


## Chapter 8

# Motivation for Responsible Behavior Among Russian SMEs

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### ABSTRACT

*This chapter focuses on identifying motivation for socially responsible behavior in small and medium enterprises (SMEs) in Russia. It also investigates the attitudes of owners and executives of Russian SMEs toward the concepts of business ethics and social responsibility of business. A research set the background of this chapter, including the gathering of primary data through 57 focused interviews. Results of a critical analysis conclude that top managers and owners of Russian SMEs do not thoroughly understand these concepts. However, it also shows that they do not neglect them. Research findings point to a growing level of adherence to the principles of business ethics and responsible behavior. There is strong evidence showing motivation for following principles of ethical and responsible behavior. In addition to an understanding of legal requirements, company owners and top managers are finding that positive relationships between firms and stakeholders are crucial for sustainable performance.*

## INTRODUCTION

In research and publications dedicated to business ethics and corporate social responsibility (CSR) or social responsibility of business, the discussion of related practice of small and medium enterprises (SMEs) is usually considered apart from the rest of the corporate world. In the late 1990s, (Vyakarnam, Bailey, Myers & Burnett, 1997, p. 1625) expressed a point of view that business ethics of SMEs “remains a largely uncharted area of ethics”. This statement remains true for many countries. However, the role of SMEs in economic development continues to grow. Surveys on specifics of business ethics and CSR in SMEs are rare compared to the number of research papers dedicated to CSR and business ethics of large corporations (Chan, Fung & Yau, 2010).

Authors from developed countries pay some attention to this topic. SMEs constitute a dominant form of starting and doing business in many economies within the Organization for Economic Cooperation and Development (OECD, 2002), providing over 50% of jobs in the private sector. In Russia, the economic role played by those enterprises is still much weaker – the contribution of Russian SMEs to the country’s GDP in 2019 according to the statistical data from the Russian Ministry of Economics and Development is 21,9%, while in developed economies this indicator reaches 50-60% (RBC, 05.02.2019).

A limited volume of publications by Russian researchers exists on aspects of social responsibility and responsible behavior among SMEs. This situation may be explained by an opinion spread among researchers that social responsibility and business ethics are not essential for SMEs in Russia. This view was based on economic and business situations, including complications related to surviving and breaking even (Savicheva, 2010). Another reason may be an absence of traditions among new Russian entrepreneurs. In fact, most of these entrepreneurs represent SMEs. It can be explained by the relatively young age and early stage of these companies, which is common with private businesses in Russia (the oldest companies “born” as start-ups are no more than 25 years old).

Nevertheless, practical examples and cases show that Russian SMEs follow certain ethical principles in their behavior. They are, in fact, involved in responsible practices, including charity initiatives or assistance programs to employees and families in need (Dzhindzholiia, 2011; Ivashina, 2016; Nikitina, 2015; Pletnev & Nicolaeva, 2016).

Features of social responsibility of business in Russian SMEs include several aspects within the business environment, corporate governance practice, and labor conditions. Savicheva (2010) felt that business practices of Russian SMEs are characterized by a shadow approach to conducting business, constant attempts to circumvent the law, lack of systematic approach to regulating socially responsible behavior, narrow scope of stakeholders, poor labor conditions, and insecurity in the process of dealing with local authorities. The process of assessing the development dynamics of social responsibility in Russia consider the historical background, including the perception of issues that were typical for Soviet plants and almost complete negation of ethical behavior and socially responsible performance in the 1990s (or years of transition). In addition, it considers the transformation of the economic model during the same period.

The goal of this research is to identify features of socially responsible behavior and business ethics in Russian SMEs. The following research questions were set in the course of the study:

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