises.

2) Data collection

It deals with the usefulness of chosen data types and methods of their collection for the research goal of the study (Saunders et al., 2007). We focused on obtaining the qualitative data as we consider them more appropriate for studying such a complex phenomenon as CSR strategy, which is on the intercrossing of economic and social spheres. Using a combination of primary

and secondary data provides a deep and objective understanding of the research focus area, due to different perspectives considered and a wide amount of data achieved. Also we consider the interview usage as a successful choice of method, as it helped us to get deep insights into the internal processes of studied companies, which could hardly be gained without it.

3) Data interpretation

This step's logical threat is to choose inappropriate framework for analysis, which can occur if the empiric data collected don't match the theories chosen (Saunders et al., 2007). We actually never stopped reviewing chosen framework, conducting the analysis during the process of data collection and after it. Thus, the directions of data collection were both defined by and defining the framework of analysis, by which we attempted to increase the validity of data interpretation.

4) Development of conclusions

The main threat to validity here is the lack of logic in our reflections on the juxtaposition of theoretic frameworks and empiric findings, so it mostly depends on our ability as researchers to conduct a high-quality analysis (Saunders et al., 2007). We tried to provide it by constantly reviewing achieved findings, building logic chains to prove their correspondence. Also here is the advantage of our research that it is conducted by two authors, so we had an ability to discuss achieved findings from two different perspectives, which must have improved the quality of our analysis.

The reliability of research characterizes whether it derives consistent findings, which can be assessed by studying, whether measures and observations would gain the same results in other occasions and whether the transparency of the sense-making is achieved (Saunders et al, 2007).

The transparency of the sense-making of our research we attempted to provide by presenting the chapters of it in accordance with the logic that we followed ourselves. Also we controlled the structure of the paper to be organized in a logic-driven order and explaining the connections and correspondence of areas studied in details.

Applying the interview method for collecting data on CSR strategies, we were aware of the possibility of respondents' bias existence, as the interviewed managers could have an intention to present their company and their work in a better way. Thus, collecting information about CSR strategies, we focused on facts more than on their presentation, and to eliminate the bias effect used secondary data such as experts' viewpoints and business journals data to look at the focus areas from different perspectives. Also, while interviewing managers we stressed that we won't

necessarily present the names of the companies in our research, trying to eliminate the motives for the distortion of information presented. In addition to that, we used an observation method, visiting the production facilities of studied enterprises, which helped us to confirm the existence of CSR measures that managers claimed to realize while being interviewed.

3.6.3 The limitations of our research

The main limitation of our research is the small number of case studies conducted, which we couldn't increase due to time and resource limits of our work and hardly negotiable access to Russian companies. The 7 cases we conducted were arranged with the help of Baltic State Technical University, without which it would be very difficult to achieve even the number of companies we gained. Thus, the derived findings can't be generalized for the enterprises other than the ones we studied. This could be achieved by further researches on the identified topic, which could also be helpful in terms of testing the model induced during our study.

Another significant limitation of our research is that while studying the internal processes of CSR strategy formulation we obtain the viewpoints of only middle managers of Russian subsidiaries, thus our research lacks Russian subsidiaries' and parent companies' top-management perspective. But getting access to such data was practically impossible due to large financial and time resources required for conducting the study of parent companies considering their geographical remoteness and dispersion and general difficulties of setting contacts with top-management members.

The other limitation of our research is that a large part of primary and secondary data used contains subjective opinions, thus putting a high risk of a bias on our research findings. Especially, using large volumes of corporate information, including corporate websites, reports and managers' interviewing places a dominant focus of our paper on the companies' perspectives of CSR performance. And in terms of studying CSR strategies it would be efficient to pay much attention to stakeholders' perspective also. But due to the volume and time limitations widening the focus area could result in providing not deep insights and understanding of the phenomena, which would reduce the quality of our research.

3.6.4 Ethical aspects

In terms of significant personal involvement due to the usage of interview and observations methods it was important for us to consider ethical aspects in terms of our study. While conducting the interviews we focused on providing polite and objective behavior to create a friendly and trust-based atmosphere and to eliminate the influence of our perception of studied

topic on respondents' answers. Also, it was important for us to ensure that the participation in our research didn't affect negatively the life and career of our interviewees. Thus, due to the sensitivity of open-closed aspects of strategy formulation, touching upon the interaction with interviewees' top managers, we provide their answers on anonymous basis. Such a condition also increased the confidence of our respondents, which positively influenced the quality of data achieved.

Summarizing the methodological framework for our master thesis we can define the following aspects. We conducted our study on the basis of the social constructionism philosophy with a help of inductive approach, donning the exploratory research design with the elements of descriptive one, applying case study strategy. The research was mostly performed through qualitative data collection and analysis. Primary data were gathered with a help of group discussions, semi-structured one-to-one interviews and observations. Secondary data included the information from official corporate web sites, CSR/Sustainability reports, mass media, country and industry surveys and experts' viewpoints. The logic of data collection was based on the existing theories relevant to the field of our research. Analyzing these data we came to kind of a new theoretic model which explains the observed findings and can serve as a basis for future research.



4 Empiric

The following chapter presents the results of our case study of the CSR policies in 7 Russian subsidiaries of large multinational enterprises. The empiric research was based on visiting the companies in order to observe the production process, interviewing CSR managers, ecologists and other employees, and supplementing it with studying companies' CSR reports, mass media data and experts' viewpoints. The chapter provides the definition of subsidiaries' CSR strategies common features and peculiarities; defines the extent of localization and openness of CSR strategies and outlines the challenges Russian CSR managers face on the way, which we find to be connected with the institutional peculiarities of Russian context.

4.1 The peculiarities of CSR strategies applied by studied MNEs' Russian subsidiaries

As the studied companies don't belong to one industry or economic sector, the data on their CSR policies can't be used for comparison or generalization. But either way, there are some tendencies we figured out during our study, that we find worth mentioning. In order to frame the results of our empiric study, we present them following the triple-bottom line logic and start with characterizing social aspects of CSR strategies including programs for internal and external stakeholders, continue with environmental programs characteristics and finish with the economic aspects of the studied strategies.

The information presented below is based on the study of CSR reports the chosen subsidiaries and their parent companies, their official corporate websites and the information, obtained during our visits to subsidiaries' production facilities and group discussions with companies representatives. The complex list of reference to this part of our research can be found in Appendix 2.

4.1.1 External social policies – helping local community

This part of CSR measures is an important area of CSR strategies. Since their focus is concentrated on external stakeholders' assistance, thus they must provide the most sufficient help for local communities and the most significant influence on the reputation of companies. The consolidated information about the external social policies of studied enterprises together with examples of actions implemented is provided in the table below. (see Table 4.1)

Table 4.1. The main directions of companies CSR policies (2008-2013)

Companies	Main directions of social policies	Initiative examples
Hyundai Motor Manufacturing Rus	<ul style="list-style-type: none"> ○ Easy move (helping disabled) ○ Safe move (supporting driving schools) ○ Happy move (supporting kids) ○ Local sourcing (minimum 30%) 	<ul style="list-style-type: none"> ○ Partnering with “Nochlezhka” (helping homeless) and “Red Cross” ○ Donating minibus to St. Petersburg children hospice ○ Holding New Year’s Eve holiday for 600 orphans and disabled children
Brewery Heineken	<p><u>Brewing a better future program</u></p> <ul style="list-style-type: none"> ○ Local sourcing ○ Sustainable farming (“Skylark”) ○ Responsible consumption 	<ul style="list-style-type: none"> ○ Raising hop crop yield on local farms; ○ “I am responsible for myself” program - school courses for improving teenagers identity formation; ○ “.NET” program – eliminating retail selling of beer to under-aged
Baltika (Carlsberg Group)	<ul style="list-style-type: none"> ○ Responsible consumption ○ Science and Education ○ Social vulnerable groups ○ Natural and Anthropogenic disasters 	<ul style="list-style-type: none"> ○ “Beer patrol” – attracting communities to prevent selling beer to under-aged; ○ “Beer sommelier” – raising the culture of beer consumption through educational courses; ○ “Duty” program – supporting veterans of St. Petersburg; ○ Donating 4 mln RUR to Japan after 2011 earthquake and tsunami
Philip Morris Izhora	<ul style="list-style-type: none"> ○ Taking care of elderly people – focus on education and socialization; ○ Improving educational system 	<ul style="list-style-type: none"> ○ Renovation and equipment modernization in 6 St. Petersburg schools; ○ Computer courses for elderly people; ○ Organizing annual panel discussions of CSR policies for St. Petersburg business representatives
JTI-PETRO	<ul style="list-style-type: none"> ○ Helping elderly and veterans; ○ Helping disabled 	<ul style="list-style-type: none"> ○ Sponsoring Mariinsky theatre and Hermitage; ○ Restoration of Mikhailovsky park; ○ “Ice Stadium” financial support; ○ Publishing St.Petersburg Atlas for blind people;
Coca-Cola Hellenic	<ul style="list-style-type: none"> ○ Young people development; ○ Sports and physical activity; ○ Supporting orphanages 	<ul style="list-style-type: none"> ○ Reconstruction of municipal sports-grounds; ○ Organizing competitions for non-professional football teams; ○ Organizing holidays in orphanages; ○ Partnering with Hermitage for organizing “Museum of XXI century” creative competition for children

Gillette (P & G)	<ul style="list-style-type: none"> ○ Health and educational programs for kids and teenagers ○ Helping orphanages and multi-child families 	<ul style="list-style-type: none"> ○ Building and reconstructing sports schools and facilities; ○ Development of health-saving technologies at schools
------------------	---	--

Source: information from visits to the companies, corporate websites and CSR reports – full reference list see in Appendix 2

Having analyzed them in a complex, we managed to derive some tendencies of the policies studied:

1) *Consolidated approach to social policies*

While studying the social programs of the researched companies, the first thing that catches an eye is that these initiatives are structured and aggregated into policies with defined directions. The social performance of these companies doesn't occur like random charity actions, providing support to a large number of different social groups, but represents a number of programs, defined by distinct goals that companies aim to reach, like helping disabled or veterans, promoting responsible consumption or saving cultural legacy.

In line with simply donating financial support to different NGOs, studied companies tend to be more involved in solving social problems by investing more time and human resources and inventing their own set of programs. Such companies' initiatives range from small goodwill gestures to longstanding and large-scale projects. Examples of the latter are Heineken "I am responsible for myself" project and Baltika "Beer patrol" program. "I am responsible for myself" project, developed in 2010, is based on holding special trainings and seminars in local schools, oriented on improving personal identity development of students, thus making them more responsible in consuming choices and decreasing the under-age beer drinking. Within 4 years of program development, such psychological courses were held in 36 schools of St. Petersburg and Nizhny Novgorod, and the company is not going to stop on it (<http://sustainabilityrussia.ru>). While "Beer patrol" Baltika program, developed in 2008, is oriented on involving local communities in preventing selling alcohol to under-age. The company aggregated governmental, NGOs and active citizens' forces to monitor distributors of several Russian cities to attract their attention to this problem and to inform about the retailers not obeying the law. During 6 years of program existence, the company organized more than 250 raids of "Beer patrol" and checked more than 6500 retailer in different regions of the country (<http://corporate.baltika.ru>).

2) *Creativity in entitling*

Framing CSR policy, companies tend to give bright and easy memorable names for their social programs. Giving such titles to policies makes them more inspiring and easily spread among employees, customers, mass media and other stakeholders of the company. Examples of such names are Heineken sustainable policy named “Brewing a Better Future” and its “.NET” program, aimed to eliminate retail selling beer to under-age (“net” meaning “no” in Russian); “Duty” program of Baltica, providing St. Petersburg veterans of Great Patriotic War with food provision; or “Gallery of Hearts” program of Coca-Cola Hellenic, exhibiting photos of orphans to support adoption processes in the country.

3) Linking social policies to main operational activity

If looking through social projects developed by studied companies, the interdependence between them and the type of industry that companies belong to becomes rather noticeable. While working on programs and projects, companies stick to those social issues, which are directly connected with or provoked by their performance; and they tend to involve their products as means of social support. The examples here are:

- Hyundai Motor Manufacturing Rus, donating their minibuses and cars to children hospices and orphanages in 2011 and 2012;
- Breweries Heineken and Baltica, holding programs for eliminating alcohol drinking by under-age since 2010 and 2008 consequently;
- Coca Cola Hellenic, distributing their beverages free at the feasts, organized for orphanages.

Supposedly, an observed tendency occurs as it is simply more convenient and obvious for companies to use their own products in social programs and to address those social issues, which are in their competency. Another reason may be that such programs provoke more associations with the companies realizing them, having a stronger positive effect on their reputation.

4) Popularity of social programs for children

Five of the studied 7 companies have addressed children issues in their social policies. In particular, Coca Cola Hellenic and Hyundai Motor Manufacturing Rus help homeless, disabled and parentless kids; Baltica and Heineken breweries focus on preventing under-age drinking; Philip Morris renovates local schools. Helping children seems to be one of those initiatives that companies from different economic sectors and different countries of origin tend to committedly

spend money on. Some Russian experts pragmatically say that such projects have the strongest influence on companies' reputation, as nice photos of kids from such social events can't help but attract the attention of community (Kirsanova, 2010). But having talked to representatives of the companies, we are inclined to believe that children issues just have more emotional response from employees, thus making companies more willing to help. For example, the PR manager of one of the companies states that:

"...having analyzed the experience of CSR policies realization, we concluded that our employees take part in CSR initiatives more willingly in case of their focus on helping children and not, for example, homeless people. And we see our CSR policy not as only financial help, but the volunteer work of our employees."

Other popular social initiatives of studied companies are programs for helping veterans and older people and local sourcing projects.

5) *Outstanding commitment of "adverse" companies*

While visiting companies and communicating with their representatives about social policies, we were mostly impressed by Heineken and Baltica programs, having large scale and long-time influence on solving social problems. Linking it to in some sense "adverse" type of their products, we suppose that in line with genuine concern about the negative impact of their performance on social groups, by investing so much time, finance and human resources in social programs, such companies strive to improve their reputation and earn a more positive perception of community members.

Seeing not so much contribution from tobacco product companies JTI and Philip Morris Izhora is linked with admission of new Federal law in February 2013, which restricts the performance of tobacco companies in Russia, including constrains on sponsoring and almost all other types of social support. (http://base.garant.ru/70321478/#block_16) According to one of CSR managers of these companies,

"...since the law was enacted, we didn't totally stop supporting communities, but were made to stop working in some of directions and put high restrictions on the distribution of information about our CSR initiatives."

4.1.2 Internal social policies – employees in focus

Claiming to be socially responsible, companies can't exclude employees from the range of stakeholders they provide support for. In line with obeying the rules of the Labor Code of the country, companies organize different kinds of additional initiatives, including the improvement of working conditions and supplementary possibilities for employees in their HR policies. The main directions of observed policies contain the following:

1) *Working safety – complying to international standards*

In providing the safety of working conditions, most companies under research follow international standards guidelines. 5 of 7 researched enterprises have the certificates of OHSAS 18001 standard (1 is in the process of certification). The standard contains globally acknowledged recommendations on the technical and management modifications of enterprises in order to improve the risks identification, their elimination and monitoring processes in the company.

While visiting the companies, we had an ability to assess the level of working safety achieved. Due to a high level of automation on the majority of enterprises, the production process doesn't require significant physical efforts of the workers, whose main functions are controlling and monitoring the equipment operations, which reduces the pressure put on their health significantly. Automation also improves monitoring process, providing constant control of the operations and immediate notification of employees in case of emergency situation occurring. The only exception in that issue is Gillette factory, which production process is surprisingly still mostly manual, and hand work with sharp blade razors doesn't provide the sufficient level of safety, in our opinion.

On all the enterprises the employees are provided with working coveralls, which includes clothes, shoes, glasses, helmets and earplugs if necessary. In all of the companies employees are provided with safety information in the form of brochures, instructions or courses. The companies also constantly monitor the safety characteristics, usually in terms of injuries and accidents of the production process. Apart from providing those data in sustainable reports (usually on the global basis), companies like Philip Morris and Baltika also have another interesting initiative - so-called "safety clocks", counting the time without production injuries and victims, thus ensuring high level of transparency and increasing the employees' confidence in working safety.

2) *Working trainings and opportunities for development*

One of the additional opportunities, offered by these companies to their staff is an ability to develop and study on their working places. Being the affiliated business units of multinational enterprises, these companies have such a peculiarity that they unite employees from different countries with different cultures, business methods and different strengths and weaknesses. Thus, in order to use that as an advantage, companies build creative atmosphere in all their subsidiaries, educating personal to provoke the emergence and exchange of new ideas and practices.

Some of the companies, like Coca-Cola Hellenic and Heineken, organize international trainings to prepare world-class professionals, which can be then distributed to different subsidiaries of the companies. Heineken also has its own program for developing personnel locally, which is realized in 3 main directions: functional expertise, leadership competence and knowledge of the business. It is based on the philosophy "70-20-10", where 10% stand for training and educational courses contribution, 20% signify the help and counseling of mentors, and 70% stand for knowledge attained during practical decision-making

(<http://www.heinekenrussia.ru/sustainability/>) The program is realized also through Heineken University, being a platform for all the trainings and courses, educating personnel in accordance with the direction of company's strategic development. Gillette factory also develops employees on the basis of "Diversity and Equal opportunities" program, recognizing the cultural peculiarities of working in a multinational company, and striving to involve each employee in the development of corporate culture and to create a unity of different people working together for a common goal.

Also promoting international knowledge and ideas exchange, Hyundai Company organizes professional courses in South Korea and business trips to different foreign factories providing the exchange of best methods and practices among its business units. JTI provides foreign language courses (English language in Russia) and has a program for developing the individual potential of each employee, called Local Career Path, where the achievements of each member of the staff are evaluated on the annual basis.

These examples illustrate that companies under consideration treat their personnel as an important asset, and are ready to invest significant time and financial resources in its development.

3) *Medicine, insurance and other additional possibilities*

Treating employees as significant assets, companies under consideration also offer other supplementary opportunities for their staff members. For all of the observed companies this includes voluntary health insurance, corporate events and gifts for holidays or important personal dates. Among other additional opportunities are, for instance, Hyundai having special conditions and discounts for employees buying automobiles of the company. JTI offers partial financing of voluntary health insurance for employees' close relatives. Coca-Cola is focused on employees' adherence to a healthy lifestyle, which is promoted by organizing corporate sport competitions on an annual basis. This direction is also supported by Baltika, which in addition to corporate sport events, offers to its personnel free gym and pool services, provides them with free tours to a health center and preferential tours to health camps for their kids.

All these initiatives not only provide companies with healthier workers and improve the corporate culture and cooperation in the company. They also present these companies as attractive employers, helping them in tough competition for best professionals on the labor market.

4.1.3 *Environmental policies*

The following direction of CSR strategy includes the measures provided in order to decrease the environmental load of company's performance on the condition and amount of natural resources it affects. These measures can be oriented on the reduction of water, air or soil contamination, decrease in resource usage and improvement of local environmental conditions. The range of environmental measures, applied by studied MNEs' subsidiaries is presented in the table below: (see Table 4.2.)

Having examined the policies of studied MNEs, we outlined the following tendencies of their environmental initiatives:

1) *Following international standards*

One of the common features of environmental policies in studied companies is their adherence to international standards of such practice, in particular ISO 14001 guidelines. The family of ISO 14000 standards is focused on practical aspects of turning a company into a more environmentally friendly one. ISO 14001 specifically presents guidelines for creating an environmental management system on the enterprise, which is based on Deming's Plan-Do-

Check-Act circle. Thus, following this standard, a company develops a consolidated and strategic approach to its environmental performance, founded on constant monitoring, analysis and improvement of realized initiatives (Butorina, 2013).

Table 4.2. Environmental policies: main directions and initiatives

Companies	Main directions of policies	Examples of initiatives
Hyundai Motor Manufacturing Rus	<ul style="list-style-type: none"> ○ Recycling; ○ Water and Energy saving; ○ Air emissions elimination 	<ul style="list-style-type: none"> ○ 90% of waste recycled; ○ Waste water cleaning and reusing; ○ Filtration of air emissions – 98% of harmful substances eliminated
Brewery Heineken	<ul style="list-style-type: none"> ○ Water saving; ○ Energy saving ○ CO2 emissions reduction ○ Resources reuse 	<ul style="list-style-type: none"> ○ Waste water treatment (goal to achieve 100% neutral water use) ○ Using the energy of steam-generator condensate; ○ Reusing the yeast in brewing; ○ Using LEDs for lighting ○ Developing eco-fridges
Baltica	<ul style="list-style-type: none"> ○ Reducing CO2 emissions; ○ Water saving; ○ Reducing environmental load 	<ul style="list-style-type: none"> ○ Filtration of air emissions; ○ Reusing the yeast and steam generator condensate; ○ High level of water reuse and treatment; ○ Recycling wastes and packaging
Philip Morris Izhora	<ul style="list-style-type: none"> ○ Water consumption control; ○ Waste and recycling; ○ Energy and CO2 management 	<ul style="list-style-type: none"> ○ Using water control valves and reusing water; ○ Decreasing the machines washing time; ○ Waste recycling; ○ Installing variable speed drives on air handling units
JTI	<ul style="list-style-type: none"> ○ Water saving; ○ Energy and CO2 emissions ○ Waste management 	<ul style="list-style-type: none"> ○ Using steam condensate recirculation; ○ Using water balance tool to decrease water losses; ○ Up to 80% of waste recycled; ○ Cardboard cases reuse (40% of waste)
Coca-Cola Hellenic	<ul style="list-style-type: none"> ○ Rational water use; ○ Energy saving and fighting climate change ○ Waste management and recycling 	<ul style="list-style-type: none"> ○ Waste water treatment and water reuse; ○ Replacing water cooling systems with air cooling; ○ Renewed equipment reduces 40% of Co2 emissions; ○ Using the ventilated air from one room for heating the other; ○ Increasing the share of recycled package;

Gillette	<ul style="list-style-type: none"> ○ Conservation of resources ○ Renewable resources ○ Worth from waste 	<ul style="list-style-type: none"> ○ Reducing the volume of packaging material used; ○ Reducing the plastic and polyvinyl usage in the production process; ○ Waste sorting and treatment; ○ LEDs lighting
----------	--	---

Source: information from visits to the companies, CSR reports and their corporate websites, for full list of references see Appendix 2

Among 7 researched enterprises, the Saint-Petersburg subsidiaries of Hyundai, Baltika, JTI, Coca-Cola Hellenic and Gillette companies are already certified in accordance with ISO 14001 standard requirements. The rest of studied companies, although not yet certified, belong to MNEs, implying ISO 14001 guidelines in their practice, thus it is only a question of time for them to become certified as well. The observed tendency serves as characteristic of both studied subsidiaries and MNEs they belong to. It shows the global scale of MNEs eco-friendly performance, illustrating that companies don't stop on implementing these technologies in the production units of domestic market, but spread the initiatives abroad to its subsidiaries, including Russian ones. As for studied enterprises, the implementation of ISO 14001 guidelines proves that they take eco-friendly performance seriously, implying a complex of initiatives in different spheres and creating a whole management system oriented on their monitoring and development.

1) Environmentally friendly production process

The foregoing is supported by the consolidated approach that studied companies use in developing their environmental policies. Each company is realizing eco-friendly initiatives oriented on improvements in not one, but several environmental spheres, implying fundamental changes to different parts of their production process. The directions developed by most of observed companies in their environmental policies include water and energy saving, reduction of harmful emissions and wastes, decreasing resource intensity of production process and recycling initiatives. The summarized description of the main directions of environmental strategies and realized initiatives and projects are presented in the table below

The observed findings show that studied companies realize well-developed ecological policies, which main focus is concentrated on providing the economy of resources, used in the production process. Such initiatives as reuse of yeast and grain in beer production, setting LEDs for lighting

the rooms, or using water and energy from the steam condensate recirculation provide not only the decreasing of the environmental load of the company, but cost saving as well. This fact gives companies more reasons and stimuli to apply such initiatives in their production process.

Also companies seem to follow best-practice approaches, monitoring the environmental performance of competitors in their industrial sectors and applying same frameworks of eco-friendly initiatives. This tendency can be seen in many similarities in beverage companies Baltika, Coca-Cola Hellenic and Heineken policies, or tobacco companies JTI and Philip Morris environmental performance.

A significant contribution to turning the production process into more eco-friendly is earned through applying the achievements of technological progress in companies' operational sphere. Most of the companies invest significant financial resources in setting modernized and more environmentally efficient machines and equipment on different stages of the production process.

The examples include steam condensate recirculation equipment, applied by 3 studied companies, or complex air filtration systems for decreasing emissions. In our opinion, such initiatives illustrate the integration of environmental initiatives into the strategy of companies' long-term development, presenting the environmental direction of performance as an important strategic issue of their operational activity.

2) Eco-friendly products

In line with changing the production process to reduce the amount of resources used and negative effect on nature, the observed companies also pay attention to the environmental load of the products they offer to their consumers. The initiatives of this direction in environmental strategy include changing the type of resources used to less harmful for nature and recyclable, reducing the resource intensity of the products and changing their characteristics in order to reduce the negative consequences of their usage.

One of the most significant contributions to the development of that direction is realized by Hyundai Motor Manufacturing Rus company. The company realizes a strict control of resources used in production of its automobiles. Following the initiative of the head office, it placed a ban on using 4 hazardous types of metal - lead, mercury, cadmium, and hexavalent chromium, as their use has a negative effect on the environment and human health. For painting the cars the company uses environmentally friendly water-based paints. The factory tracks the carbon

footprint of its automobiles, producing cars which comply with strict European standards. The engine of Hyundai Solaris provides an efficient and eco-friendly usage of fuel, producing the level of emissions complying with Euro 4 standard requirements. An average level of CO₂ emissions of Hyundai cars is 158.5 g/km, which is lower than the average level of emission in Russia (179.9 g/km) (<http://www.hyundai.ru/>). The parent company has also developed two hybrid models Sonata Hybrid and Avante Hybrid, but these models didn't enter Russian market, so they aren't produced on Hyundai Motor Manufacturing Rus factory.

Another example here is Gillette factory, working on the improvements in packages of final products. It produces redesigned packaging for Venus and Olay razors, which contains recycled plastic and is fully recyclable, and consists of 26% less plastic in total. The Gillette blades and razors also gained changes in packaging – the company refused to use plastic thermoform clamshells and replaced it with paperboard primary carton. The initiative led to reduction of 164000 kg of material used per year (<http://www.pg.com>). The initiatives of eco-friendly improvements in packaging have been held also in beverage sector enterprises – Coca Cola Hellenic, Baltika and Heineken. These enterprises mostly strive to reduce the weight of packaging, by inventing new lighter glass, plastic or aluminum packing. But the ecological compatibility of used packing is significantly challenged by the lack of waste sorting and recycling culture development in Russia. Thus, the level of reused packing in this sphere is rather low in comparison with foreign resultd, for example, in Heineken Russian subsidiaries the average indicator is only 11 %, while group Heineken achieved 45% globally (<http://sustainabilityrussia.ru>).

3) Controlling supply chain performance

One of the tendencies observed in environmental policies of the studied companies is that the boundaries of their eco-friendly performance are wide enough to include the supply chain members in their initiatives. All of the companies pay attention to CSR performance of their suppliers, adding this characteristic to the main criteria for the choice of suppliers and stating the requirements to their performance in environmental and social sphere in Supplier Codes and while concluding the contracts. Being beneficial partners with large-scale purchases, studied companies manage to conduct such a policy even in Russia, where the amount of enterprises paying attention to such issues is still rather low.

Also companies monitor the environmental effect of their distribution procedures, controlling the transporting and retailing services. In studied beverage companies, the main focus is concentrated on the usage of “green fridges” – refrigerators, using hydrocarbons which aren't harmful for ozone layer and LEDs for lighting, helping to significantly decrease the carbon footprint and provide energy savings. Such initiatives are realized by Coca-Cola Hellenic and Heineken, and represent important directions of their environmental policies. For example, due to lack of medium-sized eco-fridges models suitable for Russian retailers, Heineken in collaboration with its suppliers developed a new test-model of such a fridge. The company is also currently developing the idea of decreasing the supplies to small retailers and increasing the amount of products distributed through large supermarkets, in order to use it for reducing the carbon footprint of the company (<http://sustainabilityrussia.ru>).

4.1.4 Economic aspects – focus on company's interests

Studying CSR performance as strategic initiatives of large commercial enterprises, we believe that the economic aspects of observed CSR policies can't be excluded from the sphere of our concern. Without denying all the high and humane motives of these policies, we are still dealing with seeking profit organizations, which need to focus on their costs, revenues and other financial indicators in order to stay competitive and livable business units. Thus, we supposed that the economic side of CSR strategies could hardly be forgotten and studied the CSR policies of the chosen enterprises also in relation to the costs and benefits they provided, considering economic effect they had on companies' performance. Our study outlined the following tendencies:

1) *Focus on economic reasoning of CSR initiatives*

While visiting companies, we often questioned their representatives, why one or another best-practice method wasn't applied in their performance. The most often answer we got was that this initiative wasn't feasible and economically reasonable in their case. For example, while telling about the filtration systems implemented at the Philip Morris Izhora factory, a member of ecologists department admitted that the level of air purification could be higher, but the costs of additional filtration system improvements were considered irrational in terms of the production volume and revenues of the factory. In his words,

“Yes, there exist even more modernized technologies for filtration, which are implemented for example in the JTI enterprise. But in their case the usage of these

equipment is justified, as they have local settlements at a closer distance. And they were constantly receiving complaints on the smell and quality of air from these citizens. In case of our enterprise there are no such precedents, thus the application of more modernized systems is economically unreasonable. Our company always performs an analysis of costs and benefits before approving eco-initiatives. We will hardly ever apply an unreasonably expensive measure, even if it is very eco-friendly”.

Another example is Gillette factory, which clearly stood out among observed enterprises in terms of production process automation. While all other companies showed high levels of modernization, using workers for mostly monitoring and controlling the machines work, most part of the production process at Gillette was realized manually with the forces of workers, methodically and repeatedly performing same actions. Some of the workers had to deal with sharp blades, collecting them and identifying their quality with bare hands, which seemed to be unsafe and inappropriate for us, as such work could hardly provide not only safety but the development and improvement of the working staff capabilities. But answering our questions about the reasons of such low levels of automation and unsafe working conditions for some workers, the Gillette representative said:

“...there are ways of making our production more modernized, but the costs of such equipment are irrational in case of our production volumes. For us it is more reasonable to keep the things as they are now”.

Thus, given examples illustrate that expensive CSR initiatives, especially related to modernization of equipment or fundamental changes in production process, tend to be subjects of strict cost-analysis at observed enterprises. Being a natural part of business decision-making, such approach still can significantly restrict CSR measures application and is a sign of economic sphere domination in triple-bottom line pattern of CSR strategies.

2) *The prevalence of cost-saving environmental measures*

While analyzing the environmental policies of studied companies, it becomes clear that most of the measures taken are beneficial not only for the nature, but for the enterprises themselves as well. The observed companies tend to focus on those environmental measures, which can offer economic benefits, for instance by reducing the costs of the company and improving its

production efficiency. All the main directions of environmental policies, applied by studied companies have their positive effects on the financial and economic state of enterprises.

The examples of gains from eco-friendly initiatives implemented in the studied enterprises are presented in the table below (see Table 4.3)

Table 4.3 The potential benefits for the studied companies

Measures	Economic benefits	Economy examples
<ul style="list-style-type: none"> ○ <u>Water management:</u> ○ Water balance tool for decreasing the losses; ○ Reusing water; ○ Waste water treatment; ○ Decreasing the machine washing time 	<ul style="list-style-type: none"> Reduction of water consumption costs; Reduction of governmental fees for waste water discharging; Saving the costs of intermediary water treatment 	<p><u>"Brewery Heineken"</u>:</p> <p>Economy of water (2012)*:</p> <ul style="list-style-type: none"> ○ 0,1 hl per hl of beer produced ○ 500000 hl of water annually; ○ reduction of water consumption costs – 169000 rub; ○ reduction of water discharging costs – over 1,09 mln rub
<p><u>Air emissions management:</u></p> <ul style="list-style-type: none"> ○ Implementing air filtration systems; ○ CO2 emissions control ○ using ventilated air for heating 	<ul style="list-style-type: none"> Reduction of governmental charges for air pollution 	<p>In case of not exceeding the maximum permitted concentration levels, the base pay rate decreases in 5 times in average, f.e.**:</p> <p>NO–52 rub/t. (260 rub if exceeded);</p> <p>CO – 0,6 rub/t (3 rub if exceeded)</p> <p>CH4 – 50 rub/t (250 rub if exceeded)</p>
<p><u>Energy management:</u></p> <ul style="list-style-type: none"> ○ Using alternative energy sources; ○ using eco-fridges; ○ using LEDs lighting 	<ul style="list-style-type: none"> Reduction of energy consumption costs 	<p><u>JTI PETRO:</u></p> <p>Initiative: the transfer of boiler from diesel to gas fuel – 5-6 times reduction in costs achieved;***</p>
<p><u>Resource management:</u></p> <ul style="list-style-type: none"> ○ Reusing resources; ○ Reducing the resource-intensity of products and packaging 	<ul style="list-style-type: none"> Reduction of resource supply costs 	<p><u>Gillette (P&G)****</u></p> <p>Initiative: change of packaging from plastic thermoform clamshells to a paperboard primary carton — over \$1 million cost saving per year globally.</p>

Source: information from visits to the companies, corporate websites and governmental regulations, the full reference list can be seen in Appendix 2

* Counted by authors on the basis of CSR report data, production volume data from corporate website and water consumption and discharging rates from Saint-Petersburg Tariff Committee

** Data from Russian Federation Decree № 344 dated 12.06.2003 (as revised in 12.06.2013)

*** Data from interview with JTI-PETRO general manager Andrew Newton, provided in expert magazine <http://expert.ru/northwest/2010/50/perelomit-privyichku/>

**** Information from global P&G website <http://www.pg.com>

For instance, applying water-saving measures, companies orient on reducing water consumption, thus protecting the amount of natural water reserves, saving water for the needs of modern and future generations. But in line with this selfless goal, companies gain significant economy by reducing the payments for water use and water discharges, which according to Saint-Petersburg Tariff Committee information are 3,54 rub/m³ and 22,76 rub/m³ respectfully in case of using the services of municipal enterprise “Saint-Petersburg Vodokanal”, and even higher in case of partnering with private business representatives. (<http://www.tarifspb.ru>) Water saving initiatives gain special attention of beverage companies, as the economy of one of the most important resources provides opportunities for significant cost reduction. The same principle works for energy-saving or any other kinds of resource-saving policies, as the less resources companies use, the less their costs are. Thus, even though the renewal and modernization of equipment within CSR policy framework usually requires investing significant financial resources, the return on such investments is a never-forgotten condition.

Another example is such direction of environmental policies as the reduction of environmental pollution, based on implementing air filtration systems, reducing CO₂ emissions and improving waste water treatment and recycling systems. In line with fighting with climate change and natural resource depletion issues, such initiatives decrease the sums of ecological fees and charges, placed on companies by the government. For instance, according to Russian Federation Government Decree № 344 issued 12.06.2003 and revised in 2013, the fees on air and water emissions of pollutants are rather high and, depending on the type of material, range from several rubles to several millions of rubles per ton of pollutant emitted. And in case of exceeding the limits defined by the government, the sums of fees increase significantly, usually in 5 times in average (<http://base.consultant.ru>). Thus, this direction of environmental policy is economically beneficial also, providing companies with real cost-saving opportunities.

Summarizing the foregoing, most of environmental issues have their economic advantages due to cost-saving. Continuing the logic, the reduction of production process costs in its turn offers companies an opportunity to either increase the margin of their final products or decrease the price, thus making the products more competitive and attractive to customers, which can

significantly increase sales volumes and profit of enterprises. Thus, the described initiatives can not only represent the measures applied in the CSR policy framework, but also can be integrated into companies' main operational policies, becoming important parts of their long-term evolution.

3) *Opportunities for public relations improvement*

Having studied the information provided in sustainable reports, corporate websites and mass-media sources, we can conclude that enterprises under consideration are always ready to present the achievements of their CSR policies to communities. All of the corporate websites contain the 'publications' section, presenting mass-media information on different companies' initiatives, in which CSR measures are among more and more often mentioned. As CSR and sustainability issues are on the emerging stage in Russia, only gaining popularity in business sphere, international companies, such as studied in this research paper, represent the drivers of CSR and sustainability concepts spreading in the country, thus they attract the special attention of mass media representatives. And companies can earn their advantages from it, representing themselves as responsible community members and more attractive employers. Thus, even though the sustainability characteristics of producing companies may not be among major product characteristics in Russia, the positive impression of sustainable companies still provides them with additional economic benefits. It's especially important for companies representing 'adverse' industries, such as beer and tobacco production, giving them a chance to win a better community perception. And as for tobacco companies this opportunity is significantly limited by law restrictions, beer companies can still enjoy this positive influence effect.

4) *Opportunities for better human resources use*

Including the development of better employees' management policies into CSR strategy framework, companies also gain benefits from more efficient and productive human resources use. Investing heavily in employees education and the improvement of their creative and leading skills, companies evolve their potential for creating new ideas and improving the performance of the company, which they enable by developing corporate systems for information distribution and knowledge and ideas effective exchange. They also provide themselves with healthy workers, ensuring high levels of working safety and medicine services, which improves their working efficiency and decreases the number of down times and medical leaves. All these

positive effects have a potential for significantly improving the production efficiency of the enterprise.

To sum it up, the analysis of CSR policies developed in chosen MNEs' Russian subsidiaries points them out as important directions of their long-term strategic development. Studied companies apply consolidated and strategic approach to CSR performance, realizing it not as a set of scattered initiatives, but more like a range of concrete policy direction with long-term and short-term goals and significant time and financial resources applied. In social policies it is shown by companies' definition of few focus areas in societal issues, and consequent work oriented on their solution, with some of the companies realizing large-scale projects provoking the attention and contribution of local community members. While in environmental policies the strategic approach is seen in companies' willingness to realize fundamental changes in their production process, requiring heavily investing in new environmentally friendly technologies and equipment in order to provide resource economy and decrease the polluting discharges. But apart from positive effect of decreasing the environmental load of companies' production process and preserving natural resources, companies gain benefits for themselves as well. Focusing on the economic aspects of CSR policies, we outlined such positive effects of CSR policies as cost reduction, reputation improvement and the improvement of human resources capabilities, which all can lead to the improvement of companies' performance.

The chapter continues with the comparative study of global and Russian CSR strategies. Such a research can help us to see whether there are some fundamental changes in Russian subsidiaries approach, or their CSR performance is totally similar to the policies applied by the parent company on other operational markets.




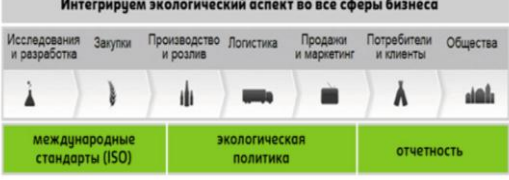

4.2 Comparing Russian local CSR strategies with their global analogues

Studying the CSR performance at subsidiaries of large multinational enterprises, operating on many different markets, we couldn't help but wonder how CSR strategies for Russian market are formulated and what the actual contribution of Russian subsidiaries management in their preparation and development is. While applying strategies for different markets that MNEs operate on, these enterprises can choose either to use one universal variant for all the markets or develop a unique strategy basing on each markets issues and conditions. (Bartlett and Choshal, 1989) And some authors like Baron (1995) and Lucea and Doh (2012) state that the choice of approach can significantly influence the efficiency of the strategy, and in case of CSR policies which largely depend on the peculiarities of social, political and economic state of markets (or

countries), the localized (multi-domestic) approach can be a better choice than the (centralized) global 'one-size-fits-all' one. Thus we will continue with comparing global CSR strategies with Russian ones to make a conclusion about the choice of approach, applied by the studied enterprises.

While comparing the global and Russian CSR strategies, the first thing that attracts the attention is a lot of similarities observed. In most of the studied companies the main directions of CSR policies in Russian subsidiaries are similar to global ones. In some cases Russian subsidiaries even apply the same terms and schematic logic: (see Picture 4.1.)

Table 4.4 The examples of global and Russian strategies visual similarities

 <p>Heineken – global CSR strategy</p>	 <p>Heineken Russia CSR strategy</p>
 <p>Carlsberg Group CSR strategy</p>	 <p>Baltika CSR (environmental) strategy</p>
 <p>Hyundai CSR strategy – identical for parent and Russian subsidiary</p>	

Source: Heineken, Coca-Cola and Baltika (Carlsberg) global and Russian CSR reports

In the other studied companies the Russian CSR strategy presentation does have some differences: (see Table 4.4):

Table 4.5 Comparing the CSR strategies of Russian subsidiaries and their parent companies

Companies	Parent CSR strategy	Russian subsidiary variant
Philip Morris Izhora (Philip Morris International Inc.)	<ul style="list-style-type: none"> ○ Environmental performance ○ climate change, ○ good agricultural practices, ○ agricultural labor practices ○ rural communities - hunger and extreme poverty, education, rural living conditions, domestic violence, and disaster relief. ○ workplace safety 	<ul style="list-style-type: none"> ○ Environment protection ○ Improving local community life – fighting with hunger, poverty, family violence and natural disasters consequences; developing educational systems;
JTI-PETRO (Japan Tobacco Inc.)	<ul style="list-style-type: none"> ○ Human Rights; ○ Labor practices – focus on health, safety and employee satisfaction; ○ Environment – focus on sustainability; ○ Fair operating practices; ○ Consumer issues ○ Community involvement and development ○ Transparent and sound business governance 	<ul style="list-style-type: none"> ○ Community issues - Informing about risks of smoking; - Trying to decrease them - Informing about product consistency; - Preventing underage smoking - Respect between smoking and non-smoking; - Respecting local laws and norms ○ Environmental issues ○ Employees safety
Gillette & Procter Gamble	<ul style="list-style-type: none"> ○ Conservation of Resources ○ Renewable Resources ○ Worth from Waste ○ Comforts of Home – helping homeless ○ Health and Hygiene – addressing critical social issues 	<ul style="list-style-type: none"> ○ Reducing waste and Recycling ○ Resource conservation and consumer satisfaction; ○ Renewable energy and CO2 reduction ○ Neutral water use ○ Health and educational programs for kids ○ Helping parentless and homeless kids
Coca-Cola Hellenic	<ul style="list-style-type: none"> ○ Water stewardship ○ Energy and climate ○ Packaging and recycling ○ Consumer health ○ Employee development ○ Supplier engagement ○ Community involvement ○ Anti-Corruption 	<ul style="list-style-type: none"> ○ Community development ○ Environmental protection ○ Care for its employees / Occupational health and safety ○ Social and charity projects ○ Supplier relations ○ Customer relations / Product quality and packaging.

Source: see Appendix 2 for full reference list

But although the formulation of main CSR policy directions is noticeably different, the actual focus areas defined in Russian subsidiaries in the end still seem to be mostly similar to the one outlined by the parent company.

Comparing local and global CSR strategies of Philip Morris Izhora and its parent company, we noticed that the Russian variant is almost exactly similar to the strategy of Philip Morris International Inc. Although Russian strategy doesn't allocate the Climate change direction and outlines only Environmental Performance focus area. Russian strategy also doesn't address the 'agricultural' or 'rural' aspects in their social policies, but the societal problems Russian strategy focuses on are exactly the same as global ones – hunger, poverty, family violence, disaster relief and education development.

The similarities of main directions of CSR policy are numerous in case of r JTI-PETRO and its parent company JTI Tobacco Inc. Presenting a more detailed view on human rights, Russian strategy enumerates several focus areas including informing about risks of smoking and tobacco product consistency and promoting respect between smoking and non-smoking, while in parent strategy it is all included in one direction. The issues of fair operating practices and transparent and sound business governance in Russian strategy are formulated as “respecting local norms and laws” direction. Presenting underage smoking prevention as a separate goal, Russian in its turn doesn't address such issues as employees' satisfaction and community involvement, but focuses on “employees safety” and “community issues” goals, thus, to our mind, showing less developed relationships with employees and community members.

Comparing the CSR strategy of Russian Gillette subsidiary with its parent company policy, the common focus areas are also present. Although in Russian subsidiaries the environmental policy directions are described in more details, than in global strategy, as there are separate focus areas for Renewable energy and CO2 reduction and Neutral water use, but parent company addresses those issues also, just without outlining them. But the orientation of social policy on health and hygiene issues and helping homeless or living in difficult conditions is common for both, Russian subsidiary and parent company strategies.

The example of most noticeable differences existing between list of CSR strategic directions of Russian subsidiaries and their parent companies is the CSR policy of Coca-Cola Hellenic Company.

At a first glance, there are no fundamental changes for local Russian strategy of Coca-Cola Hellenic, except from the absence of anti-corruption direction, which actually could be very important for Russian institutional environment. Maybe the company just doesn't want to put such a hard-to-reach goal, or doesn't believe in its realization in case of Russia at all.

But even apart from this difference, there are some details in Russian subsidiary formulation of CSR focus areas, which, in our opinion, significantly influence their meaning in the end. While global company focuses on the health of its customers, Russian strategy outlines the importance of relations with them, thus paying more attention to PR sphere, than to the well-being of consumers. While global strategy represents "employee development" role, probably meaning the evolvement of their capabilities, Russian subsidiary puts more accent on their health and safety. While Russian strategy focuses on community "development", global strategy puts pressure on its "involvement", which, to our mind, transfers the accent from improving the life of local communities to doing it on the basis of local stakeholders' engagement and partnership with them. The same thing can be said about the suppliers direction, as the choice of "engagement" and "relations" words significantly changes the goals put by parent company and Russian subsidiary. While Russian strategy underlines the importance of social programs, putting it in a separate direction, global strategy puts more accent on environmental side, allocating Water and Energy and climate directions, and mentioning "recycling" sphere, which isn't mentioned in Russian strategy.

Thus, although Russian strategy of Coca-Cola Hellenic is clearly based on the global one, but, in our opinion, it actually represents another level of CSR performance development, as it is based on setting more simplified goals in comparison to the targets of a parent company. The same thing, to some extent, can be said and about JTI, Gillette and Philip Morris companies as well. But even though there are some changes done for applying global strategies on the Russian market, still, we think that it is actually a sign of using a more centralized approach, than an indicator of CSR strategy localization. Although there is some adaptation to Russian market conditions, it is realized not by the choice of different focus areas, but through the simplification and restriction of already prepared ones.

Thus, the comparison of the main focus areas of CSR strategies developed by parent companies and Russian subsidiaries indicates on a more centralized approach used by studied enterprises, as their Russian subsidiaries either copy parent strategies or use shortened and simplifies variants of them. It shows that Russian strategy focus is encouraged not by the expectations of local

stakeholders and local environmental issues, but by the CSR strategy focus of the parent enterprise.

To widen the sphere of our comparison, in addition to studying main directions of CSR policies, we focused on matching the largest CSR projects of Russian subsidiaries with parent companies' large-scale initiatives. And in all the companies the correspondence of Russian projects with projects realized in other countries' subsidiaries is easily traced. The examples of this correspondence are presented in the table below. (see Table 4.6)

As it can be seen in the table, each of the Russian strategies in studied enterprises contains a number of projects, which analogues are realized in other operational markets of parent companies. And usually these projects are present both in environmental and social directions of CSR policies and represent either large-scale social events (like Volga Day by Coca-Cola Hellenic; Beer patrol by Baltika; .NET project by Heineken) and programs or fundamental environmentally friendly changes in the production process (like developing eco-fridges by Heineken or implementing systems for byproducts reuse by Baltika), which together constitute the most significant part of CSR strategies. Such approach is undoubtedly a sign of spreading CSR policies to all the areas of functioning, which is a positive characteristic of enterprises' CSR performance. But applying centralized-globalized framework to studied correspondence in strategies, we can suppose that it is also a sign of more centralized (global) approach, as the choice of large projects development seems to be based on a globally universal strategy framework more than on the specific social and environmental issues of each market (country) the company operates on.

But to our mind there are some signs of global CSR strategies adaptation to Russian market in philanthropic sphere. As it has been mentioned before, there is some kind of social policies focus on helping children, which we noticed while studying the CSR policies of Russian subsidiaries. But we didn't notice such a tendency in global strategies, may be due to a wider sphere of social issues addressed. Also the special attention to elder people and veterans seems to receive special attention of Russian subsidiaries, which may be linked to Saint-Petersburg being the Hero city of the Great Patriotic War. Either way, these focus areas are mostly developed by Russian subsidiaries philanthropic actions, which is only one sub-direction of CSR strategies, and, to our mind, it isn't enough for stating the localized approach of applying CSR strategies in Russia.

Table 4.6 Examples of Russian CSR projects and their global analogues

Company	CSR policy direction	Russian project	Global analogues
Coca-Cola Hellenic	<ul style="list-style-type: none"> ○ Water stewardship ○ Sports and Physical activity 	<ul style="list-style-type: none"> ● Volga Day ● Competitions for non-professional football teams 	<ul style="list-style-type: none"> ● Danube Day (Croatia, Ukraine, Hungary); Vistula Day (Poland) ● Coca-Cola Cup for 3800 football teams (Poland);
Philip Morris	<ul style="list-style-type: none"> ○ Hunger and Poverty ○ Education 	<ul style="list-style-type: none"> ● Wheelchairs, blankets and food for elder and poor ● trainings for school teachers 	<ul style="list-style-type: none"> ● Providing food for 66000 people in need (South Africa); ● scholarships for poor students (Indonesia)
JTI	<ul style="list-style-type: none"> ○ Supporting Arts ○ Aid programs for disabled 	<ul style="list-style-type: none"> ● Sponsoring Mariinsky theatre and Hermitage; ● Publishing St.Petersburg Atlas for blind people; 	<ul style="list-style-type: none"> ● Supporting the Louvre (Paris); the Prado (Madrid), Rijksmuseum (Amsterdam), ● the Royal Academy of Arts (London) performance in Leonard Cheshire Disability residential home
Heineken	<ul style="list-style-type: none"> ○ Underage drinking ○ Energy and CO2 reduction 	<ul style="list-style-type: none"> ● “.NET” program – eliminating selling of beer to under-aged ● Developing eco-fridges for Russian retailers 	<ul style="list-style-type: none"> ● “I am 18+” campaign of educating bartenders and young people ● “ICOOL project” – developing energy efficient eco-fridges
Baltika (Carlsberg)	<ul style="list-style-type: none"> ○ Energy and CO2 ○ Responsible drinking 	<ul style="list-style-type: none"> ● Reusing the yeast and steam generator condensate ● “Beer patrol” program 	<ul style="list-style-type: none"> ● Waste to Energy program – reuse of byproducts (realized in ● “Drink with respects” campaign (Tuborg brand); “Appearances can be deceptive, ID is not” campaign (Carlsberg Polska)
Gillette (P&G)	<ul style="list-style-type: none"> ○ Health and Hygiene 	<ul style="list-style-type: none"> ● health-saving technologies at schools 	<ul style="list-style-type: none"> ● Providing health and hygiene capabilities to kids (Crest, Oral-B)

Source: information from global and Russian CSR reports of studied companies and their corporate websites

But it's hard to make some conclusions about the choice of globalized or centralized approach, applied by studied enterprises for Russian market, basing only on a comparative study of main directions and large projects realization. We find it reasonable to supplement it with studying the *Bodø Graduate School of Business, 2014*

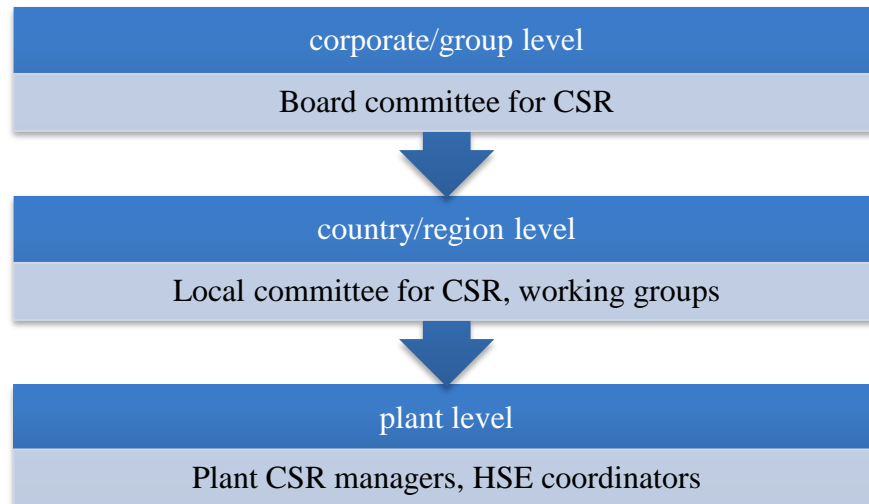
internal processes connected with Russian strategy formulation. Thus, we will continue the chapter with studying the openness of CSR strategy formulation processes for Russian subsidiaries influence and contribution.

4.3 Openness of CSR strategies in Russian subdivisions

Talking about strategic openness and closeness we should clearly specify that strategy can be neither opened nor closed completely (Whittington et al., 2011). The same approach we are going to project on the CSR strategy planning process. In this chapter we are not even going to evaluate the extent to which CSR strategy of MNEs operating on Russian market is opened or closed. We are intended to provide a broad discussion on the topic characterizing thus CSR strategies of international companies' subdivisions operating in Russia in terms of its openness and closeness and defining some peculiarities.

We will try to disclose openness and closeness of strategic CSR planning in MNEs operating on Russian market, using the example of seven enterprises which we have visited: Coca-Cola Hellenic, Heineken Russia, Baltica, Philip Morris Izhora, JTI, Procter & Gamble Gillette and Hyundai Motor Manufacturing Rus. Before going deeper into the details in opening CSR strategy in Russian subdivisions of these companies we would like to examine the structure of CSR management with respect to the overall company in order to understand the Russian enterprises contribution to strategic planning and engagement in CSR strategy.

Having searched through the official websites, CSR and Sustainability reports of most stated companies we've come to the conclusion that CSR governing has more or less the same features almost everywhere. Thus basing on the example of the most advanced CSR management structures (Carlsberg CSR report, 2013; Coca-Cola HBC Eurasia Sustainability report, 2012; Heineken: Brewing a better future, 2012) we have developed kind of generalized CSR governance model which is peculiar to MNEs (see Fig. 1).



Source: based on CSR and Sustainability reports, corporate websites, observations and interviews (for more information see Appendix 2)

Figure 4.1 CSR governance model

Global company's CSR strategy is usually governed from above. Having asked representatives of all the studied companies we understood that CSR practices are initiated and governed by some kind of supervisory board or committee at the group or corporate level. And as a matter of fact the process of CSR strategy formulation is taking place at this level.

At the country or regional level local committees for CSR are responsible for realizing the global CSR strategy. Such local committee can be supported by kind of working groups responsible for different CSR strategy dimensions. Managers from the working group usually collaborate with functional managers on the enterprise and collect data for reports. This level management is accountable to the Board committee or council for CSR.

And plant-level CSR managers or HSE coordinators adopt the existing CSR strategy and implement it in practice, providing local reports and giving an account of its realization to the local committees or working groups.

Thus we can clearly see the Russian enterprises engagement in structure of the overall MNEs CSR strategy management. Subdivisions operating on Russian market are governed on the plant level and deal with just strategy realization. But such subdivision's engagement in CSR governance process does not explain the extent to which CSR strategy is opened or closed. In order to disclose CSR strategy openness in the context of Russian subdivisions of global corporations we used Whittington et al. (2011) approach according to which the greater internal and external strategic inclusion and transparency bring about strategy opening.

4.3.1 Examining CSR strategy openness – inclusion characteristics

The first thing we are going to touch upon is inclusion. We believe there are two major processes affecting stakeholders' inclusion in CSR strategy formulation consequently defining the extent of its openness. The first one is companies' interaction with external stakeholders and the second one is the strategy formulation and realization processes itself.

While investigating companies Sustainability and CSR reports and talking to companies' representatives we noticed some divergence in the understanding of inclusion in terms of CSR strategy locally and globally. CSR reports speak loudly of great external and internal stakeholders' inclusion and put a special stress on the engagement of interested parties. Making a special part for it in sustainability and CSR reports, which is usually named "Stakeholders engagement", most international corporations underline the inclusive character of their CSR strategies and the studied in this paper companies are not the exception. Thus Heineken sustainability report states that the company actively interacts with its stakeholders providing research of reputation and conducting regular expert appraisal, holding round tables and dialogues with stakeholders (Heineken Sustainability report: *Brewing a better future*, 2012). Another global corporation announces that *open channels of communication are maintained among the JT Group's boards, management teams, employees and other interested parties* (Corporate Social Responsibility JT Group Report 2013:45).

The list of such inspiring statements is endless, and we are not going to enumerate all of them. Facing the different situation on the local level it can be difficult for us to believe these words. So we can never know if these formulations are honest and to what extent. However representatives of global corporations in Russia argue that inclusive character of their company's CSR strategy on European market is a reality. There is what CSR manager of one of the observed companies told us about the interaction with stakeholders in their corporation:

"Although we write about the increasing collaboration with stakeholders we still poorly interact with other companies of the sector, Chamber of Industry, NGOs... The idea of Sustainability is more mature in the European society than in Russian. People expect companies to be sustainable and are really interested in CSR reports. Powerful European NGOs participate in stakeholders' sessions and round tables, supervise and criticize company's actions in a good sense."

Telling this manager tried to explain the difference in extent of openness of CSR strategy on local and global level. While society, NGOs and other stakeholders in Europe have much more active position considering corporate responsibility and desire to participate in CSR strategy formulating, Russian context is different and thus determines another understanding of opening CSR strategy from the perspectives of Russian subdivisions.

But still having discussed this problem with companies' representatives we drew out that facing the problem of scarce and not sound interaction with external stakeholders Russian enterprises initiate different pioneering solutions. Thus one manager gives us an example of innovation which was developed in order to facilitate interaction with stakeholders.

"We are promoting cooperation and work on it...Facing the problem of stakeholders' engagement we created a web portal sustainabilityrussia.ru which aims at enhancing stakeholders' engagement in social and environmental projects realization. All the interested parties can participate in discussions and share their opinion. This portal creation was the Russian enterprise incentive, since our European colleagues just don't have such problems"

Being not so active in cooperation with stakeholders due to the context in which Russian subdivisions operate, they however understand the growing necessity of improving relations with stakeholders and thus enhancing their inclusion in the CSR strategy formulating.

Having discussed interaction of Russian subdivisions with external stakeholders, we got some insight into the kind of external inclusion. Now we are going to disclose the Russian enterprises' engagement in global CSR strategy formulation and realization processes from different sides. By studying this subject we hope to learn something about the internal inclusion.

The strategy formulation and realization processes are determined by the CSR governance structure we have mentioned earlier. It's quite difficult to learn about the CSR formulation and governance processes in practice without talking to companies' representatives, because this information is not available for everyone. And since we are interested in Russian enterprises engagement in these processes, we decided to talk to the companies' representatives and took few interviews with CSR and PR managers.

Having visited these seven enterprises and talked with companies' representatives for the purpose of defining their enterprise engagement in formulation of corporate CSR strategy we

noticed an amount of similarities. We decided to point out some features peculiar to the CSR strategy formulation process in MNEs and engagement of their Russian subdivisions:

1) CSR strategy always comes from above.

Representatives of all the companies told us that their Russian subdivision has actually no direct influence on CSR Strategy formulation.

Thus one of the managers told us:

“CSR Strategy is not developed for every separately taken subdivision of the company by headquarters but is general for all the enterprises of the corporation.”

Another manager also underlined:

“The CSR strategy being realized on our enterprise is forming globally. We make no changes in it. The current strategy...defined the priority guidelines and determined the corresponding KPIs. Particular KPIs were developed for our Russian enterprise giving an account of which in our reports we provide global office with all the necessary information concerning our CSR activities... All the incentives come from the global office as a rule.”

Thus we found out that Russian subdivisions, their managers and even top-management do not participate in CSR strategy formulation and as a result has no direct influence on it. This actually means that there is no inclusion in the process of CSR strategy forming on the part of Russian subdivisions of international corporations.

2) Russian enterprises realize their social and environmental projects in accordance with overall CSR strategy of the company.

Investigating the processes of CSR strategy formulation and realization in Russian enterprises we came to the conclusion that subdivisions in our company don't form strategy, but implement it. Managers told us that directions they follow and goals they are moving to are set by their corporations globally. The following words just confirm our statement:

“During the 3 years of the current CSR strategy functioning we are constantly communicating with our global office (Board committee for CSR). All the goals come

from above; our departments just coordinate all the work concerning strategy realization."

It seems that Russian subdivisions neither have any influence on CSR strategy forming nor have some freedom in its realization. Such situation could maintain a semblance of an absence of any kind of feedback and exchange between head-quarters and their subdivisions. And this of course would provide yet another evidence of no inclusion in CSR strategy realization in terms of Russian subdivisions. However following the given directions doesn't deny adaptation of global CSR strategies to the local context.

3) Russian subdivisions of global corporations have limited flexibility in CSR strategy realization.

Although representatives of all the companies told us that they realize CSR activities in the directions prescribed with their global CSR strategy, the flexibility in CSR strategy realization also takes place. Thus representative of one company states:

"Our Russian enterprise has some flexibility in presenting goals of CSR strategy dimensions and corresponding KPIs. Each company has flexibility in realizing social programs which usually respond to the existing social problems in the region."

Realizing CSR strategy at their subdivision Russian enterprises often create kind of their own sub-strategy, but it is usually just the subject to the social projects. According to the words of most representatives it is more efficient and useful to develop and implement such sub-strategies – which consider social projects realization – in the local context. However all these social projects need to be realized in compliance with the corporations requirements and CSR vision. This is what one of the managers told us:

"We studied the experience of the central-office company and subdivisions operating in different companies in terms of CSR strategy realization and basing on this we developed our own substrategy... Our plant realizes social projects under the framework of company's global CSR strategy."

Perhaps these social projects have nothing common with strategic CSR. But it's another question and we think it's no use in discussing the understanding of strategic CSR in Russia. However this limited freedom in making decisions concerning social projects show contribution of Russian subdivisions to the global CSR strategy realization of the MNEs.

4) Participating in governing CSR strategy

Russian subdivisions engagement in CSR strategy governance goes right of the CSR governance structure we have mentioned before. But it's still very questionable who deals with CSR activities organizing, implementation, reporting at the enterprise. Having asked companies' representatives on these issues, we were really surprised with the fact that none of Russian enterprises have special CSR departments and moreover six out of seven companies don't have any kind of CSR managers. Most enterprises delegate responsibility for CSR management to other specialists and departments in the company like environmental safety department and HR- or PR-department. There is only one out of 7 companies, which has at least one person managing matters falling within the framework of company's CSR or Sustainability strategy. That's what CSR manager of this company told us about her position:

"When our Sustainability strategy just came on-stream CSR organizing activities was the function of public relations department (which was later renamed in "corporate relations department"). Then the position of sustainability specialist appeared and later on it became more managerial (kind of sustainable manager)."

We were also interested in the way the work is organized in such corporate relations department. This is what this company's CSR manager told us about allocation of responsibilities in terms of CSR management on their enterprise:

"Our corporate relations department consists of 5 people. Two people work with mass-media, one person responsible for the internal communication and one more person who works on projects with other regions. There is just one person in our enterprise who addresses particularly CSR issues."

Although this company presents the good example of managing CSR strategy providing thus internal inclusion, the rest companies don't have any kind of structure for CSR governance at their plants. This is of course just affirms the absence of Russian subdivisions inclusion in the CSR strategy realization process on the whole. What inclusion can we talk about if there is just no managerial stuff on the plants that could efficiently plan and organize CSR activities? However it's difficult to say what comes first inclusion or the necessity of presence of CSR issues educated personnel.

5) Employees' willingness to participate in CSR activities.

In spite of the fact that six out of seven companies don't have CSR managers and special departments for governing these issues, employees of different companies actively participate in various social and ecological projects realization. The CSR manager of one company told us about employees' engagement in the environmental project realization:

"The environmental project "The pure Baikal coast" initiated by our brewery is actively supported by the employees. Every year a group of our colleagues sets forth the Olkhon Island which is situated in the Baikal lake and promotes there a program, cleaning the island together with tourists and locals. They go there willingly, since they like the idea of being united by such a good deal."

Representative of another company shared the intelligence concerning their employees' participating in social project:

"Every year we hold "A day of kind communication" when our staff members visit veterans of the Great Patriotic War who survived during the Siege of Leningrad. Our employees participate in such programs voluntarily since it means a lot for them."

These examples show that employees support their companies CSR activities and they like the idea of participating in something socially useful. We find it really paramount since it means that employees are engaged in companies' CSR projects and they have understanding of the idea of CSR, being included in realization of such activities.

One more issue which we are interested in terms of disclosing inclusion in CSR strategy formulation and realization is the reporting process. Reporting on their CSR activities and thus accounting for the achieved results subdivisions contribute to the further forming CSR strategy. That's why we find it important to study this process. In spite of the fact that almost no company has qualified staff, the reporting process in most companies can be explained as follows:

"Our local reports are composed basing on the structure of global reports. The sustainability reports are written by our department of corporate relations. And then we send our reports to the Board committee for CSR."

Thus we have discussed the CSR strategy formulation and realization from different sides in terms of subdivisions of MNEs operating on Russian market engagement in these processes. The features we developed reflect the internal processes related to the CSR strategy formulation and

realization on the part of Russian subdivisions. Finally we found out that the CSR strategy is not that much inclusive in terms Russian subdivisions which in its turn do not form it but just realize.

4.3.2 Examining CSR strategy openness – transparency characteristics

While formulating and developing a strategy, it's important for the company to pay attention to the distribution of information about it, providing necessary amount of data to rightly defined number of stakeholders. In a paper by Whittington et al., the level of information accessibility is called transparency, and the authors define two types of it – internal, which characterized the level of employees awareness about strategy and its formulation, and external, describing the level of knowledge giving to external stakeholders (such as customers, suppliers, partners, etc.). The authors claim that the more information about the strategy formulation company provides the more transparent and, consequently, open the process is. And according to their study, modern corporations become more and more transparent in their relationships with external and internal stakeholders (Whittington et al., 2011).

Thus, in order to characterize the openness of CSR strategy in studied enterprises, it's important to evaluate the level of internal and external transparency achieved. We consider that without providing internal and external transparency, it's impossible for the company to achieve high levels of employees and stakeholders inclusion. In order to evaluate the transparency of chosen enterprises, we based our study on the information, provided by CSR reports, mass media sources and corporate data, obtained from companies' CSR managers during excursions and interviews.

1) Internal transparency

In terms of CSR strategy, the distribution of information about it among employees is a significant factor of its effectiveness and successful development. Since CSR strategy influences all the spheres of company's performance, all of its employees must understand what its content is, what company's goals are and what kind of actions are expected from them for achieving those goals. Moreover, considering that proper CSR policy of the company is impossible without employees' membership in it, and as some of CSR measures are founded not on obligatory contract terms, but also on volunteer basis, the importance of internal transparency is very high for that kind of strategy. Without proper understanding of CSR strategy and its positive influence not only on the state of the company, but on the life of stakeholders and on the condition of environment, employees won't be able to share the values promoted by the company's strategy,

thus it won't be so efficiently realized. Also, CSR strategy, as any other kind of strategy, is developed by the efforts of employees, which are the sources of new ideas for improving the performance. So, without providing them with proper information about the current state of its development, main strategic goals and results achieved, the company shouldn't expect any new inventions from them.

Thus, internal transparency is a critical factor of CSR policy success, and in case of Russia it becomes extremely important. As CSR concept is only in the beginning of its way in Russia, most of employees have little knowledge about its content. So, without providing internal transparency, the process of CSR strategy implementation and development can be sufficiently hampered in Russian subsidiaries.

While studying chosen enterprises, we noticed some efforts applied by them in order to increase the internal transparency of the company. The initiatives, realized by the companies to increase internal transparency include the following:

- Internal corporate websites – intra-nets;
- Corporate press and brochures;
- Safety-clocks;
- Educational systems and trainings;

One of the most commonly applied initiatives is the usage of corporate web-portals, providing all the employees with all the updates on projects and initiatives, realized by the company, including CSR activities as well. The intra-nets are implemented in all of the studied enterprises and are considered to be important factor of company's successful performance. According to JTI representatives, their corporate informational system is aimed to increase the loyalty of its employees and the level of their understanding and inclusion in company's strategy realization. Their HR portal, created in partnership with Renaissance-IT and CORE Advertising on the basis of Microsoft Sharepoint Server technology, provides employees with the following information (<http://renaissance-it.ru/ru/projects/JTI.aspx>):

- Internal policies, codes and procedures, forms and applications samples;
- internal and external projects, including information for employees on how they can participate and what are the results achieved;
- Organizational structure of the company and new positions assigned;
- News, vacant positions, polls to answer;

- Forthcoming events and trainings;
- Blogs of top-management members

Through the implementation of such intra-nets, companies provide an easy access to their main operational and strategic information - their strategic values, policies and projects, including already realized and future CSR initiatives, thus improving corporate culture and inclusion of employees. The blogs of high-powered managers increase the transparency of strategic decisions and decrease the hierarchic distance, bringing more democracy into corporate culture.

Another popular initiative is distribution of corporate press and brochures, which function is similar to intra-nets. But as computer technologies are increasing their influence on corporate performance, the printed press is starting to give a way to web-sources in some companies. For example, in august 2013 Heineken created an electronic version of their corporate magazine "Heineken. Algorithm of success". The magazine contains corporate photo and video files, round-ups and business articles and gives employees an opportunity to leave their comments and share this information with others through email. (Heineken, 2013)

Another measure of increasing transparency, applied in Philip Morris and Baltika companies is the implementation of safety-clocks, which count the time without occupational injuries happening in the company. These clocks increase the transparency of production process, providing employees with constant information about the safety of their working conditions, increasing their confidence in the employing company.

Also companies organize training and educational systems for their employees. For example, according to representatives of Hyundai Motor Manufacturing Rus, before starting their work in the company, each new employee passes 3-days training course to become acquainted with corporate strategy, values and philosophy. Gillette, JTI and Coca-Cola organized internships for students in order to prepare and develop potential employees in accordance with their business goals, values and principles. Baltika company has a Corporate University of Baltika (the CUB), which provides programs on Leadership skills, Production technologies, Business skills and Foreign Languages in order to correspond employees work with companies goals and principles (Sirotkina, 2010). Philip Morris founded "Corporate University: Smartville and Leadership school" in order to develop deep employees' understanding of business processes held in the company and to implement new customer-oriented approach among them. Smartville trainings educate employees on sales and marketing and develop behavior models on the basis of

corporate values. Leadership school educates on creating and managing strong teams and evaluating their performance (Morina, 2013). Heineken, in addition to its Corporate University, also created ONE2Learn educational portal, containing all the educational resources for improving employees knowledge and skills in different professional spheres (<https://one2learn.skillport.com/>).

As all of the presented measures are very useful for increasing common internal transparency of the company, their influence on improving knowledge on CSR policy is rather indirect. Although intra-nets do address CSR initiatives as other strategic directions, but corporate universities of studied companies have no separate courses on CSR principles and measures, they mostly address leadership, sales and marketing and production spheres. The only resources, dedicated specially to this policy, are CSR reports or corporate website tabs about CSR strategies. Thus, as companies undoubtedly make efforts to increase general internal transparency, their attention to the distribution of CSR strategy information, to our mind, could be much higher.

2) External transparency

Usually, the question of external transparency is a controversial issue for the company, as on the one hand, opening strategic decisions to external stakeholders, company provides basis for ideas and knowledge exchange, bringing more friendly and creative atmosphere to business environment and contributing to its effective development. But on the other hand, the more transparent company's strategy becomes, the more information is provided for rivals, which can lead to the loss of company's competitive advantages.

In case of CSR policies, the external transparency seems to be a part of the strategy itself, as oriented on community development; CSR performance must promote its principles in social and business environment. Moreover, the transparency of CSR strategy brings not only risks, but also additional benefits for the company as well. Due to a positive influence of CSR policy on society and environment, by being more transparent about CSR measures, company can significantly improve its reputation, earning positive perception of stakeholders.

Thus, may be due to having more stimuli for presenting its CSR strategic decisions, studied companies actively use different kinds of measures to provide external stakeholders with this information. The initiatives, realized by companies under consideration include the following:

- Corporate websites – CSR information tabs;

- CSR reports;
- Mass media sources – interviews, business articles and updated on projects of the company;
- Participation in round-tables and conferences on CSR topic

According to our study, the application of those measures by enterprises under consideration can be characterized as it is presented in the table below (see Table 4.7):

Table 4.7 External transparency measures, applied by studied enterprises

Initiative	Hyundai Motor	Heineken	Baltika	Philip Morris	JTI-PETRO	Coca-Cola Hellenic	Gillette
Corporate website – CSR tab	+	+	+	+	-	+	-
Corporate website – references to mass-media	-	+	+	+	-	+	-
CSR report	-	+	-	-	-	+	-
Participation in conferences and roundtables	-	+	+	+	+	+	-

Source: Information from corporate websites and mass-media

As it can be seen from the table, most of studied Russian subsidiaries apply several measures for increasing external transparency of their CSR performance. Among the leaders of our list are Coca-Cola Hellenic and Heineken, applying all the outlined measures, while the outsider is Gillette, applying none. The least popular initiative is surprisingly CSR reports publishing, maybe due to complication and expensiveness of the process. But if the presentation of CSR performance results and techniques requires less financial and human resources, most of the enterprises seem to be more than ready to do it.

In order to eliminate the necessity to spend time and money on CSR reports creation, some companies prefer to make CSR tabs on their corporate websites (like Hyundai, Baltika and Philip Morris) or even additional websites (like <http://sustainabilityrussia.ru/> by Heineken) in which

they can present their CSR policies in detail. The downside of such exchange is the absence of auditors' opinion and constant update on the progress. The information on CSR, presented at corporate websites usually contains the characteristics of main principles and focus areas, and examples of initiatives realized. Thus, the usage of corporate websites instead of CSR reports lacks regularity, systematic approach and external evaluation.

In line with CSR tabs some companies also present references to mass media publications, with some of them addressing CSR initiatives. If characterizing the press releases observed, their number in general started growing significantly since 2012, with number of articles addressing CSR issues in 2013-2014 period reaching 23 from 40 in Heineken, 27 from 66 in Baltika, 14 from 26 in Coca-Cola Hellenic and 2 from 8 in Philip Morris. (<http://www.heinekenrussia.ru/pressroom/smi>; http://www.pmi.com/ru_ru/media_center/press_releases; <http://corporate.baltika.ru/s/31/media.html>)

Characterizing the CSR reports of studied enterprises we can see that only 2 from 7 companies, Coca-Cola Hellenic and Heineken, publish official reports for external stakeholders. Both of them have auditors' evaluations, and Coca-Cola Hellenic report also follows GRI guidelines. So, although we find that these reports have high quality of presentation and authenticity, the total number of studied companies publishing CSR reports is too low.

Participation in conferences and roundtables is another form of becoming more transparent for the company. At these gatherings the representatives of enterprises share their methods and experience and discuss the issues and challenges they face on the way. 5 of 7 studied enterprises take parts in such initiatives, with Baltika and Philip Morris being sponsors of such events. The popularity of this initiative among studied companies can be linked to the fact, that CSR concept is new for Russian market, thus by increasing external transparency companies may effort to achieve the general development of CSR sphere in business environment, which can simplify the realization of CSR strategies in Russia.

Thus, the situation with external transparency in studied enterprises is rather complicated to evaluate. On the one hand, our study showed that enterprises do take some measures in order to increase their transparency, mostly realizing it through corporate websites, mass-media and conferences with other business members. But the authenticity and regularity of such information, to our mind, is rather low. And as for the most trust-worthy source of CSR data, which is official CSR reporting, this initiative is realized only in 2 companies, which is a low

number. So, to our mind, the external transparency in most of the companies lacks systematic approach and requires future efforts in development.

To sum it up, the openness of CSR strategies in studied enterprises can be questioned. Although global companies claim to engage stakeholders into strategy formulation, in Russian subsidiaries due to other social conditions stakeholders involvement stays on rather low levels. The internal inclusion level seems to be also low, as Russian subsidiaries have almost no influence on strategy formulation, with most of them having no CSR departments at all. The transparency situation seems to be better, may be due to more economic stimuli for it, but initiatives of studied enterprises still require a lot of efforts for development. Thus, it seems to us that the outlined features of CSR strategy opening point to centralized (global) approach, used by parent companies for CSR performance in Russia. And according to managers of Russian subsidiaries, global CSR strategy application faces a number of challenges in Russia.

4.4 Challenges of adapting global CSR strategies in Russia – subsidiaries' managers speaking

As we defined in the previous chapter, the CSR performance of studied enterprises in Russia is realized on the basis of parent companies strategies. As Russian managers have almost no influence on CSR strategies, they don't define them, but have to implement in Russian realities, which can't help but provoke certain difficulties. While taking interviews of Russian subsidiaries managers, we outlined some problems they claim to face on their way, which include the following:

1) Difficulties in sourcing policies

While choosing suppliers among Russian enterprises, companies face controversial pressures. On the one hand, most of the global CSR strategies have a focus on local sourcing, requiring more than 80% of suppliers to be presented by local companies. On the other hand, companies have Supplier Codes, which require their suppliers to share CSR principles of the company. And apart from CSR issues, companies need to find those suppliers, which can provide them with resources and counterparts of a quality meeting the parent company standards. And according to companies' representatives, they face challenges while searching for suppliers, which performance corresponds with all those requirements. According to one manager:

“...we have strict requirements for our suppliers, considering their corporate principles and the quality of the resources they offer. And in some cases we can't

find an appropriate supplier among Russian representatives, as most of them either don't provide enough quality or don't comply with our standards. So, in Russia we have to increase the volume of foreign supplies. But it consequently faces us with the problems in local sourcing direction."

2) Recycling difficulties

As most of the western countries have already addressed disposal issues, promoting waste sorting and recycling systems, Russia is among countries, in which these problems lack solution. If European countries promote these culture among community members and business representatives and create the infrastructure required, in Russia these issues are still in the beginning phase of development. Thus, if parent companies set high standards for recycling initiatives, it's hard for Russian subsidiaries to meet them. As one manager says:

"In foreign subsidiaries of our company the level of recycling reaches 90%. And what about us? In our case 40% is already an achievement..."

3) Lack of power and systematic approach

With little influence on the development of CSR strategy some of Russian managers lack decision power. They see problems and their effective solutions, but face difficulties in their realization due to little involvement in strategy preparation. Talking about charity initiatives, one of the managers said:

"Small sum of money is appropriated in disposal of our top management on such spontaneous campaigns. But all this voluntary incentives are of non-systemic character. We would like to have a special policy defining the range of social projects to invest in. another thing is that we would like to make our sponsorship effective. We find it more efficient to give a rod rather than a fish. And actually we are not a charitable institution but a commercial organization which operates in the highly competitive context, we don't have spare money. That's why we find it extremely necessary to organize the systemic approach towards supporting social programs at the local level."

As Russian subsidiaries aren't involved in CSR strategy formulation, most of them have no separate CSR department. Thus, it's hard for them to develop CSR performance as a part of business strategy. Basing on her own experience of working in this sphere and her knowledge on Bodø Graduate School of Business, 2014

other companies performance, one of the managers describes a common problem of Russian companies addressing CSR issues as follows:

“European companies understand CSR not just as corporate philanthropy but they successfully integrate their Sustainability strategies into business strategies. They interact actively with large NGOs (the main resource consumers), society, investors and other stakeholders in order to understand if they are moving in the right direction or not. If yes, then OK – moving further. Russian companies do not resemble the European ones. In Russia companies distinguish charitable activities and environmental concern which are not integrated into the company’s business strategy.”

4) Legal aspects

Due to the peculiarities of Russian legal system, some of the companies face challenges in realizing CSR policies in Russia. For example, tobacco companies in Russia face restrictions in their social programs due to a Federal Law on “protecting citizens’ health from the influence of tobacco smoke and consequences of tobacco consumption”, which treats social initiatives as marketing measures for stimulating tobacco sales (http://base.garant.ru/70321478/#block_16). According to one manager of a tobacco company:

“...since the law was enacted, we didn’t totally stop supporting communities, but were made to stop working in some of directions and put high restrictions on the distribution of information about our CSR initiatives.”

Also, according to Russian Tax Code, companies can assign a part of its income taxes on financing NGOs. But in case of realizing social projects by the forces of the company, it doesn’t get such privileges (Russian Ministry of Economic Development, 2011). According to one manager:

“As social policy isn’t our specialized activity, while organizing campaigns we face a number of challenges in financial execution of these projects, including tax issues. That’s why while realizing CSR projects in Russia it’s easier for companies to do it through different intermediaries and funds.”

Thus, companies are discouraged to realize large-scale social projects and encouraged to restrict their social performance with charity initiatives, which provokes unsystematic and less efficient approach to social part of CSR policies.

5) Lack of legitimacy

As CSR concept is new for Russia, it's hard for business to apply and for communities to understand. Studied companies face negative perception of local communities, which treat their CSR policies and distribution of information about them as PR actions exclusively. According to one manager:

"It's rather difficult to promote Sustainable Development in Russia, since we don't have this culture. And any CSR incentives in Russia are taken as a promotional event."

Such social opinion is not only morally hard and unpleasant for managers, dealing with CSR policies realization, but also decreases the benefits of CSR performance for the company, reducing positive effect on reputation the company expects to get.

So, these are the problems that Russian managers outline in realizing global CSR strategy in the country. But in line with those issues the managers we interviewed also identified the main features of the Russian environment which they consider to be the most challenging in terms of applying the foreign-in-nature CSR concept in Russia. Among those factors the managers name the following:

- low CSR concept popularity in the community;
- the weakness of industrial sector;
- low level of civil rights and general law functioning;
- undeveloped infrastructure for vulnerable groups support;
- general low level of well-being – a lot of serious social problems to face;
- cultural peculiarities

As most of the identified problems of CSR policy realization, defined by managers seem to be connected with external factors, we find it reasonable to try to search for a correspondence between the problems and the challenging factors identified. Since these factors can be related to social, economic and political institutions of Russian environment, it can help to study the institutional influence on studied companies CSR policies.

4.5 Institutional context causing the challenges

Having identified the main challenges that the managers of Russian subsidiaries claim to face while realizing the CSR strategy of the company, we noticed that most of them are connected not with the internal organizational issues, but with the external factors of surrounding environment. In our opinion, this fact points to the possible existence of CSR performance difficulties created by the specific features of Russian context that studied MNEs have to operate in. And since we focus on the managers' opinion, we will search for the institutional roots of the problems they claim to face on the basis of only those institutional factors, which are identified as the most challenging by the managers themselves.

We consider the following problems, identified in the previous chapter, to have some institutional "roots":

1) **Lack of CSR performance legitimacy**

In our opinion, this is one of the most serious issues of CSR performance in Russia. Although CSR concept has already started its development in the country with foreign companies as one of its main drivers, it faces difficulties in terms of local understanding and acceptance. According to studied companies' representatives, they feel the negative social perception of their CSR performance, which is mostly seen as a PR action and not as corporate philanthropy and voluntary assistance. It seems to be difficult for the Russians to understand this new way of doing business, promoted by foreign companies. And we consider the peculiarities of social, political and economic context of the country all to play the role in it.

○ *Economic aspects – low level of well-being*

Considering economic sphere influence on CSR concept legitimacy, we see the reasons hidden in such an institutional feature, defined by managers, as lower level of citizens' living. It seems to us, that if people have to work hard to provide living, it's difficult for them to understand the idea of refusing personal benefits in favor of society and environment. Thus, in case of lower prosperity, customers, employees and business owners have less intention to incorporate such ideas in their behavior models. And current global studies identify Russians' well-being to be at lower level than it is for the people living in the domestic countries of studied MNEs.

According to the 2013 results of Legatum Prosperity Index, which is a global benchmark of 142 countries wealth and well-being, Russians' level of living isn't high at all. In this ranking, Russia

takes only 61 place, which is much lower than the ranks of studied MNEs domestic countries, as, for example, 11th place of USA (Philip Morris), 9th place of Netherlands (Heineken), 6th place of Denmark (Carlsberg) or 21th place of Japan (JTI) (Legatum Prosperity, 2013).

Also according to UN's International Labor Organization 2012 Report, the average monthly salary for Russia ranks 37 among studied countries, with USA, for example, ranking 4th and exceeding Russian average salary in 3 times or Japan average salary ranking 17 and exceeding Russian indicator in 2 times (ILO global database, 2012).

Thus, the life of MNEs' domestic countries citizens seems to be much easier, than the life of Russians, which have to overcome more difficulties in providing the living. In general, it seems to us, that Russians have less time, money and desire to focus on environmental or social problems, as they have more personal prosperity issues to work on. That's why it's hard for Russians to understand and believe in voluntary CSR performance of commercial organizations. Maybe, treating it as PR action, providing economic benefits to companies, seems to be more logical for them.

○ *Politic aspects*

In terms of politic context, the lack of CSR legitimacy in Russia can be linked to such an institutional challenge as the level of rule-of-law functioning in the country. If citizens are used to law being obeyed in the country, know their rights and expect them to be respected, they place more expectations and pressure on companies in terms of providing them with clean and safe environment, safe and well-developed working conditions and social support even, thus perceiving CSR initiatives not as just a PR actions, but as an appropriate part of business strategy.

In terms of Russia, the rule-of-law seems to be functioning on a much lower level in comparison to MNEs' domestic countries. According to World Justice Project report 2014, the Rule of Law Index, based on characteristics of corruption, security, justice and other measures of law functioning, puts Russia on the 80th place among 99 studied companies. In comparison to Russian low scores, Denmark ranks 1st in this list, Netherlands is 5th; Japan is 12th, Korea (Hyundai Motor) is 16th and USA ranks 17th place (WJP Rule of Law Index report, 2014).

Thus Russian citizens in general seem to have a lot of their rights being disregarded in the country. And, moreover, most of Russians are not even familiar with the rights they have.

According to the 2012 study conducted by Russian Center of Social Opinion Studies, only 18% of Russians have read the Constitution, being the main informational source for their rights and obligations (Russian Center for Social Studies, 2013). Such facts point out that the Russian citizens must place little expectations concerning their rights respect on the government and thus even fewer expectations on the companies. This tendency, to our mind, triggers the improper understanding of CSR strategies among the locals.

- Social aspects

Apart from general unfamiliarity with CSR concept due to its foreign origin and novelty, the main essence of Russian society peculiarities, affecting CSR perception, to our mind, are the specific features of Russian culture, which are also outlined as challenging by MNEs' subsidiaries representatives. There have already been conducted a number of researches on Russian culture issues, including both Russian and foreign authors papers. We would like to address the results of a large-scale global cultural comparative study, performed by the Hofstede Center, which results for Russia in comparison to studied MNEs' domestic countries can be presented as follows: (see Table 4.8)

Table 4.8 The Hofstede scores (maximum 100) for Russia and MNEs' countries of origin

Dimension	Russia	Denmark	Netherlands	USA	Greece	Japan
power distance	93	18	38	40	60	54
Individualism	39	74	80	91	35	46
Masculinity	36	16	14	62	57	95
uncertainty avoidance	95	23	53	46	100	92
Pragmatism	81	35	67	26	45	88
Indulgence	20	70	68	68	50	42
Corresponding dimensions		1 from 6	2 from 6	0 from 6	3 from 6	5 from 6

Source: The Hofstede Center data – taken from <http://geert-hofstede.com>

As you can see from the table, most of domestic MNEs countries in terms of cultural spheres are significantly different or even opposite to Russia, which can't help but have an influence on realizing foreign CSR strategies in Russian context.

Considering power distance characteristics, Russia scoring 93 is clearly a country of unequal power, which is magnified by extreme centralization of economy, with Moscow containing more than 80% of its financial potential (<http://geert-hofstede.com/russia.html>). And inequality exists not only on a geographical, but also on social levels. There are large contradictions between the life of more and less powerful people in the country, and the voice of the latter is rarely heard. Some of the social groups have almost no influence on the life of the country, which is especially true for the disabled, elderly, homeless and other vulnerable groups of society. For example, according to the study of social opinion conducted in 1993 in Vologda, Moskva, Ufa and Chelyabinsk cities, approximately 40% of interviewed disabled people constantly experience contemptuous behavior towards them, feeling like people of second-rate quality. And as for healthy respondents of the study, high percentage of them show intolerance towards disabled, having negative relation to disabled being a neighbor (37%), manager (29), government representative (27%), employee (22%), teacher for a child (20%). (Dobrovolskaya and Shabalina, 1993)

Such a cultural feature identified, at a first sight, contradicts the results of other cultural dimensions studying, as Russians are characterized by Hofstede framework as mostly collectivists and feminine culture representatives, thus they are expected to care about others and their quality of life (<http://geert-hofstede.com/russia.html>). But the problem is that socially vulnerable groups tend to be excluded and isolated in Russian society, thus the problems of improving their quality of life are seldom addressed by community members. For example, according to an intercultural study of social relation to mentally disabled people, only 54% of Russian respondents stand for helping these vulnerable groups, while 44% state that such people should be isolated and 2% believe that they should be ignored. On the opposite, among foreign respondents the number of people approving isolation or ignoring mentally disabled is less than 2%, while 98% of them stand for providing them help (Yadov et al., 2007). Thus, high level of power inequality leaves socially vulnerable groups mostly ignored, powerless and excluded from society, with a lot of healthy people negative relation towards them. Such an attitude may appear as a barrier in terms of achieving legitimacy of CSR strategy among Russian citizens.

The femininity of culture is also shown in the Russian tendency of being modest and understating personal achievements in the process of communication, while the opposite behavior is treated as inappropriate by the society (<http://geert-hofstede.com/russia.html>). Thus, in Russia doing something good doesn't consequently lead to telling others about it. In our opinion, this triggers the negative perception of companies CSR performance, as people can't be against companies improving the life of society and the state of environment, but they do not approve companies being so loud about it. This may trigger their negative perception of CSR initiatives and understanding it only as PR measures. This can be also proved by the fact that in Russia a lot of philanthropic actions are realized not by companies, but by businessmen as their personal actions and on an anonymous basis. According to CAF and Lilly study of private philanthropy in Russia, only for the period of 2011-2012 the total volume of private donations (including only those exceeding \$1 mln) reached 545 million dollars (CAF and Lilly report, 2013).

Other Russian cultural features challenging CSR concept are high level of pragmatism and low level of indulgence. Pragmatic people, according to Hofstede framework, believe that truth definition highly depends on the context and situation, while low level of indulgence points to a tendency to cynicism and pessimism (<http://geert-hofstede.com/russia.html>). Being pragmatic, Russians may believe that in the context of a large and resource-rich country, the necessity of preserving nature isn't that true for Russia, as it is for other countries with smaller resource base, which challenges the understanding of CSR performance environmental goals. And cynicism may lead Russians to believing that the true goal of CSR performance of commercial organization must be to gain their own benefits by improving public relations. It also decreases the trust that local citizens feel toward the presented information about CSR performance. According to Cone and Echo 2011 global study, only 42% of Russians trust the corporate information about company's influence on society and environment, while globally this indicator reaches 61%. Thus, in this report Russia is called the "unconvinced" country. (Cone and Echo Global Corporate CR study, 2011)

Considering the foregoing, the problem of CSR legitimacy is a significant challenge for MNEs operating on the Russian market, as it has deep institutional roots in terms of Russian economic, political and social context. And to our mind, without paying enough attention to studying its reasons and searching for a solution, it may lead to serious reduction of CSR strategy effectiveness for both Russian community and MNEs operating in Russia.

2) Legal issues of CSR performance

The legal issues of CSR performance were mostly identified by the tobacco companies representatives, which addressed a new law enacted on February 2013, which significantly restricts the corporate philanthropic actions of the companies in that industry (http://base.garant.ru/70321478/#block_16). In our opinion, this problem can be linked to the issue of CSR legitimacy, which has been previously discussed. Due to the fact, that CSR performance is treated as mostly PR action, in terms of tobacco market it is restricted just as other kind of promotional measures due to fighting with the social problem of smoking. This is proved by the fact, that the decision of CSR performance restriction for tobacco companies in the structure of this federal law is included in the Article 16, called "The interdiction of advertisement, promotion and sponsoring of tobacco sales", thus it is officially ranked to the corporate promotional sphere (http://base.garant.ru/70321478/#block_16).

As for the issue of tax preferences existing for companies' donations to NGOs, but not provided for corporate philanthropic projects and measures, we consider the institutional reasons of it to be connected to the low level of rule-of-law functioning. In terms of taxation this is related to business constantly searching for ways of avoiding paying taxes in Russia. According to the data provided by the Institute of Economic Affairs report 2013, the average size of Russian shadow economy is 43.6% for 2000-2007 period. If comparing the value of this indicator with the ones of studied MNEs domestic countries, we can see that in Denmark its average volume reaches 17.7%, in Netherlands – 13.3%, in USA – 8.6%, in Japan – 11%. (Schneider and Williams, 2010) Thus, the problem of tax payment avoidance is much more severe in Russia, than in these countries. So, we consider that until the governmental trust in business transparency increases, the tax preferences for CSR performance, which represent potential means of taxes avoidance, are very improbable to appear in Russia. But we also think that if Russian government can't cope with this problem, what can be done by MNEs? So, although there do exist institutional roots of this problem, there is little room for MNEs searching for a solution of it.

3) Difficulties in sourcing policies

As far as we have learned from managers and companies' representatives sometimes it is difficult for Russian subdivisions of global companies to find appropriate suppliers in terms of quality they perform and the standards they apply. The economic perspective in this case refers to the quality of suppliers' production. This problem was mentioned by a representative of a car

producer (Hyundai MMR), who complained of poor grade components of local suppliers, and as a consequence impossibility to cooperate with them.

We find the weakness of industrial sector, outlined by managers, to be the institutional reason of the issue outlined. The technological lag that exists between Russia and developed countries is a significant problem of today's reality. Economically we address this problem to the structural peculiarities of Russian economy considering it to be the consequence of resource based economy. According to the Rosstat data there is a stable growth of mining sector contribution to GDP increase (by 3.1%) against the decline in share of manufacturing activities in GDP (by 2.2%) during the last 10 years (2002-2012) (Federal State Statistics Service Official Website <www.gks.ru>). Thus mining sector which accounts for 9,1% of Russian GDP appears to be a serious threat, since its growth evokes degrading processes in sectoral structure of Russian economy (Mironov, 2013). However it's rather hard to understand the scope of the problem without making a comparative analysis with some other countries.

Basing on the comparison provided by Mironov (2013) we consider Russian economy structure with the economy of six other non-energy countries which have the most similar purchasing power parity GDP per capita to Russia (Czech Republic, Portugal, Hungary, Turkey, Mexico). The comparison can be seen below (see Table 4.9):

Table 4.9 A comparative study of Russian economy structure

	The average meaning without Russia, %	Russia, %
Totally	100	100
Agricultural Industry	4.05	4.70
Mining Industry	2.25	9.10
Food processing Industry	3.06	2.70
Textile Industry	1.59	0.30

Source: Mironov (2013:9)

According to the presented figures in the table above the share of mining sector in the GDP in Russia is much more significant than in the compared non-energy countries, while shares of other industries are smaller as a rule (Mironov, 2013).

Mironov (2013) also proposes comparison Russian economy Industrial structure with the structures of developed countries with diversified (but resource-based earlier) economy structure
Bodø Graduate School of Business, 2014

like Australia, Netherlands and Canada. This comparison outlined the serious weakness of an amount of Russian economy sectors such as public health service, education and social services and etc, disclosing underrun of an amount of non-energy sectors and the lack of economy diversification in Russia (Mironov, 2013). The existing lag in the mentioned dimensions just points to the significant structural problems of our economy due to its high resource dependency.

Resource-based economy arises the problem of technological lag and underdevelopment of manufacturing sector. We find it the core economic problem in Russia, which prevents Russian economy from sustained growth. It's actually a philosophic question whether such strong resource base is a competitive advantage or God-damn. While receiving quite a stable income from a mining sector, Russia, we suppose, just doesn't have enough stimuli to develop industrial sector. And this is what actually makes Russia completely uncompetitive on the global market. The thing is that such weak diversification of Russian economy not only denies Russian manufacturing companies' entering global markets but impedes global corporations partnering with Russian suppliers, thus becoming kind of a discouraging factor of global-local interaction.

Since the outlined problem is fundamental in Russia due to its geographical position, history and cultural peculiarities, it is extremely difficult for even global corporations to change something. MNEs could make some conditions of entering local markets, which would prescribe the level of suppliers and retailers and perhaps the level of economic development. However Russia is a big market with lots of opportunities – thus the local sourcing issues must not be a fundamental problem in terms of the revenues Russian market can offer.

4) Lack of recycling infrastructure

Another significant problem is an absence of recycling capacity which becomes especially important in terms of global corporations who are used to waste recycling and resource reuse. We consider it to be related to such an institutional challenge as the low popularity of CSR concept, which leaves the recycling system creation out of the current agenda.

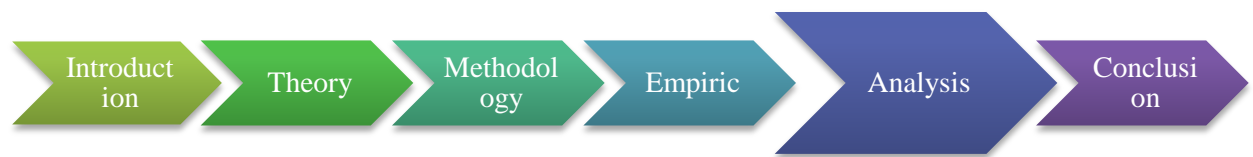
Currently the system of waste management in Russia is basically focused on burial ground disposal, which is ecologically harmful and definitely not sustainable. And according to the report of Russian Federal Service for Supervision of Natural Resources there are mainly two ways of solving this problem: the collection and separation of waste which or incineration of garbage at specialized plants (Smirnov, 2012). Rosprirodnadzor argues that organizing selective waste collection, sorting and recycling of secondary raw materials in Russia is not that easy due

to the geographical, infrastructural and cultural peculiarities of our country. Thus being more expensive and difficult in realization this solution becomes not that attractive to Russia. Thus the report states that incineration of garbage is more suitable to Russia as the main instrument of waste management (Smirnov, 2012). However this report met a lot of criticism from the environmentalists, who don't find these arguments sufficient (Po, 2012).

Although Russian government seems to have little stimuli for recycling system development, we still consider this problem to be mostly governmental, since such a large-scale project can't be realized by forces of private Russian companies. However the problems of waste recycling and environmental safety seem not to be of high priority to Russian government – perhaps this is the main reason of an absence of effective waste management in Russia. At the same time it's a highly questionable subject, whether Russian society is interested or not in selective waste collection, sorting and recycling of secondary raw materials. The thing is that Russian society doesn't expect and require it due to lack of knowledge in the sphere of resource efficiency and sustainability.

Summarizing the empiric part, we can outline the following features of Russian subsidiaries' CSR strategies:

- Studied enterprises realize a wide range of social and environmental measures, which follow the triple-bottom-line logic and are linked to their main operational processes;
- The economic benefits and feasibility of CSR measures seem to play an important role in terms of subsidiaries CSR strategy formulation;
- The CSR strategies of Russian subsidiaries mostly resemble the global ones, while their localization is mainly provided by the simplification of parent companies' CSR strategies;
- The CSR strategies of subsidiaries have low level of openness, providing little internal and external inclusion;
- The problems that Russian subsidiaries face during CSR strategy implementation we consider to be connected with the institutional challenges of Russian context.



5 Analysis: answering research questions and proposing a new model

The following chapter presents the main findings and conclusions derived during our study, which we juxtaposition to the existing theoretic frameworks concerning the researched phenomena. In an attempt to answer our research questions, we obtained findings, some of which support the existing theoretic explanations, while others contradict or supplement them with new insights and perspectives. Thus, during our study we developed some new reasoning and interdependences of the issues studied, which we present in the form of a theoretic model.

5.1 Strategic CSR: low level of stakeholders' engagement

The concept of strategic CSR represents a high level of CSR performance, which is achieved when it is developed as a part of company's business strategy. The existing theories that we came across outline the following features of strategic CSR approach:

- ✓ CSR policy develops in line with the main operational strategy and is incorporated into it (Johnson et al, 2011); it includes modifying main operational activities to improve community well-being and reduce environmental load (Porter and Kramer, 2006)
- ✓ CSR performance provides significant business-related advantages (Burke and Logsdon, 1996)
- ✓ CSR performance is based on stakeholder interaction (Johnson et al, 2011)

Basing on the current theoretic framework, we derived the following research question for our study:

RQ 1: What are the main peculiarities of studied MNEs Russian CSR policies? Do they contain the features of strategic CSR approach?

Answering the research question, we studied the tendencies of CSR performance in chosen Russian subsidiaries of large multinational enterprises and derived some features common for

most of the researched companies. Corresponding them to the features of strategic CSR, we gain the following picture:

5.1.1 Incorporating CSR policy into the main operational strategy

There are tendencies outlined in the CSR performance of studied enterprises, which we assume pointing to the existence of this feature. They include the following:

- Applying consolidated approach - performing CSR activities, companies seem to “take it seriously”, defining clear goals and policy directions, applying not only random initiatives, but also large-scale and long-term projects
- Linking social policies to main operational activities – companies tend to focus on social problems directly connected to the sphere of their performance and use their products in the CSR initiatives;
- Implying fundamental changes to the production process to make it more eco-friendly – renewing the base of equipment and technologies used with modern “green” ones;
- Controlling the environmental load of final products in terms of resource usage or the consumption effect;
- Controlling the performance of supply chain members
- Complying with international standards of employees' policy and environment management systems (OHSAS 18001 and ISO 14000)

5.1.2 Searching for potential economic benefits from the CSR performance

Performing our empiric study of companies CSR strategies, we followed the triple-bottom line framework, thus focusing not only on the social and environmental effect of companies' performance, but also touching upon the economic side of CSR policies. We came to the conclusion that economic feasibility of performed initiatives was an important factor defining the application of CSR measures by studied companies. The choice of the measures and projects applied by researched enterprises in line with managers' viewpoints seems to point to the fact, that companies do understand the potential economic advantages of CSR policies and intend to obtain them during long-term CSR strategies application. The perceived economic benefits of the measures applied by most of the studied enterprises can be presented as follows:

Table 5.1 The economic advantages of applied CSR measures

Type of policy	Features of application	Potential economic benefits
External social policy	<ul style="list-style-type: none"> ○ Correspondence of CSR strategy with main operational activities ○ Creativity in entitling of projects ○ Outstanding commitment of “adverse” industries 	<ul style="list-style-type: none"> ○ Increases the effect on company’s reputation and promotes the products; ○ Makes them easy to remember, more effect on reputation; ○ Worse community perception existing – more stimuli for CSR activities
Internal social policy	<ul style="list-style-type: none"> ○ High working safety; ○ Extra medicine and insurance offering; ○ Staff training and education 	<ul style="list-style-type: none"> ○ Better employees’ health – less downtimes and higher efficiency of working; ○ Better personnel capabilities – higher efficiency and contribution to performance development
Environmental policy	<ul style="list-style-type: none"> ○ Environmentally friendly production process; ○ Eco-friendly products; 	<ul style="list-style-type: none"> ○ Significant cost saving due to reduction of resources used and governmental charges paid

The economic benefits of improved reputation are also increased by high level of CSR strategy transparency, provided by the usage of corporate websites, CSR reports, mass media and participation in roundtables and conferences concerning CSR issues.

5.1.3 Stakeholders engagement: involved in realization, but not in formulation of strategy

There are some measures applied by studied companies in attempt to provide stakeholder interaction. Considering such stakeholders as supply chain members, companies tend to involve them in their CSR performance, controlling the social and environmental characteristics of their suppliers, transporters and distributors operations. Some of the companies help to improve the distributors’ performance, for example beer companies provide retailers with eco-fridges and educate them about the responsible-drinking issues. In terms of local communities, some companies also try to engage them into their CSR performance, which refers again to beer companies, educating young customers on the importance of preventing underage drinking,

involving the locals in “beer patrols” of private retailers in different regions of the country and creating web portals to facilitate discussion of CSR strategies.

But all of these initiatives seem to be kind of unilateral, involving the stakeholders in the projects in terms of chosen CSR policy directions, but not in the choice and development of them. Thus stakeholders are more engaged in the realization of the strategies, than in their formulation. Some managers of studied companies do acknowledge that, explaining it mostly by the immaturity of CSR concept in Russia, stating that if most of stakeholders are not familiar with it, they are not interested in its development, thus it's hard to provide their engagement.

Basing on the foregoing, we can say that the CSR performance of studied MNEs' Russian subsidiaries does contain the features of strategic CSR approach. Studied companies seem to develop CSR policies in correspondence with their main operational strategies and are oriented on gaining benefits from it. But due to lack of stakeholders' engagement existing we would characterize their CSR performance to be somewhere between Enlightened self-interest and Forum for stakeholders interaction stances. (Johnson et al, 2011) So, in terms of Johnson et al classification the CSR performance of studied enterprises can't be fully related to strategic CSR approach application.

Since the lack of stakeholders' engagement seems to be the main issue preventing the CSR policies of studied enterprises from following Strategic CSR framework, further we analyze the organizational issues of CSR strategy localization and openness in order to deepen the understanding of the interactions with internal and external stakeholders.

5.2 Strategy openness: little inclusion, lots of transparency

Presenting the main findings received while gathering empiric data concerning CSR strategy openness in Russian subdivisions of MNEs we aim at juxtaposing them with the theoretical background.

The theoretical manifestation of our discussion concerning CSR strategy openness was the article written by Whittington et al. where a broad discussion is provided on the issues of strategic openness (Whittington et al., 2011). The main message we caught from this article was about the growing tendency of opening strategy in the developed countries, which was caused by the influence of special forces which reflect the corporate processes and institutional environment. But what is more curious, in the end the author assumes that the same trend can be not the case for semi-capitalist countries like Russia. Thus in our empiric part we tested the

extent of CSR strategy openness in Russian subdivisions of MNEs in terms of its inclusion and transparency. On the one hand there are MNEs which, belonging to developed countries, in our viewpoint follow the trend of opening strategy and on the other – Russian context.

The research question, derived from this theory direction was formulated as follows:

RQ 2: What is the level of CSR strategy openness in studied MNEs' subsidiaries?

In order to define the CSR strategy openness in Russian subsidiaries of global corporations we studied its inclusion and transparency.

5.2.1 Low level of inclusion

Exploring such CSR strategy characteristic as inclusion we derived the following features common to global corporations operating in Russia:

- CSR strategy always comes from above;
- The strategy is formulated globally for all the subdivisions;
- Russian enterprises realize their social and environmental projects in accordance with overall CSR strategy of the company;
- Russian subdivisions have limited flexibility in CSR strategy realization;
- Weak participating in governing CSR strategy;
- Weak external stakeholders' interaction.

If you just look at the list of our personal inventions you will find most of them not contributive to CSR strategy openness. The only positive characteristic refers to the limited (but at least existing) flexibility of Russian enterprises in CSR strategy realization. But it has nothing common with forming this strategy.

Coming from the head-office level CSR strategy doesn't consider engaging its subsidiaries in CSR strategy forming process. Strategies of all the visited companies are being formed globally and just come to their enterprises for further realization. At the same time almost all the Russian subdivisions don't have certain CSR departments and even CSR manager thus providing a very weak engagement in governing CSR. While the corporations globally report on increasing stakeholder interaction, Russian companies' managers admit that situation in Russia is different.

All these characteristics don't improve the CSR strategy inclusion in Russian subdivisions of MNEs. External inclusion is a problematic issue for the Russian subdivisions of global

corporations, since the level of social consciousness concerning the CSR and Sustainability issues is different for Russia and developed countries.

However while visiting these companies we discovered some interesting facts concerning employees inclusion. On the one hand we noticed that CSR policy is not integrated into the companies' everyday activities and employees don't have the holistic vision of CSR. Providing CSR is a kind of supportive activity, which stands apart from the business activities. Thus there are almost no special CSR departments and managers; and employees understand CSR in terms of compliance with the environmental regulations and projects, charitable activities and providing employees' safety. On the other hand we were surprised that employees actively and willingly participate in charitable activities and environmental projects organized by their enterprises. Moreover employees feel pride in their enterprise providing CSR activities as well as in participating in such programs personally.

It seems like employees are aware of company's CSR policy and support it, however they are just engaged in social projects realization not developing a strategy. Having limited responsibility for money given on social projects, Russian enterprises' managers are not that interested in making real improvements, and all the CSR managing activities are finally reducing to just realizing it considering its economic feasibility.

5.2.2 High internal and external transparency

The situation with CSR strategy transparency is developing differently. The high level transparency, both internal and external, is observed in all the studied companies. Internally it is provided by the rising amount of internal corporate websites – intra-nets, corporate press and brochures, safety-clocks, educational systems and trainings. External transparency is provided by corporate websites, CSR reports, mass media sources, participation in round-tables and conferences on CSR topic.

Thus internal transparency aims at disclosing CSR strategy for its employees in order to trigger their understanding of the company's strategy and to enhance their support and engagement. Internal transparency provides information and knowledge exchange which stimulates open innovation processes. Due to the fact that CSR and Sustainability concepts are weakly implied in Russia, the most relevant and important tool providing internal transparency in Russian subdivisions of MNEs we consider to be educating their personal on business and CSR matters.

External transparency which actually seeks to encourage stakeholders' interaction, to inform stakeholders and receive feedback, faces some problems in terms of Russian subdivisions of global corporations. Representatives of studied companies complained of little support and attention to CSR reporting from the society and other parties of interest. Very often people in Russia either don't pay attention to CSR activities and disclosing information concerning these issues by companies or perceive it as PR-campaign. However we don't exclude assuming that CSR strategy external transparency, provided by Russian enterprises can also be an instrument of company's "goodwill advertising".

5.2.3 Addressing Whittington et al. (2011)

Having discussed the CSR strategy openness in Russian subdivisions of MNEs in terms of their inclusion and transparency we actually came to the conclusion that it is more closed, than opened. Thus addressing the Whittington et al. (2011) assumption we can definitely say that our case study showed the low level of openness in Russian subdivisions of global corporations. And mostly this conclusion is preconditioned by the lack of CSR strategy inclusion in terms of Russian subdivisions of MNEs. And even a high level of transparency in terms of CSR policy seems to be not clearly pointing to its openness. Considering general types of organizational strategies, Whittington et al. stress that a high level of external transparency is very risky for companies, but they are willing to take that risk to provide the general development of the business sphere they operate in. But in terms of CSR the risk is substantially made up by the additional benefits of reputation improvements, so the motives of the companies gain additional economic perspective, making us question whether it is strategy openness or strategic promotion measure.

Due to the fact that it's incidental to global corporations' CSR strategies to be opened, they seem to be closed in terms of operating in Russia. But what is more important, not being included in forming strategy, Russian subdivisions actually don't imply strategic CSR, since in this case they follow their global company's strategy which is worked out not for the stakeholders' interests which make difference on Russian market exactly. And thus it questions the strategic nature of CSR activities provided by Russian subdivisions of MNEs, since not perfectly fitting stakeholders' expectations in Russia they can't bring a competitive advantage to these Russian enterprises.

5.3 Global-local balance: localizing by simplifying

Analyzing the main findings concerning the extent of CSR strategy localization in Russian subdivisions of MNEs we are going to refer to the theory in terms of defining local and global strategies and the stimuli for implementing one kind or another.

The theoretical basis of our discussion concerning CSR strategy local/global orientation became a range of articles corresponding to this subject and providing comments on it. Being not a fundamental theory this topic doesn't consider some exact situations when the CSR strategy should be more global or local and doesn't provide kind of algorithm of defining to what extent the CSR strategy should be localized or centralized as well as it doesn't define the line on crossing which company will bear losses by underestimating or overestimating local context. However Brown and Knudsen (2012) have developed a range of cases which consider localizing or centralizing CSR strategy. In our master thesis wanted to define whether the CSR strategy is more locally or globally oriented in Russian subdivisions of MNEs and to juxtapose it with the cases of applying more global or local approach mentioned in the theoretical part.

Studying the foregoing theoretical basis triggered the following research question formulation:

RQ 3: What approach do studied MNEs apply in terms of CSR strategy adaptation to local context?

Having looked through the CSR and Sustainability reports of the seven companies and attentively studied their CSR strategies in terms of the main dimensions, objectives and even exact large projects being realized by subdivisions operating in different countries we have noticed the following peculiarities referring to global-local balance in CSR strategies implementation:

1. Congruence and sometimes even identity of the main CSR policies' directions in Russian subdivisions and those taken globally;
2. Establishing foci of CSR strategies globally for all the enterprises of an MNE;
3. Russian subdivisions present the lower level of CSR performance, following simplified goals in comparison to the global one;
4. Almost identical CSR projects realized by global corporations on Russian market and in other countries of operation;
5. Adaptation of global CSR strategies to Russian market in terms of social philanthropy (supporting children, elder people and veterans).

While almost all these point denote the globally formulated and implemented CSR strategies, at first sight it seems obvious that global corporations centralize their CSR strategies making them unitized, paying less attention to the local context. Following the globally proposed directions and centrally established foci while providing CSR activities Russian subdivisions almost don't localize their CSR strategies. Global corporations all over the world have quite similar large social and environmental projects. At the same time the main difference between CSR activities undertaken by Russian and globally is in the level of its complexity. However Russian subdivisions of MNEs have more flexibility in providing their philanthropic activities. Thus being formulated globally it's still implemented locally, and thus it can't be just global or local. In our opinion the process of "glocalization" is unavoidable in case when global company enters the local market. But still comparisons of almost all the observed companies showed that Russian CSR activities are almost the same as global but simplified. It questions again the subject matter of the strategic characteristic of CSR activities implied by Russian enterprises.

However we shouldn't underestimate such peculiarity as the simplification of global CSR strategies for their further implementation on the Russian market. Simplifying global strategies corporations actually adopt their CSR strategies to the Russian market. The problem posed by companies' managers caused by lack of legitimacy of CSR activities in the Russian society which refers to the lack of people's knowledge and awareness on the CSR and Sustainability issues explains the need for easing CSR strategy. The objectives and activities set by global corporations can include highly ambitious goals that can be gained just in the developed countries. While European society has an active position towards the necessity of providing CSR activities by corporations, in Russia the situation is completely different. In our standpoint such CSR strategy simplification can also be explained by the lower expectations of Russian society posed on companies' CSR activities, e.g. comparing to the European society. Besides our society is not ready to take the CSR initiatives realized by companies adequately Russian managers can be not ready to provide the required level of its implementation. And thus elimination of some activities, lowering figures to be achieved increases the probability of reaching these goals.

Although the directions of CSR strategies and even projects are developed globally in all the studied companies we suppose simplification of CSR activities is an adequate measure of localization in case of such divergence in understanding and perceiving CSR activities in Russia and Europe. According to our theoretical framework the CSR strategy should be localized in case when, there are legislative differences between different markets of operation or due to the specific consumers' preference. Having studied our cases we can propose one more thing which

can make global corporations localize their strategies – social expectations towards CSR activities, provided by the company. Since that we can argue that Russian subdivisions of MNEs implement global strategies which are localized to the level of expectations which Russian society poses on the companies.

5.4 Institutional context: lack of consideration challenging realization

The institutional theory framework focuses on the influence that the peculiarities of economic, politic and social contexts can have on the performance of the company. In terms of our study we apply the concept of institutions, which claims it to be a system of rules, norms, beliefs and organizations which are exogenous factors of company's performance. The existing studies of the institutional influence on the CSR performance that we came across outline the following tendencies:

- The CSR performance is not a voluntary initiative, but an answer to the institutionalized forms of social solidarity (Brammer et al, 2012);
- The differences of CSR policies applied in different countries are triggered by the distinctions of business environment (Matten and Moon, 2008);
- Local institutions can become a complication of MNEs' CSR performance, especially in case of them being problematic or sharply distinct from the MNE's domestic ones. (Campbell et al., 2012)

The research questions related to that part of our analysis can be presented as follows:

RQ 4: What problems do Russian subsidiaries' managers face in terms of CSR strategy realization?

RQ 5: What are the institutional factors challenging the CSR performance in Russia? How do these factors correspond with the problems that managers claim to face?

Studying the MNEs' adaptation of global CSR strategies for Russian market, we outlined that studied enterprises do face challenges in applying CSR policies in the country. And since in line with those problems they outlined the main factors of Russian context, which they consider to be the most challenging, we searched for the interdependences in these data. The main problems and their institutional roots we identified among the ones outlined by managers, can be presented as follows:

- 1) Lack of CSR performance legitimacy – CSR measures are mostly perceived as PR actions only; the most serious problem, has “roots” in all the studied institutional spheres:
 - Economic context: lower level of living than in domestic MNEs countries;
 - Politic context: lower level of the rule-of-law functioning;
 - Social context: the specific features of Russian culture, particularly existing tendencies of unequal power distribution leading to vulnerable groups' exclusion, pragmatism and cynicism prevalence and the approval of modesty in stating personal achievements.
- 2) Legal issues – CSR performance is restricted for tobacco companies and tax preferences exist only for NGO philanthropic activities, but not for corporate. We outline the following institutional reasoning:
 - Social context: as CSR is mostly seen as PR exclusively, it is restricted for tobacco companies to prevent tobacco promotion;
 - Economic context: a large share of “shadow” economy in Russia – tax preferences could be used as a way for not paying taxes
- 3) Difficulties in sourcing policies – hard to find the suppliers complying to quality and CSR standards applied
 - Economic context: weak industrial sector, which is the consequence of resource-based economy and low popularity of CSR concept in the business environment
- 4) Absence of recycling infrastructure
 - Economic context: creating recycling system in Russia is very expensive due to vast territory, low level of industry and infrastructure development;
 - Social context: the participation of community in waste sorting is doubtful due to low popularity of CSR and sustainability concepts;
 - Politic context: the creation of recycling system isn't currently the priority goal of government, supposedly due to the previous two reasons

Studying these institutional challenges more closely, we saw that some of them can't be solved by studied companies, while others could be addressed by them, which would not only improve the community life, but could also benefit the companies. For example, to achieve better legitimacy of CSR performance, companies could devote some of CSR measures on the enlightenment and education of Russian society about the CSR concept. They could even support the evolvement of high education system of CSR management, which would not only improve the local understanding of CSR concept, but in long-term would also provide educated professionals of CSR management, so that companies wouldn't have to delegate that work to PR

managers and ecologists, as it is realized now. Moreover, paying more attention to the cultural peculiarities of Russian society, they could change their approach to CSR strategy external transparency, as current ways of its presentation seem to gain little positive effect on the reputation of companies. Also companies could cooperate with government in terms of promoting and creating the recycling infrastructure in Russia, as they seem to have more stimuli for its creation than Russian government.

5.5 A new theoretic model induced

Having studied the main directions of CSR activities provided by Russian subdivisions of MNEs we defined the range of characteristics indicating the strategic approach towards CSR practices implementation and adaptation. But as we included the parent companies in the focus area by supplementing our research with studying the global-local balance and the level of openness of applied CSR strategies, it derived some new perspectives and insights. Studying the CSR strategy from the perspective of its openness/closeness and localization/globalization we've come to new findings which question the strategic nature of CSR activities applied by Russian enterprises.

A deeper analysis of internal organizational processes brings up the existing peculiarities of relationships between parent companies and local subsidiaries studied and generally outline the lack of Russian subsidiaries involvement in the local CSR strategy development. Although the CSR strategies applied by studied companies are formulated by separate CSR or Sustainability departments globally, only 1 out of 7 Russian subsidiaries actually has a special CSR department. In most of them, the CSR issues are delegated to PR or ecology departments. Thus, most of studied subsidiaries have no stuff specifically oriented on CSR strategy development. Moreover, all the managers point to CSR strategies formulated globally by parent company departments, with Russian subsidiaries having practically no influence on their formulation. Thus, although Russian subsidiaries have some level of flexibility in terms of realization of the main CSR policy directions, but they can hardly affect the choice of these directions. This findings rise up a question - can CSR performance of Russian subsidiaries be called strategic if the strategy isn't actually developed by them?

Considering the external CSR performance issues, we can outline that studied Russian CSR policies are formulated with little consideration of local context peculiarities, which we find triggering some of the problems that managers face in terms of these strategies realization in Russia. Since most of the large CSR projects applied in Russia have their analogues in other

countries of MNEs' operations, not only local subsidiaries but also local communities seem to have little influence on CSR strategy formulation. But little consideration of local context and its institutional peculiarities we identify not only to be questionable in terms of the nature of CSR performance, but also challenging in terms of the strategic CSR application, since it affects the potential economic benefits of the CSR policy for the companies. In terms of Russian specific institutional context, the most significant economic challenge outlined by the study is the decrease of CSR policy positive effect on the reputation, which is caused by the lack of CSR performance legitimacy achieved from the local communities.

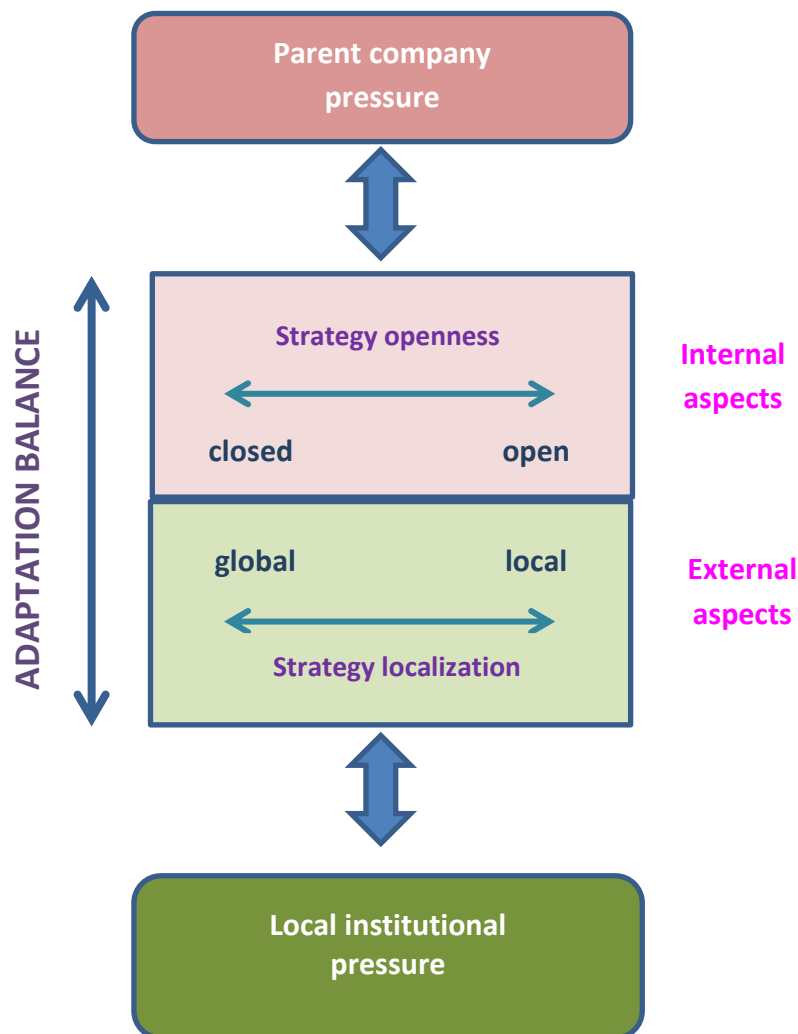
Thus, such an aggregated study of CSR strategies, which includes the internal and external perspectives, to our mind, outlines that local subsidiaries of MNEs in terms of CSR policy development are influenced by two kinds of pressure. On the one hand, the internal pressure of parent companies defines the targets and directions of CSR policy, which local subsidiaries are expected to follow, and restricts the range of CSR measures they can apply. On the other hand, the external local institutional pressure points to the issues that companies are also expected to address to achieve legitimacy and provide a CSR policy, efficient for local communities. So, we suppose, that in order to realize a successful CSR policy, local subsidiaries must provide some kind of balance in treating those pressures, which we consider to be connected with the proper choice of localization and openness of CSR strategies applied.

In terms of our study, such a mostly globalized and closed approach of Russian CSR strategies development points to the policy being driven not by the expectations of local stakeholders and local environmental problems, but by parent companies strategies and the aims of their global performance. Thus, in terms of two pressures defined, the focus is significantly transferred from the external stakeholders' interests to internal pressure of parent companies. And such a situation is understandable, in terms of parent companies guidance being obligatory to offer and local institutional peculiarities being addressed on a voluntary basis. But the existence of the problems that managers claim to face during realization and the institutional roots we identified in them let us propose that the current approach chosen by studied subsidiaries provokes the challenges they face, while a more balanced approach could eliminate some of the problems identified.

The reflections presented above were derived by us during the data collection, interpretation and juxtaposition with existing theoretic frameworks we were inspired by and based the logic of our study on. Having identified the foregoing interdependences, we believe that these new findings point to the necessity of widening the theoretic framework of current local adaptation studies to

supplement the focus on external institutional influence with the perspective of internal organizational process impact. Thus, we tried to present the new interdependences we outlined in a form of a model to provide a better understanding of our logic and to represent a new perspective of the existing theories combination. Having incorporated the Lucea and Doh (2012) theoretic concept describing the influence of institutional environment on the CSR performance of the company, an overview of global-local balance understanding presented by Brown and Knudsen (2012) and the openness of strategy concept defined by Whittington et al (2011), we created a model which put together our findings and explains the processes that take place when a corporation adopts its CSR strategy entering local market. The model we induced is presented in the picture below. (See Figure 5.1)

Figure 5.1 Strategic CSR of MNEs: The external and internal aspects of local adaptation

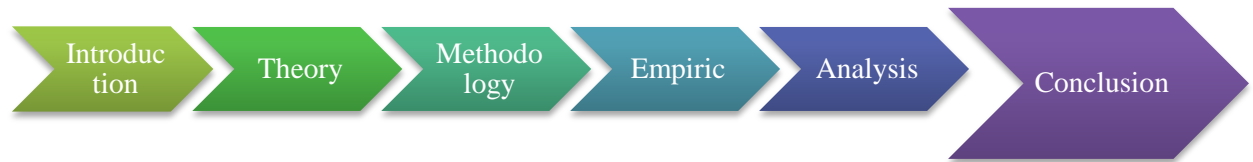


The proposed findings occur to correspond with the results of Prahalad and Doz study of MNEs main operational challenges, which we consider strengthening the link between the CSR concept
Bodø Graduate School of Business, 2014

and the theory on MNEs' strategic development. (Prahalad and Doz, 1987) Also such an integrated approach to strategic CSR, which links internal and external aspects of its development, seems to disclose new interdependences between existing concepts and frameworks. Applying such an approach in terms of our study we outlined the following interdependences and proposals we find worth mentioning:

- The CSR performance of MNEs' subsidiaries may be more an answer to parent companies pressure, than to the stakeholders expectations;
- The CSR strategy localization and openness must be considered in a complex, since both of them represent the aspects of CSR strategy local adaptation;
- A successful local CSR strategy adaptation requires striking the balance between the parent companies and local institutional pressures;
- Low level of localization may result in challenges for the potential economic benefits of local CSR performance

Thus, the incorporation of studied theoretic concepts with the strategic CSR framework makes us question the existing explanations, which we find lacking additional perspectives, some of which we tried to present. In terms of studying the CSR strategies' adaptation of MNEs, we find incorporation of global-local balance, strategy openness and institutional perspectives an important supplement to the strategic CSR approach. And as the globalization tendencies are strengthening on the global market, more and more companies begin to master new foreign markets and face the challenges of local adaptation. This outlines the relevance of the identified direction of thinking to be further developed in the CSR theory.



6 Conclusion

This chapter concludes on our research paper providing the short description of our master thesis, discussing theoretical and practical contribution of our study. The chapter also puts forward proposals for further research in this field of study.

6.1 Summarizing the thesis

The increasing trend of CSR strategies implementation by MNEs operating all over the world requires more holistic and thorough approach towards CSR strategy formulation and realization due to their significant geographic footprint. Operating on different markets MNEs comply with their global CSR strategies' directions and projects, adopting them to the local ones. Considering the fact that CSR is socially oriented it's crucial for this sort of activities to correspond to the stakeholders expectations and address the contextual peculiarities while providing CSR policy. Being one of the most attractive for investors, Russian market remains to be especially challenging in terms of adaptation to its institutions for foreign companies (EY, 2011; EY, 2013). Thus we considered investigating the CSR performance on the examples of MNEs operating on Russian market to be of special interest. In order to provide a more integrated approach towards defining the peculiarities of the CSR strategy adaptation by Russian subdivisions of MNEs we characterized it from different perspectives applying to an amount of theoretical concepts and thus studying it in terms of external environment influence and internal processes of CSR management.

While making the theoretical framework of our master thesis we applied to such concepts as: global-local balance, strategy openness, strategic CSR and institutional theory. Providing the broad overview of the mentioned theories and concepts we tried to find their common grounds. Addressing them to the CSR adaptation process we started from the definition of CSR concept and its evolvement from the notional to a highly practical stance. The increasing society's expectations towards companies' commitment to be socially responsible make the problem of

CSR activities management and its' successful integration into the MNEs' corporate strategies to be of vital importance. That is why we also focused on the strategic CSR concept, commitment to which requires incorporating CSR activities into company's business strategy and provides benefits both for society and the company. Further on we donned the strategy openness concept to the CSR strategy in terms of characterizing the extent of CSR strategy transparency and inclusion, considering it could specify the processes of CSR strategy formulation and realization. Taking the local-global CSR strategy balance concept for an intermediary between institutional theory and Strategic CSR we viewed it in order to get an insight of a company's formulating and realizing its CSR strategy in accordance with local context. And finally we referred to the institutional theory emphasizing the importance of local institutions and contextual influences on CSR strategy formulation and implication. We didn't see the exact model which could put these concepts together, but still having noticed their points of coincidence we decided to address them while making our research and interpretation in order to get new insights and finally develop an integrated model.

In order to conduct our research we studied the cases of 7 Russian subsidiaries of large MNEs. Defining the main features of CSR activities, which these enterprises implement, we studied their CSR and Sustainability reports and official corporate websites. We also compared the global CSR reports with their Russian analogues to figure out whether the strategies, which Russian subdivisions of MNEs implement are more centralized or localized. What was the most contributive to our research is that we visited these 7 companies for the purpose of receiving kind of internal information concerning CSR activities from their representatives. In order to get some observations we told to ecologists, middle-management stuff and PR-managers of these companies. We also got 3 interviews with managers specifying on CSR activities implementation in 3 different companies, focusing our attention on the strategy openness aspects. Basing on the received information we characterized the extent of CSR strategy openness and localization in the Russian subdivisions of MNEs and defined the problems, which managers face while realizing CSR strategies in Russia.

Analyzing the empiric data we defined the main peculiarities of the CSR strategy adaptation to the Russian market by MNEs' subdivisions. Thus we found out that activities which Russian enterprises implement are mostly of strategic nature, since addressing the social and environmental problems they aim to provide potential economic benefits for the company and are integrated into the business and production processes. However, moving further and exploring the CSR strategies of these companies from the perspective of its openness and global-

local balance we came to some results that placed in a question the strategic nature of the CSR activities implemented by Russian subdivisions of MNEs. Since not formulating but just implementing centralized CSR strategies coming from above, Russian subdivisions' policies lack stakeholders' engagement and context consideration, thus provoking the appearance of some difficulties in further CSR strategy adaptation.

However juxtaposing our findings with the theoretical basis, we figured out that all these facts concerning the extent of CSR strategy openness and localization do not define the strategic approach application, but contribute to better understanding of CSR strategy adaptation to the local context. The CSR strategy adaptation is underpinned by an amount of processes and thus can't be depicted by just "CSR practices – institutional context" relations. What does make sense is putting together the company's internal processes taking place during the CSR strategy formulation and realization and the external contextual environment. The existing internal influence of parent company and external institutional pressure must be considered in complex during the CSR strategy adaptation to local context. Thus, defining the peculiarities of CSR strategies adaptation by Russian subdivisions of MNEs and integrating them into a more holistic picture we presented the complexity of this process and importance of external and internal influence consideration.

6.2 Contributing to the theory and practice

Having conducted our research, we provided a broad discussion on the peculiarities of CSR strategy adaptation by Russian subdivisions of MNEs, thus highlighting this subject from different perspectives. We find it especially important since there are not so many multifaceted studies in the chosen field, which put together the CSR strategic issues of internal organizational processes and external institutional impact. And we believe that a more integrative approach can provide a researcher with new insights, reflections and interpretations.

In addition to that, our research gives a complex overview of 7 MNEs' Russian subdivisions CSR performance, with a focus on internal perspective of CSR strategy development and realization. Containing the results of interviews and observations, our master thesis provides a unique inside information, allowing us to look at the CSR strategy adaptation from the managers' perspective. Also we find our research especially contributive to the theory since we conduct a study on a subsidiary level, which can be rarely met, especially in terms of Russian enterprises. Since it has always been problematic to gain an access to the internal information of

Russian enterprises, the research provides significant input in characterizing the Russian perspective of applying the foreign-in-nature CSR strategies by local staff and in local context.

Moreover, in the end of our master thesis we develop a new theoretical model, which could be suitable for characterizing the peculiarities of CSR strategy adaptation to local context. Becoming an issue of strategic importance, CSR activities require to be considered not as separate measures but as a part of business strategies. Thus, defining the peculiarities of CSR strategy adaptation it's important to focus not only on the measures correspondence to the institutional environment, but also on the strategic aspects of their development and application.

Providing unique insights, our research can be also practically useful for the MNEs entering Russian market and facing the challenges of their global CSR strategies adaptation. The proposed framework of adaptation analysis enables MNEs to consider all the important issues and to realize CSR strategies successfully, bringing benefits both to communities and the enterprises themselves.

6.3 Directions for further research

Having created such an integrative framework, we find it important to further dwell on the detailed investigation of identified interdependences and relations. That's why we would like to propose the following directions for further studies:

- Applying the developed theoretical model in studying other subdivisions, operating in other institutional contexts;
- Including the perspectives of different levels of management, especially top-management, while characterizing the adaptation challenges of subdivisions;
- Providing the parent companies and stakeholders perspectives of the studied phenomenon;
- Identifying and analyzing the factors, which define the extent of CSR strategy openness and localization;
- Studying the relations between CSR strategy localization and openness;
- Indicating the level of openness and localization which could be both beneficial for the company and its stakeholders and its dependence on the local context

6.4 Personal experience

The conducted study was especially valuable for us, being directly connected with our academic specialization and giving us insights into our field of interests from our home-country perspective. During our study we had an exciting opportunity to contact with specialists responsible for implementing CSR activities in Russia – the job which we are planning to obtain in the nearest future. That's why it was extremely interesting to learn about the practical issues of their work and the challenges they face while implementing CSR measures.

Also, conducting this research was a priceless experience in terms of writing the scientific papers of such a level. Working on the master thesis required fresh thinking and practical application of obtained knowledge. Besides, partnership in writing this paper improved our team work skills, which will be very useful in our future working experienc

References

Books

- Bartlett, C. A. and Ghoshal, S. (1989). *Managing across borders*. Boston, MA: Harvard Business School Press;
- Bryman, A. (1988). *Quantity and Quality in Social Research*, London, Unwin Hyman;
- Crane, A., Matten, D. and Spence, L. (2008). *Corporate Social Responsibility: Readings and Cases in Global Context*. London: Routledge;
- Dey, I. (1993). *Qualitative Data Analysis*, London, Routledge;
- Easterby-Smith, M., Thorpe, R. and Jackson, P. (2012). *Management Research* (4th ed.). SAGE Publications Ltd., London;
- Ghemawat, P. (2007). *Redefining global strategy: Crossing borders in a world where differences matter*. Boston, MA: Harvard Business School Press;
- Habisch, A., Jonker, J., Wegner, M. and Schmidpeter, R, eds. (2005). *Corporate Social Responsibility across Europe*. Berlin: Springer Berlin-Heidelberg;
- Hox, J.J. & Boeije, H.R. (2005). Data collection, primary versus secondary. Pp. 593-599 in K. Kempf-Leonard (Ed.). *Encyclopedia of Social Measurement*. San Diego, CA: Academic Press;
- Johnson, G., Whittington, R. and Scholes, K. (2011). *Exploring Strategy: Text & Cases, 9th Edition*. London: Financial Times Prentice Hall;
- Johnson, P. (2004). Analytic induction. Pp. 165–79, in Cassell, C. and Symon, G. (eds), *Essential Guide to Qualitative Methods and Analysis in Organizational Research*, London, Sage;
- Matten, D. and Moon (2005). A conceptual framework for understanding CSR. In Habisch, A., Jonker, J., Wegner, M. and Schmidpeter, R., eds., *Corporate Social Responsibility Across Europe*. Berlin: Springer Berlin-Heidelberg, 335-356;
- Ohmae, K. (1990). *The Borderless World: power and strategy in the global marketplace*. London: HarperCollins;

- Prahalad, C.K. and Doz, Y.L. (1987). *The multinational mission, balancing global integration with local responsiveness*. New York: Free Press; London: Collier Macmillan;
- Raimond, P. (1993). *Management Projects: Design, Research and Presentation*, London, Chapman & Hall
- Robson, C. (2002). *Real World Research* (2nd ed), Oxford, Blackwell;
- Saunders M., Lewis P. and Thornhill A. (2007). *Research methods for business students*, (4th ed.). Financial Times Prentice Hall. Harlow, UK;
- Thornton, P. H., & Ocasio, W. (2008). Institutional logics. Pp. 99-129 in Greenwood, R., Oliver, C., Suddaby, R., and Sahlin, K., eds. *The Sage handbook of organizational institutionalism*, London, UK: Sage Publications;
- Whitley, R. (2007). *Business systems and organizational capabilities: the institutional structuring of competitive competences*. Oxford: Oxford University Press;
- Yin, R.K. (2003). *Case Study Research: Design and Method, 3d Edition*. London: Sage;

Scientific Articles

- Abbott, A. (1988). *The System of Professions: an Essay on the Expert Division of Labor*, University of Chicago Press;
- Aguilera, R.V. and Jackson, G. (2003) The Cross-National Diversity of Corporate Governance: Dimensions and Determinants. *Academy of Management Review*, 28(3), 447-465;
- Baron, D. (1995). Integrated strategy: market and nonmarket components. *California Management Review*, 37(2): 47-65
- Brammer S., Jackson G. and Matten, D. (2012) Corporate Social Responsibility and institutional theory: new perspectives on private governance. *Socio-Economic Review*, 10, 3-28;
- Brown, D. and Knudsen, J.S. (2012). Managing CSR globally and locally: Lessons from a CSR Leader. *Business and Politics*, 14(3), 1-29;
- Burke, L. and Logsdon, J.M. (1996). How Corporate Social Responsibility Pays Off. *Long Range Planning*, 29 (4), 495-441;

- Campbell, J., Eden, L and Miller, S. (2012). Multinationals and corporate social responsibility in host countries: Does distance matter? *Journal of International Business Studies*, 43, 84–106;
- Carroll, A.B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review*, 4 (4), 497-505;
- Carroll, A.B. (1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business horizons*, 34 (4), 39-48;
- Carroll, A.B. (2008). A history of corporate social responsibility: concepts and practices. *The Oxford handbook of corporate social responsibility*, 19-46;
- Husted, B., & Allen, D. (2006) Corporate Social Responsibility in the Multinational Enterprise: Strategic and Institutional Approaches, *Journal of International Business Studies*, 37(6), 838-849;
- Kolk, A. & van Tudler, R. (2010). International Business, Corporate Social Responsibility and Sustainable development, *International Business Review*, 19(1), 1-14;
- Logsdon, J.M. and Wood, D.J. (2005). Global business citizenship and voluntary codes of ethical conduct. *Journal of Business Ethics*, 59(1–2), 55–67;
- Lucea, R., Doh, J. (2012). International strategy for the nonmarket context: stakeholders, issues, networks, and geography. *Business and Politics*, 14(3),1-30;
- Matten, D. and Moon J. (2008). ‘Implicit’ and ‘explicit’ CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33 (2), 404 – 424;
- McWilliams, A., Spiegel, D.S. and Wright, P.M. (2006). Corporate Social Responsibility: Strategic Implications. *Journal of Management Studies*, 43 (1), 1–18;
- Mironov, V. (2013). Degradation of the sectoral structure – as the second problem of the Russian economy along with bad institutions. *NRU – HSE Comments on Government and Business #41*, 7-12;
- Mizruchi, M. S. and Fein L. C. (1999). The Social Construction of Organizational Knowledge: A Study of the Uses of Coercive, Mimetic, and Normative Isomorphism. *Administrative Science Quarterly*, 33, 194–210;

- Pinkse, J., Kuss, M.J., Hoffmann, F.H. (2010). On the implementation of a 'global' environmental strategy: The role of absorptive capacity. *International Business Review*, 19 (2), 160-177;
- Porter, M.E. and Kramer M.R. (2006). Strategy and Society: The link between competitive advantage and Corporate Social Responsibility. *Harvard Business Review*, 76-93;
- Russo, A. & Perrini, F. (2010). Investigating Stakeholder Theory and Social Capital: CSR in Large Firms and SMEs. *Journal of Business Ethics*, 91, 207-221;
- Scott, W.R. (1987). The Adolescence of Institutional theory. *Administrative Science Quarterly*, 32 (4), 493-511;
- Whittington, R., Cailluet, L. and Yakis-Douglas B. (2011). Opening Strategy: Evolution of a Precarious Profession. *British Journal of Management*, 22 (3), 531-544;
- Wiig, A. and Kolstad, I. (2010). Multinational corporations and host country institutions: A case study of CSR activities in Angola. *International Business Review*, 19 (2), 178–190;

Internet sources

Baltika official corporate website - <http://corporate.baltika.ru/>

CAF and Lilly Family School of Philanthropy report “ Millions for welfare: the study of private philanthropy in Russia 2013” – downloaded 8 May 2014 from
http://philanthropy.coutts.com/media/49391/MDDReport_russ_Final_Oct13.pdf

Carlsberg Group official corporate website - <http://www.carlsberggroup.com/csr>

Coca-Cola Hellenic Russia official corporate website - <http://www.coca-colahellenic.ru/Towardssustainability/>

Coca-Cola Hellenic Group official website - <http://www.coca-colahellenic.com/sustainability>

Cone and Echo, (2011). Global Corporate CR study. - Downloaded 5 May from
<http://www.conecomm.com/2011-global-cr-report>

Cosmann, N., Faulhaber, K., Leous, J.P., Lopez-Alcala, M., Parry, N., Rodriguez, A., Valicanti, L. (2006). Driving Sustainable Development: Carbon Sequestration as a Vehicle for Multi-Stakeholder

Participation in Realizing the Millennium Development Goals. – Downloaded 25 March 2014 from http://userpage.fu-berlin.de/~ffu/akumwelt/bc2006/papers/Valicenti_et_al2006.pdf

Dobrovolskaya T., Shabalina N. (1993) Socio-psychological relationships between healthy and disabled people. – downloaded 10 May 2014 from http://www.medpsy.ru/zdravo/zprof12_03.pdf

Federal Law N 15-FZ "On the protection of public health from exposure to tobacco smoke and the consequences of tobacco consumption" – Downloaded 12 April 2014 from http://base.garant.ru/70321478/#block_16

Federal State Statistics Service Official Website <www.gks.ru>;

Heineken, (2013) Algorithm of success – now electronic. – downloaded 5 May 2014 from <http://www.vashgazeta.com/about/news/index.php?ID=1098>

Heineken Group official website - <http://www.theheinekencompany.com/sustainability>

Hyundai Motor CSR website - <http://csr.hyundai.com/>

Hyundai Russia official corporate website - <http://hyundai.ru/IntroductoryRemarks>;

Heineken Russia official corporate website - <http://www.heinekenrussia.ru/sustainability/>

Heineken Russia official Sustainability website - <http://sustainabilityrussia.ru/>

Heineken web-portal for professional development - <http://www.pivnoe-delo.info/2010/12/10/rossiya-odna-iz-sostavlyayushhix-strategii-kompanii-baltika-nashi-lyudi/>

Japan Tobacco Inc - <http://www.jti.com/how-we-do-business/corporate-social-responsibility/>

JTI Russia website - <http://fut.ru/companies/jti/info/jti-social-responsibility/>

ILO global wage database - http://www.ilo.org/travail/areasofwork/WCMS_194950/lang-en/index.htm

Kirsanova, O. (2010) PR, which is not talked about. – Downloaded 10 April 2014 from <http://adlife.spb.ru/main/7633.shtm>

Legatum Prosperity Ranking - <http://www.prosperity.com/#!/ranking>

- Morina, O. (2013) PMI: Russia defined the best corporate educational project. – Downloaded 23 April 2014 from <http://www.pivnoe-delo.info/2010/12/10/rossiya-odna-iz-sostavlyayushhix-strategii-kompanii-baltika-nashi-lyudi/>
- Neena, S., Thangal, S., Shilujas, S. and Muhammad N.P. (2011). Introduction to sociology: School of distance education, course II. – downloaded 10 May 2014 from <http://www.universityofcalicut.info/syl/BASociology.pdf>
- PMI official corporate website - <http://www.pmi.com/eng/sustainability/>;
- P&G Russia official website – http://www.pg.com/ru_RU/
- P&G global official website - http://www.pg.com/en_US/sustainability/overview/index.shtml
- Philip Morris Izhora - http://www.pmi.com/marketpages/Pages/market_ru_ru.aspx
- Philip Morris Izhora (2013). Observations from the Saint-Petersburg production facility, 30.10.2013;
- Philip Morris Izhora (2013). Group discussion with the Saint-Petersburg facility representative, 30.10.2013
- Philip Morris Izhora (2014). Interview with a middle manager, 5.05.2014
- Po, A. 24. July 2012. Opinion: Alexei Kiselyov talking about recycling in Russia. the Village. Downloaded 10 April 2014 from <http://www.the-village.ru/village/city/city/115371-musorRennesaince-IT> official website - <http://renaissance-it.ru/ru/default.aspx>
- Russian Center for Social Opinion Studies - <http://wciom.ru/index.php?id=459&uid=113463>
- Russian Ministry of Economic Development, (2011) Rising the effectiveness of public investments in socio-oriented NGOs – downloaded 5 April 2014 from <http://www.economy.gov.ru/>
- Sirotkina, N. (2010) One of the parts of Baltika CSR strategy is its stuff. – downloaded 20 April 2014 from <http://www.pivnoe-delo.info/2010/12/10/rossiya-odna-iz-sostavlyayushhix-strategii-kompanii-baltika-nashi-lyudi/>
- Smirnov, S. 19. June 2012. Rosprirodnadzor: separate collection and recycling impractical. Vedomosti. Downloaded 10 April 2014 from

http://www.vedomosti.ru/politics/news/2300384/rosprionadzor_razdelnyj_sbor_musora_v_rossii_ne_vygoden;

Smith, N.C. (2013). When It Comes To CSR, Size Matters. – Downloaded 2 April 2014 from <http://www.forbes.com/sites/insead/2013/08/14/when-it-comes-to-csr-size-matters/>

The Consultant Plus company database - <http://base.consultant.ru>

The Hofstede Center data –<http://geert-hofstede.com>

The Tariff Committee of Saint-Petersburg - <http://www.tarifspb.ru>

WBCSD. (1999). Corporate Social Responsibility: Meeting changing expectations. Downloaded 27 February 2014 from

<http://oldwww.wbcd.org/plugins/DocSearch/details.asp?type=DocDet&ObjectId=Mjg2>

Yadov et al., (2007) The report on the project “Russia in the global world: the influence of western institutional and socio-cultural patterns on social processes in Russia” – downloaded 12 May 2014 from <http://socio.msk.ru/biblio/2007.pdf>

Reports, lecture notes, conference papers and empiric sources

Baltika, (2013). Observations from the Saint-Petersburg production facility, 15.10.2013;

Baltika, (2013). Group discussion with the Saint-Petersburg facility representative, 15.10.2013

Bjorck, F.(2004). Institutional Theory: A New Perspective for Research into IS/IT Security in Organizations, in Proceedings of the 37th Annual Hawaii International Conference on System Sciences, (HICSS'04);

Brewery Heineken, (2013). Observations from the Saint-Petersburg production facility, 21.11.2013;

Brewery Heineken, (2013) Group discussion with the Saint-Petersburg facility representative, 21.11.2013

Brewery Heineken, (2014). Interview with a middle manager, 12.03.2014

Butorina M., (2013) ISO 14000: Standards of environmental quality – lecture notes, 16.10.2013;

Carlsberg Group, (2013). CSR report. – downloaded 4 March 2014 from <http://www.carlsberggroup.com/investor/downloadcentre/Documents/CSR%20Reports/CarlsbergGroupCSRReport2013.pdf>

Carroll, A.B. (2012). A Corporate Social Responsibility Journey: Looking Back, Looking Forward. Keynote Address upon Receipt of Lifetime Achievement Award in CSR from Humboldt University at 5th Annual Conference on CSR Humboldt University – Berlin, Germany, October 4, 2012

CECP report, (2013). Giving in Numbers, 2013 edition. – Downloaded 10 April from http://cecp.co/pdfs/giving_in_numbers/GIN2013_Web_Final.pdf

Coca-Cola Hellenic Russia, (2012) CSR report – Downloaded 2 March 2014 from <http://www.coca-colahellenic.ru/Towardssustainability/>

Coca-Cola Hellenic (2013). Observations from the Saint-Petersburg production facility, 13.11.2013;

Coca-Cola Hellenic (2013). Group discussion with the Saint-Petersburg facility representative, 13.11.2013

Coca-Cola Hellenic Group, (2012) GRI COP Report. – Downloaded 2 March 2014 from http://www.coca-colahellenic.com/~/_media/Files/C/CCHBC/documents/Coca-Cola_Hellenic_GRI_COP_Report_2012_updated.pdf

Ernst and Young, (2011). Russia attractiveness survey 2011, key findings. - Downloaded 7 April 2014 from <http://www.ey.com/RU/en/Issues/Business-environment/Russia-attractiveness-survey-2011>

Ernst & Young, (2013). Russia 2013: Shaping Russian Future – Downloaded 7 April 2014 from [http://www.ey.com/Publication/vwLUAssets/2013-Russia-attractiveness-survey-Eng/\\$FILE/2013-Russia-attractiveness-survey-Eng.pdf](http://www.ey.com/Publication/vwLUAssets/2013-Russia-attractiveness-survey-Eng/$FILE/2013-Russia-attractiveness-survey-Eng.pdf)

Gillette (2013). Observations from the Saint-Petersburg production facility, 22.10.2013;

Gillette (2013). Group discussion with the Saint-Petersburg facility representative, 22.10.2013

Greif, A. (2002). The Game-Theoretic Revolution in Comparative and Historical Institutional Analysis. – Downloaded 25 March 2014 from <http://www.stanford.edu/class/polisci313/papers/GreifMay6-Intro-Part%20I.pdf>

- Heineken Russia CSR report, (2012) Brewing a better future. – Downloaded 2 March 2014 from <http://sustainabilityrussia.ru/otchetnost/2012/Heineken-Russia-CSR-2012.pdf>
- Heineken Group, (2013) Sustainability report, – downloaded 3 March 2014 from <http://www.theheinekencompany.com/sustainability/reporting?tab=sustainability>
- Hyundai Motor, (2013). Road to sustainability, Hyundai Motor – Downloaded 2 March 2014 from http://csr.hyundai.com/upfile/report/sar/Sustainability_Report%28ENG%29_2013.pdf
- Hyundai Motor Manufacturing Rus, (2013). Observations from the Saint-Petersburg production facility, 9.10.2013;
- Hyundai Motor Manufacturing Rus, (2013). Group discussion with the Saint-Petersburg facility representative, 9.10.2013;
- Hyundai Motor Manufacturing Rus, (2014). Interview with a middle manager, 21.03.2014
- JTI, (2013). CSR report. – Downloaded 1 March 2014 from http://jti.com/files/4413/7173/6320/2013_CSR_report_web_version.pdf
- JTI-PETRO (2013). Observations from the Saint-Petersburg production facility, 30.10.2013;
- JTI-PETRO(2013). Group discussion with the Saint-Petersburg facility representative, 25.10.2013
- UN Global Compact, (2013). Global Corporate Sustainability Report 2013. – Downloaded 10 April 2014 from http://www.unglobalcompact.org/docs/about_the_gc/Global_Corporate_Sustainability_Report2013.pdf
- World Justice Project, (2014) WJP Rule of Law Index 2014 – Downloaded 5 May 2014 from http://worldjusticeproject.org/sites/default/files/files/wjp_rule_of_law_index_2014_report.pdf

Appendices

Appendix 1. The interview guide

1. How is CSR strategy formulated in your subsidiary? Who is responsible for it?
2. Are the employees involved in CSR strategy formulation and realization?
3. How does your strategy differ from those applied in other (foreign) subsidiaries?
4. How does your subsidiary interact with head office in terms of CSR strategy formulation?
5. Do you interact with Russian stakeholders in relation to your CSR strategy? How transparent is your CSR strategy?
6. What are the challenges of realizing foreign ideas in Russian realities?

Appendix 2. The list of references for the empiric part of research

“Hyundai Motor Manufacturing Rus” (Hyundai Motors Group)

- Hyundai Russia official corporate website - <http://hyundai.ru/IntroductoryRemarks>;
- Hyundai Motor CSR website - <http://csr.hyundai.com/>;
- Hyundai Motor, (2013). Road to sustainability, Hyundai Motor – Downloaded 2 March 2014 from http://csr.hyundai.com/upfile/report/sar/Sustainability_Report%28ENG%29_2013.pdf
- Hyundai Motor Manufacturing Rus, (2013). Observations from the Saint-Petersburg production facility, 9.10.2013;
- Hyundai Motor Manufacturing Rus, (2013). Group discussion with the Saint-Petersburg facility representative, 9.10.2013;
- Hyundai Motor Manufacturing Rus, (2014). Interview with a middle manager, 21.03.2014

“Brewery Heineken” (Heineken Group)

- Heineken Russia official corporate website - <http://www.heinekenrussia.ru/sustainability/>
- Heineken Russia official Sustainability website - <http://sustainabilityrussia.ru/>
- Heineken Group official website - <http://www.theheinekencompany.com/sustainability>
- Heineken Russia CSR report, (2012) Brewing a better future. – Downloaded 2 March 2014 from <http://sustainabilityrussia.ru/otchetnost/2012/Heineken-Russia-CSR-2012.pdf>
- Heineken Group, (2013) Sustainability report, – downloaded 3 March 2014 from <http://www.theheinekencompany.com/sustainability/reporting?tab=sustainability>
- Brewery Heineken, (2013). Observations from the Saint-Petersburg production facility, 21.11.2013;
- Brewery Heineken, (2013) Group discussion with the Saint-Petersburg facility representative, 21.11.2013
- Brewery Heineken, (2014). Interview with a middle manager, 12.03.2014

“Baltika” (Carlsberg Group)

- Baltika official corporate website - <http://corporate.baltika.ru/>
- Carlsberg Group official corporate website - <http://www.carlsberggroup.com/csr>
- Carlsberg Group, (2013). CSR report. – downloaded 4 March 2014 from <http://www.carlsberggroup.com/investor/downloadcentre/Documents/CSR%20Reports/CarlsbergGroupCSRReport2013.pdf>
- Baltika, (2013). Observations from the Saint-Petersburg production facility, 15.10.2013;

- Baltika, (2013). Group discussion with the Saint-Petersburg facility representative, 15.10.2013

“Philip Morris Izhora” (Philip Morris International Inc.)

- PMI official corporate website - <http://www.pmi.com/eng/sustainability/>;
- Philip Morris Izhora - http://www.pmi.com/marketpages/Pages/market_ru_ru.aspx
- Philip Morris Izhora (2013). Observations from the Saint-Petersburg production facility, 30.10.2013;
- Philip Morris Izhora (2013). Group discussion with the Saint-Petersburg facility representative, 30.10.2013
- Philip Morris Izhora (2014). Interview with a middle manager, 5.05.2014

“JTI-PETRO” (Japan Tobacco Inc.)

- JTI Russia website - <http://fut.ru/companies/jti/info/jti-social-responsibility/>
- Japan Tobacco Inc - <http://www.jti.com/how-we-do-business/corporate-social-responsibility/>
- JTI, (2013). CSR report. – Downloaded 1 March 2014 from http://jti.com/files/4413/7173/6320/2013_CSR_report_web_version.pdf
- JTI-PETRO (2013). Observations from the Saint-Petersburg production facility, 30.10.2013;
- JTI-PETRO(2013). Group discussion with the Saint-Petersburg facility representative, 25.10.2013

“Coca-Cola Hellenic” (Coca-Cola Hellenic Group)

- Coca-Cola Hellenic Russia official corporate website - <http://www.coca-colahellenic.ru/Towardssustainabilit/>
- Coca-Cola Hellenic Group official website - <http://www.coca-colahellenic.com/sustainability>
- Coca-Cola Hellenic Russia, (2012) CSR report – Downloaded 2 March 2014 from <http://www.coca-colahellenic.ru/Towardssustainabilit/>
- Coca-Cola Hellenic Group, (2012) GRI COP Report. – Downloaded 2 March 2014 from http://www.coca-colahellenic.com/~media/Files/C/CCHBC/documents/Coca-Cola_Hellenic_GRI_COP_Report_2012_updated.pdf
- Coca-Cola Hellenic (2013). Observations from the Saint-Petersburg production facility, 13.11.2013;
- Coca-Cola Hellenic (2013). Group discussion with the Saint-Petersburg facility representative, 13.11.2013

“Gillette” (Procter & Gamble Company)

- P&G Russia official website – http://www.pg.com/ru_RU/
- P&G global official website - http://www.pg.com/en_US/sustainability/overview/index.shtml
- Gillette (2013). Observations from the Saint-Petersburg production facility, 22.10.2013;
- Gillette (2013). Group discussion with the Saint-Petersburg facility representative, 22.10.2013