

The Role of Responsible Business Practices in International Business Relationships Between SMEs from Developed and Emerging Economies

Uzhegova Maria, Torkkeli Lasse, Ivanova-Gongne Maria

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Chapter 2: The Role of Responsible Business Practices in International Business Relationships Between SMEs from Developed and Emerging Economies

Maria Uzhegova^{1*}, Lasse Torkkeli¹, Maria Ivanova-Gongne²

* *corresponding author*, email: maria.uzhegova@lut.fi

¹ School of Business and Management, LUT University, Lappeenranta, Finland

² Åbo Akademi University, Turku, Finland

Abstract

The different institutional environments of developed and emerging economies may dictate the business practices of small- and medium-sized enterprises (SMEs). With national institutions' current focus on better integrating SMEs into both international trade and sustainability goals, it is worth investigating the role socially and environmentally responsible business practices (RBPs) plays in SMEs' international business relationships. The qualitative approach employed in this study reveals that environmental responsibility is not prominent in cross-border business relationships between Finnish and Russian SMEs, while social responsibility in part of ethics, transparency and partner responsibility is crucial for these relationships. The study thus contributes to the literature on responsibility in international business (IB) and international entrepreneurship (IE) by 1) suggesting that international business relationships can help raise the ethical behaviour of SMEs from emerging economies; 2) extending the research on sustainability-related issues in IB/IE towards emerging economies and the SME context; and 3) applying the institutional lens to explain RBP in international business relationships.

Keywords

SMEs, international business, social responsibility, environmental responsibility, sustainability, Finland, Russia, emerging economy, developed economy

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INTRODUCTION

One of the key recent phenomena in the international business domain is the expectation of increasingly responsible business behaviour from large multinational companies (MNCs) because of their high public visibility, generated from NGOs and the media (Campbell, 2007). However, it small- and medium-sized enterprises (SMEs) the predominant companies in the Organisation for Economic Co-operation and Development (OECD) and can be defined (using the European Commission's definition) as firms with fewer than 250 employees, a turnover of less than EUR 50 million and an annual balance sheet of less than EUR 43 million (European Commission, 2003).

SMEs are still under-represented in international trade, although their involvement in international business is believed to enhance SMEs' contributions to economic development and social well-being (OECD, 2017). As the recent World Trade report (2016: 150) states, "*SMEs are increasingly required to adhere to codes of conduct and programmes for sustainable supply chain management, including best practices on issues such as health and safety, labour rights, human rights, anti-corruption practices and environmental impact*" to become the suppliers of MNCs, thus joining larger global interfirm networks (Buckley & Prashantham, 2016) and "global factories" (Buckley, 2009). Indeed, actions involving social and environmental responsibility are becoming more and more important for the SMEs operating in global supply chains (Upstill-Goddard et al., 2016). However, SMEs' willingness and capability to adopt responsibility practices often confront size-related resource constraints, skill deficits and knowledge limitations (OECD, 2017). Furthermore, SMEs aiming to internationalise rapidly are particularly susceptible to these constraints (Knight & Cavusgil, 2004).

Nevertheless, the research literature on responsible business practices (RBPs) among SMEs has not yet considered such practices in international business, especially between emerging and developed economies. In turn, studies of SME internationalisation and international entrepreneurship lack explanations for the possible interplay between adopting RBPs and their role in cross-border business (see Jones, Coviello & Tang, 2011). Hence, there is still limited understanding about the implications of RBPs in SME internationalisation from both research streams, namely, responsibility-related studies (often known as business ethics) and international business studies.

In this study, we aim to respond to these literature omissions by illustrating the role of RBPs in international business relationships. In particular, we focus on this question: *What implications have the differences in RBPs' manifestations for international business of SMEs from emerging and developed economies?* The empirical part of the study consists of a qualitative investigation of RBPs in Russian and Finnish SMEs that have international business relationships in the other country. We argue that international business relationships and expectations of the partners from developed economies towards the SMEs from emerging economies can contribute to greater partnership responsibility and business ethics, particularly in international relationships but also in SME operations in general. Campbell (2007) proposes two reasons why there are likely to be differences in the SME RBPs from these two countries. The first reason is that companies operating in a turbulent economic environment (such as Russia) and lacking financial resources will be less likely to behave responsibly. Another reason is that a firm is more likely to behave responsibly in an environment where a normative call for such behaviour is present (e.g., Finland). Thus, we argue that the differences in formal and informal institutional environments of two countries are reflected in RBPs of SMEs from these countries and may in some particular way interfere with the international business activities of these SMEs. Overall, we conclude that ethics, transparency and a good reputation (partially related to social responsibility) rather than particular RBPs are highly valued by the managers of companies originating from the developed economy when partnering with the emerging economies' companies. Thus, the main contribution of our study is to the literature on international business and business ethics, which we extend by integrating findings on SMEs, institutional context and comparison of emerging and developed economies.

In regard to structure, first we outline the literature about international business and responsibility. We then describe the empirical context of this study in terms of the business responsibility and institutional factors in the countries of interest. This is followed by the qualitative study, where the actions and opinions of SME managers from both countries are presented and analysed in detail. We conclude by discussing the results and their implications for the theory and practice of SME internationalisation and growth.

THEORETICAL BACKGROUND

Business responsibility in international business

A firm's business responsibility-related activities are often referred to as corporate social responsibility (CSR) and include various actions. Although there is no single widely accepted definition of CSR (either in business practice or in the academic literature) (Crane et al., 2013), its activities often include measures towards achieving sustainability in economic, social and environmental terms, as presented in the triple-bottom-line framework (e.g., Elkington, 1998).

In the international business research literature, studies of CSR and sustainable development constitute only ca. 3% of the whole field and are centred on MNCs and a single-country context (Kolk & Van Tudler, 2010). Among these, several studies demonstrate CSR's benefits for MNCs. For instance, CSR commitment in MNCs has been found to improve their capacity to compete in foreign markets (Bouquet & Deutsch, 2008), while CSR-based product differentiation may lead to improved export performance for the medium and large companies from the emerging economies (Boehe & Cruz, 2010). Moreover, MNC's responsibility may increase consumer and employee trust in the organisation, which positively affects the firm's activities in foreign markets. Supporting this, Hadjikhani et al. (2016) found that CSR used as a Korean MNC's marketing strategy, which facilitated the MNC's entry into the Chinese market through investments into the social and environmental issues in the target country.

Nevertheless, the evidence of CSR implications for international business is limited, with evidence for the role of responsible business behaviour in SME's international activities being even more scarce. A rare exception is Costa et al.'s (2015) study, which suggests that CSR principles affect the drivers of competitiveness in SMEs in international markets, either facilitating or hindering innovation and internationalisation efforts depending on the type of innovation. Thus, responsibility issues in the internationalisation of SMEs are an emerging topic.

Responsibility in SMEs

The term *corporate* in the CSR initialism may misleadingly imply that the agenda is related to MNCs or human rights issues. However, SMEs are not simply the smaller versions of their larger counterparts, and thus, CSR as a term does not capture the approach required for such firms (Moore & Spence, 2006). Indeed, scholars have studied the differences and features of CSR for SMEs in

recent decades (e.g., see Jenkins, 2004; Preuss & Perschke, 2010; Spence, 1999), as well as drivers and barriers (see Ellerup Nielsen & Thomsen, 2009) and implications for SME performance (e.g., Battisti & Perry, 2011). To compare corporations and small businesses (Jenkins, 2004), corporate strategy, control measures, formal standards, functional expertise, and systems are all attributes of corporations, while for small businesses, maintenance of tactical strategies, individual ways of operating, personal monitoring and holistic features are characteristic. Consequently, how small companies address business responsibility issues differs from large corporations' approaches (Perrini, 2006). This means that research conducted with MNCs is not easily generalisable for SMEs and hence, in this study, we expect that the implications for the international business of SMEs might differ from those identified in the studies conducted in the MNC context.

While implementing standardised and formalised practices developed for MNCs is not applicable here, SMEs, instead, may address the call for sustainability through responsible business practices (Ryan et al., 2010). RBP differs from the term *CSR* in that an SME's owner/manager is given the central role in decisions regarding such elements of RBP as environmental and/or social responsibility. In this study, we adopt the RBP concept, which better fits an SME context, as an overarching term to study the social responsibility and environmental responsibility of SMEs.

Social responsibility is defined broadly to capture the whole variety of meanings and actions that SMEs possess. Specifically, it includes the following groups of SME's socially responsible practices (Larrán Jorge et al., 2016): i) philanthropic and voluntary work; ii) internal activities focused on improving working conditions; iii) transparency of policies undertaken by the company; iv) communications practices aimed at raising internal and external awareness; v) activities with customers; and vi) activities within the supply chain. Thus, social responsibility in this study is the activities of the company directed to internal and external social actors and society as a whole. In turn, the environmental activities of an SME can be expressed in practices focused on waste management, environment protection measures (including the recovery/recycling of packaging and/or material), the reduction of water and noise pollution, related business innovation and obtaining of environmental certifications (i.e., ISO 14001 and EMAS) (Ibid.).

Institutional environment

Economic, political and social factors are shaping CSR activities around the world (Baughn, Bodie & McIntosh, 2007). Several studies analyse which normative, cultural-cognitive and regulative

elements influence responsibility applying the institutional lens. These include economic conditions (Campbell, 2007) and national, legal and cultural frameworks (e.g., Matten & Moon, 2008). The articulation of responsibility in different countries' firms is often researched in the light of national differences both in international business literature (e.g., Demirbag et al., 2017; Graafland & Noorderhaven, 2018; Miska et al., 2018) and business ethics literature (e.g., Ho et al., 2012; Ioannou & Serafeim, 2012; Ringov & Zollo, 2007). The differences are often explained through nations' levels of economic and social development, cultural profiles and institutional environments. There are two prevailing hypotheses about the relation between responsibility and a country's institutional environment. The *institutional substitute* theory postulates that firms address a country's institutional voids through socially responsible business practices, while the *institutional mirror* theory argues that firms' responsibility actions result from welfare states that have resources and a culture of care (Koos, 2012). Keim (2003) has identified two main groups of institutions that may influence companies' responsibility: *formal* institutions, expressed in laws, policies and formal agreements accepted by different countries; and *informal* institutions, which form behavioural and mental models, informal business practices and routines and are generated by individuals through cultural heritage, religion or policies.

Differences in socio-political contexts and business environments not only influence the international business of MNCs, which must adapt their strategies (including product, capital, labour markets and regulatory systems) to fit the institutional contexts of different countries they operate in (Khanna & Palepu, 1997). They have also been found to affect SME internationalisation (e.g., Manolopoulos et al., 2018). Pisani et al.'s (2017) literature review into the state of corporate social responsibility in international business pinpoints SMEs as the "new actors" and calls for more research into institutional factors and underexplored geographical contexts.

Emerging markets (EM) thus warrant special interest, as the economies of such markets may suffer from weak institutions and be characterised by a higher level of risk and uncertainty, as opposed to developed economies. EMs are further characterised by economic development, liberalisation and the adoption of a free market system (Hoskisson et al., 2000). In EMs, informal institutions, in particular, may be more prominent, enabling and facilitating business transactions (Khanna & Palepu, 1997). However, what makes them so special, apart from the specific economic environment, is the distinct institutional conditions, as the EMs "*have developed at least some of*

the institutions necessary to encourage commerce. But institutional voids are still common enough to cause market failures” (Ibid: 4).

Study by Cheng and Yu (2008) emphasises that CEOs’ actions towards internationalising SMEs from China are influenced by the institutions and institutional pressure of both the home and host countries. Thus, countries with greater institutional pressure enable SMEs to internationalise abroad more rapidly and aggressively abroad. Indeed, a home country’s weak informal institutions are known to intensify SMEs’ exporting, whereas inefficient formal institutions may hinder this process (Manolopoulos et al., 2018).

Another example is Volchek, Jantunen and Saarenketo’s (2013) study, which applies the Three Pillars of Institutions (Scott, 2008) to study the internationalisation of Russian SMEs. In this framework, *regulative pillar* refers to rules, laws and sanctions; *normative pillar* includes certification and accreditation; and *cultural-cognitive* refers to common beliefs, shared logics of action, and isomorphism. The results reveal that a cognitive institutional environment influences an SME’s decision to pursue an internationalisation strategy, while further international growth depends on the normative institutional environment, with favourable societal attitudes as the decisive factor (Volchek et al., 2013).

Since it has been accepted in both research fields, we consider institutional theory and the institutions defined as the “*rules of the game in a society*” (North, 1990: 3) as an applicable lens to use in this study. Zucker (1987: 444) defines the institution as “*a rule-like, social fact of an organized pattern of actions*” and divides institutions into two categories, both affecting the company’s course of action. The first category is a *macro-social environment* formed by regulatory pressure from agencies, laws, courts, professional associations and interest groups. Another category is the *inter-organizational relationships* with suppliers, customers and competitors. North (1990) states that the institutional environment is created with groups of organisations, namely, key suppliers, consumers and regulatory agencies. Combining these two views, we see institutions affecting SMEs’ responsible business practices and international business activities both on the macro (and supranational) level and on the level of inter-organisational relationships.

In this study, we investigate the role of social and environmental business responsibility in the international business relationships of SMEs from two countries with distinct levels of economic development and institutional environments: Finland as a developed economy and Russia as an

emerging one. Although an EM concept is still debated, Russia is an example of a country with a transitional economy, changing from a closed to an open market economy in the 1990s, which is in line with Peng's EM definition (2003). We expect that the SMEs' RBPs in both countries are highly influenced by local social norms, cultural expectations and the legal framework to which these RBPs are bound. We thus propose that the differences in the RBPs possessed by the SMEs in these countries may be reflected in the cross-border relationships of these SMEs.

Empirical context: Finland and Russia

Institutional environments

Despite Finland and Russia being geographically close and sharing a mutual border, differences between the two business environments have been noted in several international business studies, signalling it is a fruitful research context. The issues studied include business relationships with Russian authorities (Kosonen et al., 2008), corruption in the Russian business environment (Karhunen & Kosonen, 2013a), human resource management (Minbaeva et al., 2003), intellectual capital management (Kianto et al., 2013), entrepreneurial orientation (Bogatyreva et al., 2017; Shirokova et al., 2016) and corporate engagement with NGOs (Kourula, 2010) in the Finnish-Russian context. However, there is a scarcity of responsibility-related studies which include both Finnish and Russian firms. A rare exception is a study on the natural environment-related issues between these developed and emerging economies in terms of NGO and governmental actor co-operation (Ritvala & Salmi, 2012). Other related evidence is Potepkin and Firsanova's (2017) recent investigation into consumer reaction in Finland and Russia to a company's CSR initiatives. Table 1 compares the institutional environments of the two countries.

Table 1 A comparison of Finland and Russia (World Bank Group, 2014; Global Competitiveness Index, 2017; Transparency International, 2016; Global Cleantech Innovation Index, 2017)

	Finland	Russia
Population (2016)	5 495 096	144 342 396
GDP per capita US\$ 2017	43,169.2	8,928.7
Global Competitiveness Index 2017 (rank out of 137)	10	38
Institutional development (rank out of 137)	1	83
Corruption level 2016 (rank out of 176)	3	131
Ease of doing business ranking 2016 (rank out of 189)	12	92
SMEs with international operations	22% (ca. 62 000 SMEs)	ca. 10 % (50 000 SMEs)
Global Cleantech Innovation Index 2017 (rank out of 40)	2	39
CO2 emissions 2014 (metric tons per capita)	8.661	11.858

Sustainable Competitiveness Index (rank out of 180)	4	43
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As indicated in Table 1, Finland and Russia differ drastically in terms of geographical scale, economic indicators and positions in various rankings. This suggests that Russia as an EM is a more turbulent and complex environment for business operations, with corruption, tax rates and access to financing the most problematic factors. By contrast, Finland, often described as a small and open economy, has ranked first for several years in institutional development, with highly transparent and well-functioning public institutions, while Russia is only ranked 83 (World Bank Group, 2014). Finland is also placed high in the sustainability competitiveness ranking, which includes natural capital, social capital, resource management, intellectual capital and governance efficiency, while also having a lower CO2 emission per capita. Orientation on clean technologies and energy efficiency is still low in Russia (39 out of 40), with Finland ranking among the top countries in this regard.

Responsibility

The Eastern firms differ from Western ones in management strategy, decision-making, business operations and culture (Buckley et al., 2005). The Finnish CSR agenda, being part of the European framework, is influenced by policies of the European Commission, a supranational institution. One such policy is a Green Book on CSR (European Commission, 2001), one of the starting points to promote a common framework in which responsible behaviour for entrepreneurs and managers may be developed within the European Union (EU).

Finland is characterised by firms' high level of civic engagement (i.e., firms' contributions to some external social activities), yet Finland has the lowest score among other Nordic countries for doing this regularly (Koos, 2012). The Finnish government prefers to promote international institutions' policies regarding CSR rather than develop national ones (Gjölberg, 2010). According to the EU Peer Review (2013), the CSR agenda is very important for the Finnish government, and in 2011, it was integrated into the government program for the first time. The Finnish government's clear focus to approach the CSR issues in a new way is stated in the Peer Review, particularly through promoting CSR in SMEs. Finnish SMEs' engagement in socially responsible activities was already high more than a decade ago, with 83% of SMEs involved in some responsible practices (EC, 2002).

In comparison, the responsibility issues in Russian firms are distinct from those in Western countries, where the majority of CSR and sustainability research is carried out (Crotty, 2016). Although in 1912, the Russian business community adopted nationwide its first code of ethics, “Seven Principles Governing Business in Russia”, Russian CSR development today is still in its early phase, with only a few large Russian companies explicitly active in addressing sustainability. This is explained by the youth of the Russian market economy, which only recently started to include more CSR principles and practices in business operations. The reasons for this shift are twofold: partially, it happened due to the increasing economic prosperity; it was also due to the intensified partnerships with foreign companies that demand from their partners compliance with CSR principles (Devjatlovskij & Pozdnjakova, 2014). According to a corporate ethics expert, “[I]n Russia, issues of business ethics are in their infancy. Many companies have written codes [of conduct], which included general rules on the prohibition of discrimination, and [companies] pretend that the issue is resolved” (Meduza, 2018). Indeed, Kuznetsova et al. (2009) found that within large Russian firms, managerial understanding of responsible practices differs in many respects from Western rhetoric and conceptions. This is because the transitional period in Russian socio-economic development created ambiguity regarding some most fundamental issues, including ownership rights, the role of contracts and the notion of business ethics, resulting in the unpopular image of the entrepreneur and businessman, in contrast to other countries.

METHODOLOGY

Research design

Our research design implies a broad inductive exploration of the phenomenon being studied, revealing how SMEs from different institutional contexts apply responsibility-related activities to their firms and the role these activities play in their international business relationships. Given the lack of literature on responsible practices between companies from emerging and developed economies, an inductive research design was deemed appropriate. Within this study, owing to its exploratory nature, we have chosen a case study approach (Yin, 2009), where each individual SME is a case.

Initially, Russian SMEs were approached through the Finnish-Russian Chamber of Commerce (FRCC), a cross-national body for Finnish-Russian business promotion and assistance. To access

FRCC members, an invitation email for an interview was sent through the trade association newsletter, describing the general aim and topic of the interview. This ensured companies' suitability for the study because the members of the trade association are supposed to have relevant business experience in Finland/with Finnish partners. Another reason for approaching these companies through the known and trusted FRCC was to overcome the high level of uncertainty avoidance in Russian society, for according to Hofstede (2018), "*as long as Russians interact with people considered to be strangers they appear very formal and distant*". In order to ensure trust between researchers and respondents, and the willingness of the latter to share their opinions and stories, it was important to establish trustful relationships from the initial contact, as recommended by Johanson (2011), with the names of the case companies anonymised.

Of the companies that agreed to be interviewed, we chose SMEs which satisfied the following criteria: 1) fewer than 250 employees; 2) B2B business activities; 3) business experience with a Russian/Finnish partner. Before conducting the main data collection with the four Finnish and four Russian SMEs chosen, we interviewed three companies regarded as the experts in this study. Expert companies are located in Russia and provide a wide variety of services for both Finnish and Russian companies, including banking, consulting and business support and are members of FRCC. Thus, these experts were chosen for preliminary data collection as a source of overarching experience and opinions. Finnish companies were approached directly or after being referred from the Russian partner.

We chose semi-structured interviews as a data collection instrument and conducted 11 interviews in June–December 2017 with the top management of Finnish and Russian firms; most of the interviewees, including CEOs and founders, were in key management positions. The short summary of the interviewed companies is presented in Table 2.

Table 2 Description of the interviewed companies

ACRONYM	BUSINESS AREA	SIZE IN TERMS OF EMPLOYEES	FIN/RUS EXPERIENCE	INTERVIEWEE	RESPONSIBILITY MENTIONED ON WEBSITE	INTERVIEW LENGTH
FINNISH SMES						
FI_STEEL	Steel products	50–99	Has resellers in Russia	Export director	"Responsibility for the environment along with the high-quality operations"	44 min
FI_VENT	Ventilation systems	50–99	The parent company for R_VENT	CEO	"The company is committed to continuous improvement in environmental issues."	1h 11 min

FI_HOSP	Hospital equipment	50–99	Has a network of dealers for its products in Russia	Export director	An extensive Code of Ethics	1h 45 min
FI_CERT	Certification services	100–249	Russian partner of R_CERT	Vice-President	No	1h 40 min
RUSSIAN SMES						
R_CUST	Customs representative	Small	Assistance in customs procedures and deliveries for the Finnish companies	Deputy director	No	56 min
R_CERT	Certification services	Small	Finnish partner FI_CERT	CEO	ISO 9001 is mentioned	2h 2 min
R_BROK	Customs broker	Small	Assistance in customs procedures and deliveries for the Finnish companies	Key account manager	“We are a socially responsible company. One of our activities is the development of sports - the education of willpower, character, fighting spirit and healthy lifestyle, both our employees and our friends”	50 min
R_VENT	Ventilation systems	Small	Representatives of Finnish company FI_VENT	CEO	No	1h 7 min
RUSSIAN EXPERT COMPANIES						
RE_E	Entrepreneurship promotion state agency	Small (state ownership)	Customers: Russian SMEs, co-operation with a state agency in Finland	Senior expert	No	42 min
RE_C	Audit and consulting company	Large (foreign ownership)	Customers: Finnish companies in Russia	Senior lawyer	“Corporate responsibility issues are an integral part of the business development strategy. We consider the fundamental areas of corporate responsibility to be: active promotion of the social development, increasing access to education, assistance in the development of entrepreneurship, and assistance in ensuring environmental sustainability.”	52 min
RE_B	Major Russian bank	Large (state ownership)	Assistance in the entry to the Russian market for the Finnish companies through the bank products	Regional director for the international business unit	No	32 min

Interview questions covered a variety of topics, including social responsibility, environmental responsibility and international business with the Finnish/Russian partners of the SMEs. The length of the interviews varied from 32 minutes to 2 hours, and all the interviews were recorded with the interviewees' permission. The language of the interviews was Russian for Russian companies and Finnish for Finnish companies, with the researchers being native speakers of these languages. After data collection, professional language editors transcribed and translated into

English all interviews. To ensure the validity of the data, the transcribed versions were sent to the interviewees for data clarification. Secondary sources were also employed to prepare for interviews and further verify received information regarding firms' history, business and products. We complemented the interview data with such secondary sources as the firms' websites and available press releases, ensuring the data triangulation (Yin, 2009) by comparing obtained information between the different sources of data.

The analysis of the data was then performed by the researchers with qualitative content analysis: management practices and respondents' opinions were coded in the Computer Assisted Qualitative Data Analysis software NVivo 11, which allows codes to be assigned to the sentences, words or paragraphs. Codes were first assigned according to the major topics covered in the interview guide (which was created based on the theory) and then complemented with a careful inclusion of the topics that emerged from the data during the coding process). After the initial coding was finished, we grouped the individual codes, united some duplicating codes or rearranged them in the hierarchical order. Consequently, several umbrella groups of codes emerged, namely "social responsibility", "environmental responsibility" and "international business relationship"; these groups were subdivided into "actions" and "opinions" and then matched with the topics identified from the literature. After the coding, the data analysis included a cross-firm comparison within and between the country groups in order to identify differences and similarities, as well as patterns and implications (Miles et al., 2014).

FINDINGS AND DISCUSSION

Expert companies' opinion

Specifically, the expert companies' opinion was that neither social nor environmental responsibility are integrated into the business strategies of Russian SMEs. The reason stated for this was extensive, existing regulations which imposed both financial and operational burdens, leading to firms' lack of motivation to go beyond these regulations; however, supporting charity was an exception (RE_C). While compliance to the regulations regarding labour rights was agreed to be sufficient, the regulation for environmental responsibility and, consequently, SMEs practices were assessed by the experts as low when compared to international firms and large Russian companies, as reflected in the following quote:

*There is no environmental focus. Now we are having a “Year of Ecology” [in Russia], so all firms try to act properly, but we **do not have such culture yet**. Some companies which are more focused on European principles, **naturally**, try to separate garbage, etc. They practice such shticks or seem to be trying (RE_E).*

Another expert respondent (RE_B) noted that a major reason for a current low state of environmental responsibility in Russia lies beyond the reasons derived from the company’s management or size. Instead, it is rooted in the country’s large size and availability of resources, both of which can lead to a lack of smart consumption habits. Overall, the expert opinions support our theory that Russian SMEs might demonstrate less social and environmental responsibility as compared to Finnish SMEs.

Responsible business practices

Social responsibility

The expert opinion also found support in the interviewed Russian SMEs’ quotes regarding social responsibility. It was highlighted that large Russian companies have higher standards for business operations, and their corporate principles were believed to resemble those of Western companies:

*Big [Russian] companies have turned into **exact copies of Western** companies <...> with small companies - thank God if they pay their salaries on time. (R_CUST)*

Indeed, paying sufficient salaries and taxes and providing employment for local people are a common social function that SMEs have in many countries and, thus, are considered mandatory compliance. However, the interviewed Russian SMEs (R_CUST, R_CERT, R_VENT) include the act of paying salary officially as one of the distinction features:

*We have a decent salary, a very high salary, 100% “white”. I think this is the level of social responsibility - payment of taxes. **Rare Russian SME is working “in white”**. I’m not saying that we are the only ones, no, of course, there are still companies. But **I’m crying, when I see how many taxes I’m paying**, it’s just a pity. (R_CERT)*

By contextualizing attitudes towards responsibility through historical and cultural contexts, Crotty (2016) found that although the attitude presented in Russian SMEs would not be counted as CSR in Western countries, in Russia it represents a so-called Transition Legacy type of CSR. This type is “influenced by the legacy of the El’tsin era where activities such as paying wages and taxes were optional and are now viewed as a firm’s “social contribution.”” (Ibid: 836). Although the findings

suggest that complying with CSR and laws are not yet common for all the Russian SMEs, such compliance was nevertheless observed in all the Russian cases. This suggests that such compliance with Western standards is more common for the companies engaged in international business relationships, as such obligations are seen as unavoidable. It is especially noticeable in the SME which is a part of a Finnish company, as illustrated:

*It is important for us to have that internal component and the internal idea about what to do. Employees should be paid a normal salary, they should receive an **official salary** because then they will have an opportunity to be supported in the future - they will have a bigger chance to receive government benefits when they retire. Of course, we can divide that: one half [of salary] is “white”, one half is “black”. But, first of all, this is **unacceptable in our corporate group**. And secondly, our financial activities are checked twice. We pass a yearly financial audit performed by a Russian auditor, and then the results of the Russian audit are checked by a Finnish auditor. So you **can't really mess** with the finances. (R_VENT)*

The overall positive trend in this regard was also noticed by the Finnish manager:

*[Russian] companies **have started to pay more taxes**. In the past, they paid salaries informally and so on. I think that now it's worth doing it, they've made changes there to work towards that. (FI_HOSP)*

Another feature of social RBPs explicitly presented among the Russian cases is fulfilling the requirements towards their own employees; even exceeding these is perceived by the managers as beneficial to the company, as it encourages more commitment from employees. The same intention is claimed to be of interest when the SME invests in the additional professional education of its employees (R_CERT), meaning higher professional competence will benefit the company long-term. The employees in the Russian cases are provided with additional social benefits, health insurance, subsidies for children's camp trips and even help when the employees are in trouble:

*If there is some terrible disease or a serious illness, we try to support a person **without advertising it** ... Morally, with money, or **provide the links**, the possibility of obtaining some quotas. We provide legal support, so all our employees can use corporate lawyers. (R_CERT)*

*[Employees] should be supported socially. It doesn't mean that we have to take them to Cyprus every year. Nevertheless, when they are **in trouble** they should be helped. In such things as their vacation, family circumstances and such. (R_VENT)*

In such situations, an employer has an important function as a provider of social links and the company's resources for an individual employee. Apart from this, half of the respondents from Russian SMEs practise philanthropy and charity towards orphanage children, the Russian

Orthodox Church and sports organisations (R_BROK, R_VENT), with another half having ceased such practices, which were common in these companies previously (R_CUST, R_CERT). In Russia, this practice, which was born in the transition period after the Soviet Union collapse in the 1990s, is not only dictated by the personal commitments of Russian SME owners (R_VENT) but is also derived from the greater institutional mechanisms, which are perceived to be too inefficient to maintain the support of socially disadvantaged groups without the companies' financial contributions. Again, the companies provide support while stating that *“it is the government that must finance them”* (R_BROK).

The two latter practices—the firm's care for its employees, extended beyond purely working relationships, and philanthropy—were found in Russian SMEs only. According to Crotty (2016), such a paternalistic role both towards its own employees and the local minorities in need is informed by the similar role the firm assumed during the Soviet Union period, and this is called the Soviet Legacy or Philanthropic type. Naturally, Finnish managers did not refer to such a wide variety of social responsibility-related activities, and this kind of support is not present among Finnish SMEs, whose owner-managers' mental maps resemble those of Norwegian SMEs with no traditions and no tax incentives for such activities. Such philanthropy is not practised in these countries, since the government and the social welfare system take care of the needs that philanthropy normally addresses (Fassin et al., 2015). In the welfare states that provide only limited support for citizens (Russia, in this study), firms might assume a quasi-public role to fill the governance void, such as providing resources to schools (Matten & Moon, 2008). From an institutional substitute perspective, Finland is an extensive welfare state that provides generous support and has the capacity to solve collective good problems by itself. This makes private firms' social responsibility less necessary, with neither a cultural frame nor a public demand for such contribution.

Instead, Finnish SMEs appear satisfied to conduct their business legally and comply with all the requirements imposed both domestically and internationally, considering this in most respects a sufficient display of responsibility. From their perspective, being socially responsible is thus simply following the rules, laws and regulations in the countries of operation. Also, commitment to neutral and equal treatment of its employees and taking care of all the company's overall responsibilities were named:

paying taxes, taking care of the well-being of employees, work safety, following rules and regulations, taking the required steps to protect the environment. (FI_CERT).

The differences found are derived from differences in legal and political systems. According to Bogatyreva et al. (2017), a tendency among Russian SMEs' owners and managers to demonstrate less entrepreneurial behaviour is rooted in Russian institutional and cultural peculiarities, thus making Russian SMEs less likely to innovate or develop a proactive approach, as compared to Finland. Nevertheless, Finnish SMEs also often perceive the burden of regulations and show an unwillingness to go beyond the imposed legislation, though the difference is still clearly seen in the attitudes towards this burden when in Finnish SMEs, the legislation is perceived as mandatory:

*Regulatory control is rather strict, so you have the work protection issues and the environmental issues and the taxman takes care that he gets his own. **I don't even complain** against it when it comes to certain bureaucratic things but I think that for ordinary small and medium-sized companies it's enough of a responsibility to offer jobs and to take care of the societal payments that you have to take care of and to not mess up the environment. I don't think that there's a wider role for a company with a ten-million-euro turnover since I think that **we're contributing enough** to society already. (FI_STEEL)*

This trend supports Young and Makhija's (2014) finding that positive effects of rule of law and labour regulations on CSR responsiveness are weaker for smaller firms.

Environmental responsibility

In terms of environmental responsibility, some notable differences in activities taken by Finnish and Russian SMEs were revealed. They were mainly derived from the principles, adopted in the firms' home country, for preserving the natural environment. One example relates to recycling waste, which initially started in Finland in the 1990s and has made companies and individuals generally more conscious of waste management issues (FI_HOSP). Indeed, it was found to be perceived as highly positive by all the Russian respondents, as one expressed:

*About separating batteries and such - the idea makes sense. I am for separate waste storage. In Finland, people teach that to kids from the first grade. We are still going towards that. Unfortunately, **we don't have it here yet**. If I collect batteries separately - what am I going to do with them? (R_VENT)*

This partially reflects the nature of the responsible behaviour to be institutionalised in the Finnish society, as theorised earlier in this study (Campbell, 2007). To explain these differences, we note that in Russia is still a low percentage of waste recycling (ca. 7%), but new amendments to the

federal law “On Production and Consumption Waste” that took effect in 2016 are hoped to change the situation (WasteTech, 2017).

In the interviewed Russian SMEs, environmental responsibility is perceived in terms of proper disposal of the hazardous waste as prescribed because the regulations are extensive in this area (R_CERT). This, too, is partially in line with a proposition that when there is strong state regulation for a firm’s responsibility, the firm will be less likely to exhibit responsible behaviour beyond the regulation (Campbell, 2007). In fact, a shift towards cleaner technologies as a part of environmental responsibility is limited to using energy-saving light-bulbs (R_VENT, R_CERT) or proper paper waste disposal (R_CUST). The motives for these actions lie in cost optimisation or are linked to the upcoming work safety commission check-ups. Compared to Russian SMEs, Finnish SMEs pay greater attention to the product’s life-cycle assessment. One interviewee noted as follows:

*The initiative [for environmental responsibility] comes from us and from our legislation so that the requirements are stricter. For example, we’ve significantly decreased the use of chrome in our products. The chrome manufacturing process is harmful after all, so we’ve decreased that. That’s happened **on our initiative**, but it isn’t appreciated yet very much. (FI_HOSP)*

Specifically, the Russian interviewees agreed that understanding of the environmental responsibility is lacking and that pressure for same should initially come from the government (R_BROK, R_CERT), which is illustrated with the following quote:

*It should be at the governmental level, state level, because we do not even have storage containers. <...> That would be nice to introduce at least to some extent, including the responsibility to nature <...> we have customers who cut down forests, pollute the surrounding nature with no penalty for that: **the key goal [for them] is to get money**. In the sense that there is no liability to the others. (R_BROK)*

On the wider issue of environmental concern, Finnish managers repeatedly highlighted the differences in the Finnish and Russian business environments. Some managers were positive about the change in Russian companies in recent years:

There’s been some happening when you look at the news from our eastern neighbour about their little awakening with regard to these environmental issues. (FI_STEEL)

However, not all of the respondents agree, as FI_HOSP puts it:

my children will be retired before anything happens in Russia. Some big catastrophe should happen there or something but the mentality is such that nothing will happen quickly there. They've attempted to do, and they've done, according to my discussions with some Russians, that garbage would be sorted, but no, after some time it's completely shut down since it doesn't work.

The role of RBPs in international business activities

Differences in RBPs

Acknowledging the differences presented in RBPs of interviewed SMEs, we further discuss the findings regarding the role these differences have in cross-border relationships. One example regarding social responsibility differences is that such an uncommon practice for Finnish SMEs as sponsorships in Russian SMEs did not affect (positively or negatively) business relationships between FI_VENT and its Russian subsidiary, as R_VENT, a manager who practises children's sports patronage puts it (with the corresponding comment from the Finnish side underneath):

*I wouldn't say that they [FI_VENT] are very happy about this. **They look at this with understanding.** I have never faced criticism towards myself. Of course, if our budget is bad or weak we reduce our sponsorship. (R_VENT)*

*They have something in Russia[n office] but this kind of a little charity and, some kind of support for sports and physical exercise, **but [we have] nothing like this.** (FI_VENT)*

With social responsibility not interfering in international business relationships, the environmental aspect is also not a decisive determinant in the respondents' international business relationships with each other. Both Finnish and Russian SMEs (FI_CERT, FI_VENT, FI_STEEL, R_CERT, R_BROK, R_CUST), although sometimes faced with environmental demands from their counterparts, nevertheless see that environmental responsibility has little influence because of their business specifics. Certifications were also not considered important, regardless of their presence in the SME, as the majority of the Russian SMEs had not obtained them and do not see the need to do so in the nearest future, as this has a very small influence on international business operations:

*Formally, we have the ISO-9000 quality control system, but we cannot implement it officially, because this will cost us [a lot]: firstly, for introducing this certification you are charged a lot of money... And for the maintenance of this ISO certification system they also charge yearly. We thought about that - the number of cases when a client demands that we have this quality system and this certificate is very small. Usually, everyone is satisfied with the fact that **we have an in-house program.** (R_CUST)*

Similar comments were also made among Finnish SMEs:

*If you consider things like child labour or environment issues, **our role is rather meagre**. We manufacture all the products ourselves in Finland according to the rules of the game, and on the other hand, if you consider the environmental impact of our products, stainless steel is completely recyclable. We follow the environmental programme in our own activities, but we haven't certified it because **we haven't seen advantages** to it. (FI_STEEL)*

To sum up, with SMEs or their partner companies, the majority of the responsibility business practices were neither a notable burden nor a driver in their international business relationships. As seen from the narratives above, both Finnish and Russian SME managers do not consider the differences found in the approaches towards social responsibility (Russian SMEs being active in philanthropy) and environmental responsibility (Finnish SMEs doing more waste separation) to influence their international business relationships. Moreover, we have not found any kind of a transfer of social or environmental responsibility-related practices between the SMEs from different countries that might appear during the international business relationships. Thus, we surmise that the found differences in responsibility-activities are dictated by the institutional and cultural environment of the SME home country, to which it is stronger embedded than to the relationships with the international partner. Hence, considering the differences between the countries, we conclude that transferability of the most distinct responsibility activities to the SME from another institutional context is not likely.

Similarities in RBPs

Nevertheless, some crucial determinants for successful cross-border business emerged from the analysis. Instead of business responsibility per se, they related to economic fairness, transparency and trust between the parties and are driven by the similarities between the cases. These issues were seen as highly important by all the respondents. As the following quote demonstrates, irrespective of the differences found, the similar values are the sources from which the mutual interests and opportunities for successful international business between SMEs in these two countries are derived:

*Social responsibilities may be different in Finland and in Russia but they're **never in contradiction to each other**. They can't be. I'd say that different countries have different values in basic things, but then it can be that in Finland, honesty is a virtue and in Russia a vice. OK, somebody might blame you for being too honest, but they can't say that it's a bad thing. (FI_HOSP)*

According to the classification used in Larrán Jorge et al.'s (2016) literature review, these issues of common understanding and good conduct would not be related directly to the "SME social

responsibility practices” category. However, the role of business ethics in terms of transparency and trustworthiness was emphasised in a way that can be included under the “umbrella” of social responsibility, as the Finnish managers emphasised (see Table 3).

Table 3 Quotes of Finnish SMEs regarding business ethics in international business

Company	Quote
FI_CERT	<i>Those are the things I see as important, perhaps partly related [to social responsibility] - good governance in a way not being easily corrupt.</i>
FI_VENT	<i>There’s been quite a lot of discussion about ethics. We’ve discussed our policy there [in Russia] and, our goal has been to have our operations as transparent as possible so that we can sleep well at night and not get into any trouble.</i>
FI_STEEL	<i>We do trust. This is about personal chemistry in the sense that both parties have introduced themselves and told about their operating principles and about what kinds of people the customers are, and of course that has created trust, that it looks like there’s no money laundering or anything like that going on. We don’t by any means do any grey economy, that’s obvious. Then we’d rather not make the deal at all. Finland is an open society, and it hasn’t even crossed my mind, and actually, none of our partners has implied that some kind of a side branch in the money flow could help to seal the deal.</i>
FI_HOSP	<i>If you want to be a winner, it has to be transparent, the ways of doing things, you have to pay all the taxes, there’s no bribery or anything. Since it easily happens that when you give [Russians] your little finger, you lose your whole hand or your whole business. So that’s not for us. And they know that western companies, or at least the majority of them, they won’t get involved with that kind of thing.</i>

The big concern that Finnish managers exhibited towards the reputation and ethics of their Russian counterparts may be derived from the different levels of economic and institutional development between the two countries. Being cautious with Russian business counterparts is not unique for Finnish SMEs conducting business in Russia, but this was also brought up by one of the Russian managers. Russian SMEs evaluate Finnish partners as highly reliable and trustworthy partners, contrasting them with other Russian companies:

*There have never been such cases with the Finnish companies, but as to the Russian ones, **of course**, we have met such cases when we **stayed without money for our services**. (R_BROK)*

Interestingly, one of the Finnish interviewees (FI_HOSP) noted that the Russian partners who have operated for several years and gained a good reputation, value this a lot, and this forces this company to operate accordingly. The following illustrates the Russian point of view and a perception of this issue:

*[With our Finnish partners] we have a very high level of responsibility **towards each other** and we try, even indirectly or through the third parties not to short-sell the Finns, in no case, it should happen. If there is some suspicion, we immediately talk by Skype and somewhere we change something. The **level of openness is very***

serious, and the level of trust is very serious. Both sides are ready for additional costs not to short-sell each other. (R_CERT)

*All foreign companies demand that **the business should be fair**. Because of this, we have losses, because we perform an accounting audit every half a year, by first-class companies, which we could have avoided. Russian laws do not demand that but this is the **necessary condition for working with the international companies** and large Russian companies - the companies that state this in their requirements. (R_CUST)*

To summarize, Table 4 provides an overview of the RBP identified in Finnish and Russian SMEs, linking them to the consequent differences in the institutional environment as the antecedents of these differences and the implications for the SMEs' international business activities as the outcomes.

Table 4 Summary of the RBPs in Finnish and Russian SMEs

RBP actions (Larrán Jorge et al., 2016)	Russian SMEs	Finnish SMEs	Reason for the difference	Importance for the international business
Social responsibility				
Philanthropic and voluntary work	Charity and sponsorship of youth sport organisations, donations to Russian Orthodox Church.	No	Mechanisms of governmental support: Russian companies have a paternalistic role to help those without the government help.	No
Internal activities focused on improving working conditions	Include official salary and extra help to employees related to health, children and difficult situations.	Minimum for safety and insurances required by law.	-	No
Transparency of policies undertaken by the company	Additional auditing and control procedures are undertaken.	Open communication about the company practices and commitment to fair business principles.	-	Yes, mutual trust is derived from the transparency and ethical business behaviour.
Communications practices aimed at raising internal and external awareness	No	3 out of 4 SMEs have mentioned responsibility on their website.	Russian SME managers do not want to advertise what their company is doing (explainable by pure goodwill and/or that they may be approached more often with other requests for help).	No
Environmental responsibility				
Waste management	Hazardous waste is disposed as required by law.	All waste is sorted.	-	No
Environment protection measures or activities in general (including the recovery/recycling of packaging and/or material); reduction of pollution: water and noise	Adopted only if bring about savings and cost reductions.	Product life cycle assessment, process optimisations to reduce the impact.	Governmental level mechanisms towards recycling and waste separation exist in Finland but not in Russia; institutionalised responsibility in Finland.	No
Obtaining of the eco certification	No	No	Not required by customers or regulations.	No

Discussion

Our findings reveal that RBPs differ in internationally operating SMEs from Finland and Russia, which is in line with what was theorised, based on the differences in the institutional profiles of the countries and the propositions regarding responsibility behaviour (Campbell, 2007). Contrary to what was predicted, Russian companies did not exhibit less but rather a different set of what is counted as RBPs. This leads to neither transfer nor adoption of RBPs from the international partners in either direction. For example, in terms of social responsibility, Russian SMEs practise charity, whereas paying taxes and official salaries is perceived as “something extra” compared to the other Russian companies. Finnish SMEs, by contrast, do not practise charity and perceive their obligations towards the wider society as “taken for granted”. Environmental business practices were also perceived differently, with Russian SMEs following only the legal requirements regarding hazardous waste, while Finnish SMEs have environmental programs and often conduct life-cycle assessments of their products. However, none of the interviewees found environmental RBPs as bringing value, but rather regarded them as coercive institutional pressure from legal institutions (DiMaggio & Powell, 1983). This is in line with Simpson et al.’s (2004) findings, indicating that environmental responsibilities are hardly transferable to competitive advantage for the SMEs.

Another notable finding is the importance of trustworthy relationships between the international partners. While the trust in the international business relationships between the SMEs is consistent with the revisited Uppsala model, which acknowledges the important role of trust in relations during internationalisation (Johanson & Vahlne, 2009), this importance was not equal for the SMEs from Russia and Finland in this case. Instead, it was noticeably more pronounced for the SMEs from the developed economy at the start of international business relationships. The reasons behind these differences are again rooted in the business environment differences, overlapping with cultural and historical heritage (Crotty, 2016). However, to answer these concerns and maintain international business relationships, Russian SMEs aimed to conform to the business practices accepted in the Finnish firms and expected from them. To comply, Russian case companies were committed to anti-corruption principles and followed the rules, laws, and regulations—not yet common for the Russian companies. This behaviour characterises the SMEs from emerging economies as flexible and ready for change.

Thus, ethical behaviour, compliance with all regulations, and transparency were driven by international business relationships but benefited not only the cross-border business but also resulted in the good reputation and image of trustworthy companies at the home market. With the percentage of Russian SMEs involved in international business being very low, having an international business partner is beneficial, as this also contributes to the positive company image in the domestic market and may serve as a source of differentiation. As opposed to Karhunen and Kosonen's (2013b) study, where a Finnish company had to adapt its business processes to the Russian context because of the home-host country institutional differences, in this study, the change happens in the internal management practices of Russian SMEs in order to meet the business requirements posed by the international counterparts. Following this view, the international business relationships with the SMEs from the developed economies serve as the mimetic institutional pressure which arises in the highly uncertain environments and results in the copying of the best practices of other similar organisations that they perceive to be more legitimate or successful (DiMaggio & Powell, 1983). Hence, Finnish SMEs become a role model in regard to the standard for social responsibility and thus result in a mimetic isomorphism for Russian SMEs to follow and comply with. This change in the Russian companies' behaviour can develop and manifest itself through following the higher standards of doing business accepted within the companies from the developed economies, particularly Finland. Studies by López-Pérez et al. (2017) and Fassin (2008) suggest that transparency, goodwill, good citizenship and improved reputation are the outcomes of engaging in responsibility activities; however, our study indicates that these outcomes are derived in SMEs from the emerging economies as a result of the international business relationships with the SMEs from the developed ones.

CONCLUSIONS

In this study, we have explored the role of social and environmental business practices in international business relationships of SMEs originating from two diverse cultures, economies and political landscapes representing emerging and developed economies. Constituting up to 99% of all enterprises in several countries, SMEs account for ca. 70% of the jobs and ca. 55% of value added, thus being a backbone of the world economy (OECD, 2016). Therefore, even though the large-scale impact of a given individual SME on sustainable global development might be insignificant, the aggregated weight of SMEs' effects can exceed one of large MNEs; hence, the

role of SMEs in promoting responsible and sustainable business practices cannot be ignored (OECD, 2013). Parallel to being prominent business players on the global stage, SMEs are also increasingly called on to contribute to sustainable development (Jamali et al., 2009).

The theoretical foundation was drawn from the literature on RBPs in SMEs and the institutional context of developed and emerging economies. The results suggest that responsibility is expressed differently in Finnish and Russian SMEs: for Finnish SMEs, it is included in the responsibilities imposed on the company for doing business; Russian SMEs, in turn, put less emphasis on commitment to business responsibilities towards other Russian companies, while paying the utmost attention to maintaining company reputation in cross-border relationships. While slight differences in social and environmental responsibility in SMEs from developed and emerging economies were found, this study brings something new to the discussion: the results still suggest that for SMEs' international business, these differences do not imply any noticeable burden, nor do they drive the cross-border relationships.

Our study contributes to the literature on SMEs' international business (Cheng & Yu, 2008; Manolopoulos et al., 2018; Volchek et al., 2013) and responsible practices in SMEs (Jenkins, 2004; Preuss & Perschke, 2010; Spence, 1999; Ellerup Nielsen & Thomsen, 2009; Battisti & Perry, 2011) by integrating the institutional context to the two research fields previously united only through international CSR research and MNC as a unit of research. The theoretical value of our article is that we apply the institutional perspective (DiMaggio & Powell, 1983; Campbell, 2007) to explore if the differences in institutional context are displayed in the social or environmental responsibility practices and thus have implications for cross-border business. We argue that in order to study such a complex phenomenon as responsibility practices in the international business context, our approach of combining the firm-level considerations and institutional context brings more complex understanding than employing only one theoretical perspective.

The implications of this study for the SMEs from the developed markets are several. For one, when firms search for international business partners from emerging economies, the indirect indicator of trustworthiness might be in compliance with the requirements of their home country and responsibilities towards different business stakeholders. Such companies willing to comply are also eager to adapt and meet the requirements for business accepted in the developed markets. Despite addressing the responsibility issues differently, they have a certain level of business

responsibility and, thus, could be suitable partners for the companies from the developed economies achieving a better understanding of the accepted responsible behaviour principles and transforming into their own business operations. For the SMEs from the emerging economies, our study demonstrates that pursuing an ethical behaviour and maintaining trustworthiness together with following the home country regulations, although is often considered to be a demanding in the short-term, in the long-run, it benefits SME's reputation and eases a start of the international business relationships giving a unique competitive advantage.

Limitations and future research

We acknowledge the limitations of this study, one of which is the specific empirical context of Finland and Russia, which would not be generalisable across all developed-emerging economy contexts. In fact, the two countries present a unique context for studying cross-border relationships, as we outlined when discussing the characteristics of each country in this study. Therefore, the extension of the results to other country contexts requires additional research.

Another limitation is the inclusion of only the SMEs with an international partner: for future research, the inclusion of domestically operating SMEs from both countries could yield further insights into how far the impact of international business relationships (in terms of the development of responsible thinking) goes. Non-experienced Finnish SMEs, in comparison, may perceive responsibility issues differently and may be more active in undertaking a greater variety of responsibility actions, since internationally experienced Finnish SMEs may have fewer free funds to allocate to responsibility activities.

Moreover, the importance of trust between the companies was derived from the interpersonal communications and attitudes of SME managers towards different aspects of responsible business behaviour, as well as to their international business strategy. Thus, deeper analysis of the managerial cognition and analysis of the influence of institutions on the individual level are advised for further research, as institutional forces operating at the level "beneath" the firm level selected in this study are influential (Scott, 2008).

Another possibility for widening the setting and enriching the findings might be to include SMEs from different industries, since in several industries, tackling environmental issues might be more important in international business relations than in some purely service companies. To take it further, such a strong call from society for greater responsibility and more sustainability orientation

among business actors led to the recent trend of the highly environmentally conscious start-ups in the form of ecopreneurship, as well as the rise of social entrepreneurship, which is often referred to when discussing sustainable entrepreneurship (Dean & McMullen, 2007). Thus, because of the specifics of their business, following their internationalisation paths could help clarify the picture on sustainability in international business and entrepreneurship.

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