

# Development of environmental responsibility and related practices among Russian SMEs

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# Relevance of the study

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## *Improvement of environmental responsibility is an important challenge for Russia*

The country's orientation on commodity exports through 1990 - 2000 resulted in anti-sustainable trends:

- an increasing share of the polluting and nature-exploiting plants in the national economy;
- export patterns based on natural resources,
- high rates of damage to the environment caused by pollution, environmentally unbalanced investment policies etc. (Bobylev, 2017, pp. 91-92).

Russia faces the task of creating its own national Strategy for Sustainable Development in the context of implementing United Nations Sustainable Development Goals within “The 2030 Agenda for Sustainable Development” (General Assembly, 2015)

# The concept of "environmental responsibility"

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*Corporate social responsibility (CSR) as a tool for achieving sustainable development within an organization or a company*

According to the ISO 26000 standard (ISO 26000:2010, 2012):

- social responsibility - organization's liability for the impact of its decisions and activities on society and the environment through transparent and ethical behavior.
- environmental responsibility - integral part of the company's social responsibility
- the obligation to bear responsibility in the form of adverse consequences for the committed environmental offense in accordance with the sanction of the violated legal norm/

# Literature Review

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## **Pro:**

- Managers / owners of SMEs have limited amount of information due to influence of their environmental footprint
- They believe that the small size of their operations is not able to cause serious ecosystem externality
- An underestimation of the need for environmental responsibility and low participation of SMEs in environmental activities (Nikolaou et al., 2016).

## **Contra:**

- A widespread scholars' belief that companies in developed countries are increasingly feeling the economic feasibility for environmental sustainability and are restructuring it by signals from the market
- That their owners and managers' opinions marginally resonate with this "win-win" rhetoric (Revell, 2007).

## **Russian context:**

- The number of Russian publications on environmental practices and the environmental aspect of the SMEs' social responsibility is next to none (Savicheva, 2010) (Boboshko and Gusev, 2006, p. 33; Yashalova, 2017; Wittenberg, 2010, etc.)

# Methodology

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Type of investigation: exploratory

Analysis: content-analysis according to (Denzin and Lincoln, 2008)

By interviewing business representatives, the presence of traits corresponding to a particular topic of the standard was calculated.

Theme structure according to ISO 26000 standard. A unit of count:

- mention of environment-related responsible practices or activities,
- initiatives and arrangements held by an SME following the 7th directions of “Environmental issues” according to the (ISO 26000:2010, 2012),
- SMEs’ motivation of choosing environment-related responsible practices,
- their overall attitude towards the aspects of environmental responsibility.

# Sample

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Panels: 77 SMEs, 59 interviews - 2015 and 18 -2017.

Sample: random/ enrolment of respondents - snowball method

Business areas:

- domestic trade (18%)
- professional services (10%)
- trade and mass catering (10%)
- finance, credit, insurance, pension fund scheme (10%)
- manufacturing (6%)
- transportation (6%)
- public education, culture and art (5%)
- construction (5%)
- information technology and media (3%)

Territory: Central Federal Count of the Russian Federation (86%).

# Practices of Responsible Behavior of SMEs due to ISO 26000:2010

Summary data on the number of social and environmental practices named by interviewed representatives of 77 SMEs

Companies' practices of responsible behavior	2015	2017	Total
Responsible management practices	6	11	17
Human rights	3	7	10
Labor relation	34	15	49
Environmental issues	22	6	28
Compliance practices	14	12	24
Consumer relations	37	10	47
Participation in the life and development of local communities	9	12	21

# Drivers for eco responsibility

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- **SMEs' owners preferences** - by contrast with social initiatives (assistance to pensioners, children, shelters), where many incentives originate from the employees (Bataeva et al., 2020), :
  - ✓ *"We support the environment, but we do not invest in other people's electric vehicles, we just reduce commissions. Why, particularly these areas, and not some others? Just because I like it and my partner approves of it too" (CEO).*
- **Meeting requirements of supervisory authorities** (considered obligatory but is not always perceived as unambiguously positive):
  - ✓ *'For instance, there are penalties for violating environmental legislation. If the Vodokanal laboratory finds that harmful substances in the sewage runoffs exceed maximum permissible concentrations, then for each parameter you receive a penalty of 20 thousand rubles! So, once you washed clothes used by production workers with powder at work, and at this time Vodokanal specialists took samples in the well, the result is "get a penalty"!' (CEO).*
- **Shareholders' and senior executives' personal choice:**

*"...I believe that business ethics exists in Russia thanks in large part to the initiatives of private entrepreneurs and business leaders. So, major or state-owned companies, in my opinion, should dedicate more time to this, because currently small and medium-sized businesses are pushing forward social programs much more actively" (Manager).*



# (Non)Drivers for eco responsibility

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- **Quality of environmental legislation and the practice of its enforcement at a low rate**, primarily due to the dismissive behavior of major companies:
  - *“Probably, if we talk about the governmental requirements, then we can approach environmental standards for mining companies, which still no one complies, but pays penalties...” (Manager).*
- **Green focus exclusively refers to major companies’ performance** – as their unwillingness to develop environmental responsibility :
  - *“I think that almost all companies of the top fifty, large, public, somehow include business ethics in their activities, because for them it is the must ... If we take Toyota, it is proud, that they are constantly sweating over making their steel engines more and more environmentally friendly ... Toyota significantly exceeds the emission requirements that are prescribed for them, but they make their cars much more environmentally friendly than required, so almost all major companies, anyway, say that they bear explicit social responsibility” (CEO).*

# Recommendations

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- **Environmental education and training for entrepreneurs and managers**
  - as a result - formation of responsible SMEs' leaders who are aware of effects their companies produce towards the environment and are able to pioneer innovations in the field of environmentally responsible behavior
- **Promoting the idea**
  - among entrepreneurs, relevant training programs shall be developed and offered
- **Tax policy**
  - as additional taxation of resource consuming and polluting plants shall be introduced, as well as, probably, tax support for environmentally responsible enterprises)
- **The creation of non-profit organizations** (unions, associations etc.)
  - including those of SMEs and universities, professional and industrial associations, within which it may be possible to borrow and disseminate green innovations
- **Professional and industrial associations**
  - shall be involved in formulation of an agenda for SMEs' environmental responsibility.

Thank you  
for your attention!

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