

The Role of Culture in Responsible Business Practice: An Exploration of Finnish and Russian SMEs

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This is a Author's accepted manuscript (AAM) version of a publication
published by Palgrave Macmillan
in The Changing Strategies of International Business

DOI: 10.1007/978-3-030-03931-8_9

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Please cite the publication as follows:

Uzhegova M., Torkkeli L., Ivanova-Gongne M. (2019) The Role of Culture in Responsible Business Practice: An Exploration of Finnish and Russian SMEs. In: Chidlow A., Ghauri P., Buckley T., Gardner E., Qamar A., Pickering E. (eds) The Changing Strategies of International Business. The Academy of International Business. Palgrave Macmillan, Cham

**This is a parallel published version of an original publication.
This version can differ from the original published article.**

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Abstract

National culture has been studied extensively in the context of small- and medium-sized enterprises' (SMEs) internationalization processes. With the current focus on the greater integration of SMEs into both international trade and achievement of global sustainability, it is worth investigating the role that national culture plays in SMEs' responsible business practices in the cross-border business relationship context. The qualitative approach used to study Finnish and Russian SMEs reveals that the cultural differences are reflected in SMEs' responsible business practices only to some extent while are more visible in their international business. This study thus contributes to the literature on both SME internationalisation and small business responsibility by applying the lens of national culture to the phenomenon of small business responsibility in international business relationships.

Keywords

SMEs, internationalization, responsible business practices, sustainability, Finland, Russia.

Cite this chapter as:

Uzhegova M., Torkkeli L., Ivanova-Gongne M. (2019) The Role of Culture in Responsible Business Practice: An Exploration of Finnish and Russian SMEs. In: Chidlow A., Ghauri P., Buckley T., Gardner E., Qamar A., Pickering E. (eds) *The Changing Strategies of International Business*. The Academy of International Business. Palgrave Macmillan, Cham doi:10.1007/978-3-030-03931-8_9

INTRODUCTION

Changes to the global and local market pose both challenges and opportunities for firms engaged in international business. The cultural and psychic distance between countries is a widely discussed topic in international business (IB) literature (Håkanson and Ambos 2010, Gerschewski 2013), often considered alongside the internationalisation process of large multinational corporations (MNC). Furthermore, in the IB domain, research on corporate social responsibility (CSR) and sustainability is also primarily conducted using an MNC as a unit of analysis (Perrini et al. 2007, Kolk & Van Tudler 2010). To correct these shortcomings, this study is set within the context of small- and medium-sized enterprises (SME) from two culturally distant countries while analysing managerial understanding of responsibility within international business relationships. Our study emphasizes the often under-researched informal institutional element of national culture as it pertains to sustainability (Peng et al. 2014).

SMEs are the predominant form of enterprise in several countries, accounting for up to 99% of business, approximately 70% of jobs, and about 55% of value added in several countries (OECD 2016). Regardless of their volume, the majority of SMEs' operations are limited to their national economy. Thus, SMEs are still underrepresented in international trade, although their involvement in international business is believed to enhance their contributions to economic development and social well-being (OECD 2017). SMEs are increasingly called upon to contribute to sustainable development and "to adhere to codes of conduct and <...> best practices on issues such as health and safety, labour rights, human rights, anti-corruption practices and environmental impact" (World Trade report 2016, p.150). The role of SMEs in promoting responsible and sustainable business practices cannot be ignored since the aggregated impact of SMEs' business operations globally is significant (OECD 2013).

However, SMEs' willingness and ability to adopt sustainable practices often face size-related resource constraints, skill deficits, and knowledge limitations (OECD 2017). SMEs face similar challenges while pursuing internationalization activities since carrying out international business is often more complex than domestic operations alone (Johanson and Vahlne 2009). SMEs are particularly susceptible to such resource constraints when aiming for rapid internationalisation (Knight and Cavusgil 2004).

SMEs' business ethics developed separately from the internationalization of SMEs, so despite the growing body of research we do not yet adequately understand how they align. This study aims to fill these gaps by examining the role of national cultural differences in SMEs' business responsibility and international business relationships. This informs the following research question for this study: *How and to what extent the distinctions in national cultures are reflected in the SMEs' business responsibility and international business relationships?* The empirical part of the study consists of a qualitative investigation of responsible business practices in Finnish and Russian SMEs involved in international business.

Therefore, we contribute to the literature in two ways. Conceptually, we bring the discussion of small business responsibility to internationalization literature. Empirically, we trace the differences between the SMEs from two neighbouring but culturally distant countries, thus offering several insights into cultural distance and the managerial role in this context.

The remainder of the chapter is structured as follows. We begin with a discussion of small business responsibility and the role of national culture. We then present the empirical context of this study consisting of two culturally distant countries representing Western and Eastern cultures, Finland and Russia. After describing the methodology of the empirical investigation, we present its findings. The last section discusses the findings' theoretical interpretation.

THEORETICAL BACKGROUND

Small Business Responsibility

A company's activities related to business responsibility are often referred to as corporate social responsibility (CSR) and include a variety of actions. A single widely-accepted definition of the concept exists neither in business practice nor in the academic research literature (Crane et al. 2013); the scope of such activities may refer to measures toward maintaining economic, legal, ethical, and philanthropic responsibilities, as defined by Carroll (1991).

However, the dynamics of, motivations behind, and strategies for responsibility are more explicit in large companies than SMEs (Perrini et al. 2007). SMEs are not just smaller versions of their larger counterparts, and thus, the CSR concept may appear misleading, only weakly capturing the approach employed by SMEs (Moore and Spence 2006). From the SME perspective, social responsibility is often associated with efficiency concerns: increasing the employee's motivation,

reducing energy and raw material consumption, and supporting philanthropy lead by senior management or some voluntary desire to participate in the surrounding local community. Social responsibility may include a variety of actions to address these concerns (Larrán Jorge et al. 2016). Here we continue with the notion of the responsible business practice (RBP), wherein the owner or manager takes on the central decision-making role in regards to the firm's environmental and/or social responsibilities, in keeping with the SME context (Ryan et al. 2010). Indeed, SME managers were found to clearly differentiate between the interrelated and often overlapping concepts of CSR, sustainability, and business ethics (Fassin et al. 2011). However, perceptions differ between managers from different countries as macro-environmental factors, such as language and national culture, influence individual cognition (Fassin et al. 2015).

National Culture

The national culture, categorized as an informal institution, forms behavioural and mental models, informal business practices, and routines (Keim 2003) and can be defined as a set of shared values, beliefs, and expected behaviours (Hofstede 1980). National culture has been studied in the context of business internationalisation over recent decades because of the assumption that trade between countries is determined not only by countries' physical distance but also by other differentiating factors such as language, personal relationships, and national culture (Beckerman 1956).

International business literature has widely treated the dimension of cultural distance as a single construct influencing firms' international expansion (Håkanson and Ambos 2010, Gerschewski 2013). Studies suggest that firms behave differently based on home-country characteristics that support different perceptions of international markets. Cultural context influences the factors of individual global mindset and corporate global mindset, leading to differing internationalization behaviour among SME managers (Felício et al. 2016). Other studies demonstrate that networks assist in overcoming the challenges associated with spreading internationalization activities to culturally distant target markets (Ojala 2009, Kontinen & Ojala 2010).

While the notion of national culture is widely used in international business studies, it also explains the differences associated with CSR between companies located in different (and culturally distant) countries utilizing the quantitative inquiry. CSR research in recent decades tends to link the different aspects of a company's responsibility with the national culture or national business systems (e.g. Ringov & Zollo 2007, Ioannou & Serafeim 2012). Being a complex concept in

nature, the national culture can be described using a set of six dimensions proposed by Hofstede (1980). The six dimensions refer to 1) power distance (the extent to which people accept that power is unequally distributed within organizations); 2) individualism (the way people integrate with groups); 3) uncertainty avoidance (the extent to which a culture feels threatened by ambiguity); 4) masculinity/femininity (the emphasis a culture puts on masculine or feminine values); 5) long-term orientation (the extent to which societal change is accepted); 6) indulgence (the extent to which people control desires and impulses). Hofstede’s cultural dimensions widely accepted among management scholars (Marino et al. 2002) and despite the criticism it has met over the years (e.g. McSweeney 2002, Håkanson & Ambos 2010), it is nevertheless used in both international business and responsibility research fields for empirical enquiries.

Table 1 presents an overview of how the various CSR dimensions were found to interact with Hofstede’s cultural dimensions.

Table 1 The overview of the CSR studies based on the Hofstede (1980) dimensions (effect: + - positive, - - negative, n.s. – non-significant),

	Ringov & Zollo (2007)	Ho et al., (2012)	Ioannou & Serafeim (2012)	Peng et al. (2014)	Thanetsunthorn (2015)	Graafland & Noorderhaven (2018)
Dependent variable/ Hofstede dimension	Corporate social performance	Corporate social performance	Corporate social performance	CSR engagement	CSR performance	Corporate environmental responsibility
Power distance	-	+	+	-	-	-
Individualism	- (n.s.)	-	+	+	-	+
Masculinity	-	+	Not used	-	- (n.s.)	-
Uncertainty avoidance	+ (n.s.)	+	Not used	+	+	+
Long-term orientation	Not used	Not used	Not used	Not used	Not used	+
Indulgence	Not used	Not used	Not used	Not used	Not used	+

As Table 1 demonstrates, empirical research found a causal link between national culture and CSR; however, no solid evidence exists, as the findings are inconsistent and contrast with each other. Furthermore, a recent study regarding corporate environmental responsibility opposes the previous studies employing Hofstede’s six dimensions and has demonstrated that the latter two dimensions

- long-term orientation and indulgence - affect the former four, thus limiting the previous findings' reliability (Graafland and Noorderhaven 2018).

The National Cultures of Finland and Russia

Eastern companies tend to differ from Western ones in management strategy, decision-making, business operations, and organizational culture (Buckley et al. 2005). In this study, we investigate how SMEs' RBPs reflect differences in national cultures. Although physically close, sharing a mutual national border, Finland and Russia nevertheless differ in cultural dimensions – Finland serving as a representative of Western culture and Russia as a representative of an Eastern one.

Previous research has specifically addressed the cultural differences in Finnish-Russian business relationships. The themes which emerged include the perception of time (sequential in Finland and synchronic in Russia) (Vinokurova et al. 2009), and expectations regarding the level of openness about the partner company's internal processes (a Finnish counterpart maintained non-disclosure behaviour towards the partner, whereas the opposite was expected by Russian managers) (Ivanova and Torkkeli 2013). Moreover, the overall relationship orientation leans toward network form in Finland and toward dyadic form in Russia, which accordingly results in the networking process to being perceived as an organizational or interpersonal phenomenon (Ivanova-Gongne and Torkkeli 2018). Due to the relatively recent introduction of capitalism, general uncertainty, and a dynamic business environment, Russia's organisational culture operates under a shorter time span than Finland's (Vinokurova et al. 2009). The study of managerial sensemaking contrasted Russian managers' overall short-term orientation and tendency to seek high profits with the long-term strategic planning and strong customer service-orientation of Finnish managers (Ivanova and Torkkeli 2013).

To illustrate the cultural differences between these two countries for the purposes of this study we provide scores for the various cultural dimensions as defined by Hofstede (2018) in Table 2.

Table 2 Cultural profiles of Finland and Russia (values from Hofstede-insights (2018); the higher value is in bold).

	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long-term orientation	Indulgence
Finland	33	63	26	59	38	57
Russia	93	39	36	95	81	20

Based on the Hofstede country profiles and the scores, Finnish society may be described as individualistic, feminine, uncertainty avoiding, normative, and indulgent, with a low power distance. Russian society, in turn, has a very high power distance, while it is also characterized as collectivist, feminine, highly uncertainty avoiding, pragmatic, and restrained. To add to the comparison of the two cultures, we use the data from the World Values Survey (2017). The survey differentiates between cultures by *survival* (emphasis on economic and physical security) versus *self-expression* (emphasis on environmental protection, tolerance of foreigners, minorities, and gender equality) *values*. Another dimension used is the prevalence of either *traditional values* (emphasis on religion, parent-child ties, deference to authority; rejection of divorce, abortion, euthanasia and suicide; and high levels of national pride and a nationalistic outlook) or *secular-rational values* which are opposite to the traditional ones. On a scale from -2.5 to 2.5, from 2010-2014 Russia scored -1.25 in the *survival vs. self-expression* dimension and 0.5 in the *traditional vs. secular-rational values* dimension, while Finland scored 1.25 in both dimensions (WVS, 2017). The difference in scores for the former dimension indicates the importance of survival values in Russian society, underscoring a relatively ethnocentric outlook and low levels of trust and tolerance. In Finland, in turn, self-expression values are stressed, indicating the demand for participation in economic and political decision-making. The latter dimension scores characterize Russia as a more traditional country compared to Finland, where secular-rational values prevail.

Regarding company responsibility, Finland is part of the European Union, where a European Commission's Green paper (2001) introduced the concept of CSR, defining it "as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". In the study of human resource reporting as a part of CSR reporting initiative, even for the biggest Finnish companies a disclosure of practices was new in the start of 2000's (Vuontisjärvi 2006). Despite high levels of civic engagement, only 12% of Finnish small firms were found regularly devoting resources to the social good in 2001 (Koos 2011). Finnish companies perceived CSR as "compliance with strict Finnish laws and regulations", with globalization being the most prominent driver (Panapanaan et al. 2003, p.137).

Compared to the research in a Finnish context, insight on responsibility in Russian companies is scarce and more recent. The study by Crotty (2016) demonstrates a strong link between the practices and attitudes of managers towards CSR in Russia and its historical and cultural legacy.

The managers of large Russian firms were found to diverge from Western rhetoric about the concepts and understanding of responsible practices (Kuznetsova et al., 2009).

Based on the above discussion of the national culture and organisational practices in the Finnish-Russian business context, we argue that the SMEs' RBPs are highly influenced by the cultural expectations and local social norms to which they are bound. Following the differences identified between the two countries, we expect that the dissimilarities between the RBPs of their SMEs are rooted in diverging cultural backgrounds.

METHODOLOGY

Our research design implies a broad inductive exploration of the phenomenon under the study revealing how SMEs from different cultural contexts exhibit RBPs and execute international business operations. The evidence was collected from multiple data sources including primary data in the form of semi-structured interviews with the key informants accompanied by the secondary sources (press materials, company documents, websites), as suggested by Yin (2009). The interviews with the top-management (CEO, founder, or a key manager) of Finnish and Russian SMEs were conducted in June-December 2017 with each company representing one case. The case selection criteria included: 1) a company must have fewer than 250 employees to comply with the European Commission definition for SMEs (EC 2003), 2) conduct B2B business, and 3) has business experience with a Finnish/Russian partner.

The Russian SMEs were first approached through the Finnish-Russian Chamber of Commerce (FRCC), a cross-national body for Finnish-Russian business promotion and assistance. The trade association newsletter emailed an invitation to FRCC members describing the interview's general topic and aim. Approaching the companies through a known and trusted body such as FRCC assisted in overcoming the high level of uncertainty avoidance in Russian society; according to Hofstede (2018): "*as long as Russians interact with people considered to be strangers they appear very formal and distant*". Hence, a certain level of trust between researchers and the respondents had to be established, resulting in the latter's willingness to share their opinions and stories. Out of the companies that signed up for the interview, the most suitable three have been chosen. After the reference from the Russian partner, the Finnish companies were approached. As a result, the primary data for this study consists of six interviews. Table 3 presents case companies' information.

Table 3 Case companies' information

Name	INDUSTRY	Founded	Main function	Experience with a FIN/RUS partner	INTERVIEWEE	Responsibility issues mentioned on a website	Length of the interview
Finnish SMEs							
TRANS_FI	All-road vehicles	1999	Distributing partner	2 years	Owner	No	51 min
VENT_FI	Ventilation systems	1998	Manufacturing, parent company	13 years	CEO	ISO 9001, CE marking, commitment to continuous improvement in environmental issues, and modernization of facilities for an efficient and reliable production process	1h 11 min
HOSP_FI	Hospital equipment	1998	Manufacturing, a supplier	1 year	Sales management director	An extensive Code of Ethics, CE marking, ISO 9001, ISO 13485, ISO 14001	1h 45 min
Russian SMEs							
TRANS_RU	All-road vehicles	2005	Manufacturing	2 years	Marketing director	TQM system and ISO 9001:2015 certification is mentioned	1 h 15 min
VENT_RU	Ventilation systems	2002	Manufacturing subsidiary	13 years	CEO	No	1 h 7 min
HOSP_RU	Hospital equipment	2007	Distributing partner	1 year	Owner	Responsibility is a part of our daily work. Each of our employees is responsible towards our client for the work performed.	55 min

Interview questions covered a variety of topics including an entrepreneur's personal background, social responsibility, environmental responsibility, and international business with the Finnish/Russian partners. All the interviews were audio recorded with permission, lasting an hour on average. To capture cultural features, the interviews were held in the researchers' and interviewees' native languages, after which the tapes were transcribed verbatim and translated into English by a professional service. Following this, the data were then analysed with the respondents' opinions and management practices coded in NVivo 11, a software for coding paragraphs, sentences or words. Codes were assigned first based on the a priori code list created based on the theory and an interview guide, complemented by careful inclusion of the topics that emerged from the data during the coding process. After the initial coding was finished, we rearranged the individual codes in the groups, united the overlapping codes, or rearranged them in the hierarchal order. As a result, several umbrella groups of codes emerged, namely "social responsibility", "environmental responsibility", and "international business relationship", with

some of them subdivided into “company’s actions” and “managerial opinions”. After the coding, the data analysis included within-firm and cross-firm analysis within the countries and between them to identify differences and similarities, as well as patterns and implications (Miles et al. 2014).

FINDINGS AND DISCUSSION

Responsible Business Practices

Both countries count compliance with the law and other requirements as a responsibility. For Russian SMEs, compliance with the Labour code and obeying labour safety rules is of the utmost importance. The VENT_RU mentioned among the actions for compliance obtaining a workplace certification and adjusting the level of illumination to the requirements, with other respondents revealing their practices:

HOSP_RU	<i>We certify workplaces, since it must be done. The laws are the laws, they are everywhere, they must be respected, taxes must be paid. If it is necessary, then it is obligatory for us to comply.</i>
TRANS_RU	<i>[Social responsibility means] creating comfortable and safe working conditions, on-time payment, fulfilment of obligations, and acting according to the terms in the employment contract.</i>

However, in Russia, the issue of internal company responsibility towards employees was more pronounced:

VENT_RU	<i>I am convinced that one should receive a decent salary for decent work. I think this social approach should be present in daily life. Not once a year or just on holidays. Then they [employees] will stick to you. I wouldn't say that we have the highest salaries in the field. But they are stable and people know that we won't scam them here.</i>
HOSP_RU	<i>I try to create the conditions in the form of insurance policies, health insurance, a comfortable office, social packages, and the events for the team building.</i>

The reason for emphasizing these issues is that some companies still face little penalty for flouting the rules and work “in grey”, paying only the minimal allowed wage (TRANS_RU). Notably, such

emphasis on obeying employment contract terms, attributed to responsibility, aligns with Crotty's study (2016). In the historically contextualized study of Russian CSR, this notion was attributed to the Transition Legacy type of CSR. As the type's name suggests, it is an attribute remaining in Russian business practice from the 1990's when paying taxes and salaries was not perceived as compulsory.

Continuing to the external stakeholders mentioned by the interviewees, Russian SMEs emphasized responsibility to their partners and customer orientation, which entails building relationships as opposed to one-time deals (HOSP_FI). Another respondent opens up further:

*Compliance with agreements and ethics is important for us. That means **not causing any economic or reputational damage** to partners. – TRANS_RU*

While discussing customer responsibility, the respondent from TRANS_FI refers to the noticed irresponsibility among the customers as the following quote illustrates:

*I think that our society teaches that **consumers have no responsibility** for anything. If he breaks purchased equipment, he turns to me and says, "this piece has a 5-year guarantee, so fix it." If I sell a piece of equipment worth EUR 50,000, and the customer uses every possible opportunity to return it, to nullify the deal, it might be the end of my business. – TRANS_FI*

Other case SMEs' external stakeholders emerged from data are minority groups in need. VENT_RU opens up about their parent company's philanthropic activities and their own contributions to the Russian Orthodox Church and youth sports:

*I think a lot here depends on the personal position of the director. I know that [VENT_FI] sponsors and helps the Lutheran community there, as well as here in Russia. As for me, I have been **connected to sport throughout my whole life**. <...> **The child and youth sport has a powerful social element**: the more kids we get off the street and put into the gym, the better it will be for the society at the end because the sport gets the stupid things out of their heads. I help them here in St. Petersburg, and even in the neighbouring countries. – VENT_RU*

Philanthropic intentions were identified in all Russian cases. In TRANS_RU, one of the owners, a former race-car driver, supports the university team in motor racing and a children's karting club on behalf of the company. The HOSP_RU respondent revealed that their company supports the

children’s oncology hospital and donates to soldiers’ widows. However, none of the SMEs communicates about these activities elsewhere in public sources, as this is perceived as boasting (TRANS_RU) or an attribute needed by large companies only (VENT_RU). The following quote reflects this:

*When we went to the children hospital, the staff said: “Let’s take a picture” but I do not like advertising, I have helped, and that’s it. We do not publish a lot of information as **this attracts the attention of those who want to get money**. I believe that everyone who has the opportunity to help should help, and there’s nothing to brag about. – HOSP_RU*

All of the Russian SMEs emphasized philanthropy but none of the Finnish managers mentioned it explicitly. This may be because the Soviet Legacy or Philanthropic type of Russian CSR is associated with the paternalistic social role companies played during the Soviet Union era (Crotty 2016).

Another dimension of RBPs in SMEs is attributed to a company’s legitimacy and the wider benefit it offers to society, as reflected by the following quotes:

TRANS_RU	<i>I would never be selling vodka because it’s not very good. It is good when an interesting and a quality product is being created, and there is a benefit to society.</i>
HOSP_FI	<i>I see it [social responsibility] in such a way that if a hospital gets better equipment, it can better serve the local population, offer better and more services, so in that indirect way.</i>

After the responsibility to the external stakeholders, responsibility towards the natural environment emerged as important to Finnish respondents, as they pointed to the lack of one in Russian SMEs:

VENT_FI	<i>When it comes to energy and fuel spending and so on, in Russia it seems to carry much less weight [than here].</i>
HOSP_FI	<i>On the [Russians’] personal level, it’s a bit like: “So what? We have a big country, we have lots of space left.” That’s a bit of a shame but they’ve started to understand that now.</i>

Indeed, Russian SMEs noticed a positive trend, although environmentalism is still prioritized less than responsibility to social stakeholders:

TRANS_RU	<i>We collect the paper from the office and it is processed and disposed. It is for a year or two that everything is sorted including the plastic waste. It was initiated at the city level and because there are the conditions for processing the waste, there is at least a minimal economic motivation [for us to do it].</i>
VENT_RU	<i>Talking about environment protection, we have a special contract with the company that processes our waste. They collect it and we pay. The initiative was ours: we have a waste and what's next? You can hire someone [and say:] "Here is the money, take the waste as far as possible." You can do that. Maybe once or twice but in the end, you will go to the forest and what will you see? Your own garbage. That is a no-go.</i>

Such a position where environmental protection is not perceived as beneficial and requires additional incentives aligns with findings by Simpson et al. (2004) which indicate that environmental responsibilities are hardly transferable to competitive advantage for the SMEs.

To summarize, a variety of RBPs exist in the cases from both countries, aimed at the SMEs' stakeholders both internally (maintaining good relationships with the employees) and externally (helping minorities in need). However, the actions undertaken and the stakeholders' groups to which the company owes responsibility differ slightly in both countries. The actions undertaken in the Russian cases varied more than those pursued in Finnish cases, which were mostly aimed at fulfilling the imposed requirements. In addition, philanthropy was a prominent attribute among Russian cases while environmental responsibility appeared to be a more important dimension for Finnish cases. The way Finnish companies market product reflects the latter difference:

TRANS_FI	<i>I don't think that in Russia it carries any weight but here in Finland I'm trying to bring it up, that these are ecological vehicles, and if you drive it anywhere, for example, you drive across a lawn, it doesn't leave any traces, you're not breaking the surface at all.</i>
HOSP_FI	<i>In Russia, it's not a selling point. It's a neutral thing. They don't react to it in Russia like "wow, this is going to take things forward".</i>

The differences presented nevertheless did not influence the international business activities of case SMEs. VENT_FI has expressed that social responsibility was not an issue in their relationships, while the HOSP_RU interviewee says that "*neither Finnish nor other companies*

have asked such questions [about our responsibility]. Maybe they will, but meanwhile, these topics are not discussed.”

To sum up, the RBPs in the SMEs from both countries have been found to comply with the view often referred to as Carroll’s CSR Pyramid (Carroll 1991). It contains four elements: economic (making a profit for the shareholders and providing products for consumers and jobs for employees), legal (obeying the law), ethical (doing no harm), and philanthropic (contributing to society) (Carroll 1991). Table 4 summarizes the RBPs possessed by the case SMEs.

Table 4 The summary of RBPs in case companies

Responsibility	Finnish SMEs	Russian SMEs
Economic	Being profitable, paying taxes.	Being profitable and looking for economic benefits from all actions including environmental responsibilities.
Legal	Complying with all the rules and regulations, standards, and norms.	Complying with the Labour Code, labour safety, paying employees’ official salaries.
Ethical	Honesty, no corruption, and “grey” practices also required from the international partners.	Towards the partners – not to harm their reputation, no contracts with the competitors.
Philanthropic	Towards the Lutheran church in Finland and Russia. Through the product.	Towards the Russian Orthodox church, youth sports, children’s hospital, soldiers’ widows, university racing team, and children’s karting team.

However, from the data emerges that it is a role of an individual manager, which is explicitly present in data that distinct the SMEs’ RBPs. In Carroll’s Pyramid, the economic and legal responsibilities are *required*, ethical responsibilities are *expected*, and philanthropic ones are *desired* by the society. However, the following quote offers insight into the role of a societal controlling mechanism:

*Our cultural differences are so large in terms **how the society controls certain activities**. In Finland, they check everything with a magnifying glass, and it feels that in Russia they spend a second. – TRANS_FI*

Indeed, in our Russian data, evidence emerged of the owner-manager’s dominant role, which goes beyond the management function accepted in Finland. Particularly, the head of the company decides if and in which part the company is to comply with legal requirements, behave ethically, and allocate resources to the philanthropy while still prioritizing economic profitability above social benefit. A perception of responsibility as emerged in data from Russian SMEs reflects the

elements noted in Spence's (2016) study, which redraws Carrol's Pyramid from an ethics of care perspective, the viewpoint more suited to SMEs. In Spence's framework, economic and legal responsibilities are substituted for survival, while the ethical is replaced with ethics of care, the philanthropic category remains intact, and a new category of owner-managers' personal integrity is added.

Cultural Differences

The reasons for differences found in RBPs are also connected with their distinct historical backgrounds. Particularly, the influence of transition and Soviet legacies identified with the regard to RBPs (Crotty, 2016), are also reflected in business culture as the TRANS_RU respondent explains:

*Business culture in Russia is not yet formed after the transition happened in the 1990s and it is still oriented on making money. <...> It is mainly based on international standards but **does not exist on the cultural or community level: companies are trying to follow the law if there is no penalty.** The culture is being formed and in 5-10-15 years, it will be formed at some level. This will happen when people, who came to the management and owning the enterprise in the transition period – a period of capital accumulation and property privatization, will leave, then there will be a slightly different culture, and the next generation will come to management. - TRANS_RU*

A Finnish respondent brought up the same positive trend associated with the managerial generational change:

*There is a new generation coming up in Russia. I've communicated with high school graduates, and their way of thinking changes, even though their cultural background remains the same. <...> The Russian way of doing business has become a bit boring, **like in the western countries.** - HOSP_FI*

While the differences between RBPs were not found important to international business with Russian/Finnish counterparts, the cultural differences between business routines appear in data regularly. Finnish respondents agreed that the most notable distinctions regard the perception of time, respect for deadlines, and a particular price-consciousness evident in the maintenance expenses perceived as unnecessary by Russian counterparts (HOSP_FI), and are consistent with

previous studies (Vinokurova 2009, Ivanova and Torkkeli 2013). Despite the cultural and practical differences related to certifications (HOSP_FI, VENT_RU), customs routines (HOSP_FI, TRANS_RU), legislation (TRANS_FI), and tenders (HOSP_FI), respondents are striving toward better understanding of Russian business culture:

*I think our views are largely similar. We have this new Russian coming up [to work for us] and one of the ideas behind that is that we would have somebody at our end too so that **we could get a bit deeper into their culture.** – VENT_FI*

In turn, having the international partners is not yet common for Russian SMEs, as TRANS_RU elaborates:

*Small business here is less involved in international activities than in Europe. Such cases when a small company works for export are rare. It is connected with the culture and education, and with certain difficulties to access foreign markets. We will gradually come to this but it will happen when a new generation comes to business, which has the internships abroad, and who, from their childhood has travelled abroad. They do not see **the psychological or cultural barriers** entering the European markets. – TRANS_RU*

Nevertheless, for the experienced, an understanding of Finnish counterparts' business culture has not presented any major difficulties compared to dealing with partners from the Middle East, Asia (HOSP_RU), or the US (TRANS_RU). For these two SMEs, the relationships with Finnish companies were characterized by the slow trust building:

*With our Finnish partner, **the trust is built gradually.** They do not offer the best contract terms from the initial contact but in general, there is a positive attitude towards us. - HOSP_RU*

Indeed, all the Finnish respondents brought up the importance of trust and personal contact especially with Russian partners:

VENT_FI	<i>Personal relationships are important there. Also, meeting people in person, loyalty and trustworthiness, so that you can trust the other person in the long term.</i>
HOSP_FI	<i>Although he has sent me the information in a written form, personal chemistry is important to me too. It's not companies that do business, it's people that do business.</i>

TRANS_FI	<i>When companies are doing business mutually, it's a question of a relationship between two persons to a large extent. It's exactly about who's at the other end and what kind of a person they are.</i>
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Placing such great importance upon trust building in international business relationships is consistent with the revisited Uppsala model, which acknowledges the important role of trust in relations during internationalisation (Johanson and Vahlne 2009). However, it is apparent from the quotes of both Russian managers and their Finnish counterparts that gradual trust building and establishment of transparent and trustworthy relationships is more of the Finnish SMEs' concern. Moreover, analysis of the quotes reveals that the Finnish respondents described cultural differences in Finnish-Russian business relationships more often and in greater detail than Russian respondents. This suggests that the cultural distance is greater in the Finnish-Russian direction than vice versa. This is consistent with the notion of psychic distance and its asymmetrical nature (Ellis 2008).

CONCLUSIONS

Although visible in managerial decision-making and as opposed to what was theorized, the differences in national culture are not explicitly recognizable in SMEs' responsible business practices. The exception to this is the attitude towards environmental responsibility, reflected by the way Finnish SMEs position their products. By matching the RBPs of Russian SMEs with the CSR types (Crotty 2016), this study suggests that the historical background is one of the conditions that forms RBPs in SMEs. The business relationships between the case SMEs from the culturally distant countries are primarily characterized by a strong managerial role (Spence, 2016), local legislation, and a cultural distance perception as perceived by the managers towards their counterparts (psychic distance) (Håkanson and Ambos 2010). The role of mutual trust in this study has appeared to outweigh the RBP's importance in the cross-border business relationships (Johanson and Vahlne 2009), suggesting the important role of the owner-manager and individual decision-making.

Our study theoretically contributes to the literature on SME internationalization and small business responsibility by integrating them through the national culture as an informal institution. The theoretical value of our article is that we apply a national cultural lens to explore if the differences

in national culture are evident in the responsible business practices of SMEs and their international business relationships. We argue that studying SME RBPs in the international business context is possible through combining the firm-level considerations and national culture context, yielding more complex understanding.

This study has several limitations that further research could overcome. The purposeful inclusion of only the SMEs with an international partner constrains the generalizability such that for future research, the inclusion of domestically-operating SMEs from culturally distant countries could offer further knowledge about the interrelation of international business relationships and the RBPs' presence and scope. Accounting for the evidence that legislation presents a prominent burden for SMEs' international business, tracing RBPs from the institutional point of view would be especially beneficial, enabling researchers to contrast informal and formal institutions, thus comparing the SMEs and linking them to their origins in a developing, emerging, or developed economic context.

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