

Corporate Citizenship and Environmental Sustainability in the Russian Federation

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Abstract

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In 2000, *Goskomekologiya* – Russia’s State Ministry for Environmental protection, a key stakeholder on pollution control in Russian firms was abolished. Such an example of a retreating state in Russia vis-à-vis environmental protection has occurred with Russia increasingly being governed by a system of blended elites or ‘state corporatism’. Such a situation in Russia enables the researcher to examine the effectiveness of corporate responsibility and sustainability with regard to environmental protection. This paper examines Matten & Crane’s model of corporate citizenship (Matten & Crane: 2005). The paper addresses how this model moves forward debates regarding the concept of corporate social responsibility (CSR) to include an appreciation of the role of citizenship rights within contemporary state-societal relations. Matten & Crane consider the implications of the corporation supplanting or substituting for the state. They argue that where firms take on such a role or where ruling and business elites are blended, that the firm becomes a *purveyor* of citizenship rights onto its constituents or stakeholders. This stands in contrast to the more traditional corporate social responsibility view that sees the firm as a citizen with attendant responsibilities, including environmental protection. The state-corporatist system of government in Russia offers the researcher an opportunity to explore Matten & Crane’s contention. Furthermore this paper frames Matten & Crane’s model within a wider model of political embeddedness which allows the researcher to examine the linkages between corporations, civil society actors such as NGOs and citizens themselves and in doing so, takes into account the issue of legitimacy and how the ‘state-like’ role of the corporation can be regulated democratically. In particular, focus is given to the role of self-regulation of the corporation itself, and to what extent such processes take place in collaboration with civil society actors such as NGOs.

In this paper we raise a number of questions with regards firm behaviour and environmental sustainability. Do Russian firms – despite their ability to influence government policy and decision making – view themselves as corporate citizens, with a responsibility to protect the environment; or do they now see themselves as purveyors of citizenship, and thus upholders of an individual’s right to a clean environment? Alternatively, Russian firms may see themselves as neither citizen, nor purveyor of citizenship – an outcome of state-corporatism unacknowledged by Matten – and simply use their position to sidestep the need to undertake any pollution control activity.

Key words: corporate, citizenship, responsibility, environment, sustainability, Russia.

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The paper is divided into four sections. The paper commences with an overview of how 'state corporatism' has emerged in Russia since the coming to power of Putin after the phase of 'chaotic capitalism' (Lane: 2000) which characterised the Yeltsin years. Secondly, there is an examination of Matten & Crane's model of corporate citizenship (Matten & Crane: 2005), paying attention to how this model moves forward debates regarding the concept of corporate social responsibility (CSR) to appreciate the role of citizenship rights within contemporary state-societal relations. The third section places the aforementioned model under critical scrutiny and argues that it does not pay sufficient attention to the issue of *legitimacy* and how the 'state-like' role of the corporation can be controlled and regulated democratically. To solve this issue, this paper purports embedding Matten & Crane's model within more general Habermasian theories of political legitimacy. The final section attempts to demonstrate the usefulness of such a theoretical framework and how it can be operationalised in the empirical setting of contemporary Russia.

The emergence of a 'negotiated' state corporatism in Russia

With the collapse of the Soviet Union and the coming to power of President Yeltsin, Russia, politically and ideologically bankrupt, was seen to be a *tabula rasa* on which a developed form of capitalism, as present in the western world, could be built (Lane: 2000: 485). However, by the late 1990s it was clear that such a coherent form of capitalism had not emerged. Instead, there developed a form of 'chaotic capitalism' which may be described as,

a social and economic system which lacks institutional coordination and promotes social fragmentation: goals, law, governing institutions and economic life lack cohesion. Its characteristics are uncertainty about the future, elite disunity, the absence of a dominant and mediating class system, a mixture of media of exchange, criminalisation and corruption, rent-seeking entrepreneurs, inadequate political interest articulation and an economy in decline characterised by inflation, unemployment and poverty (Lane 2000: 497-8).

During the 1990s, the decline in state capacity in Russia led to amongst other things to the emergence of the 'unrule' of law (Holmes 1997) which negatively affected processes of democratisation (Bova 1999). The fragmentation of the Russian state was evidenced in the displacement of monetary policy by barter surrogates (Woodruff 1999), state devolution from the federal centre to regional fiefdoms (Stoner-Weiss 1999) and crucially, the emergence and diffusion of '*state capture*' by influential economic business groups (Hellman 1998). Many Russian observers noted the ability of specific interest groups to influence state officials and argue that by the late 1990s the so-called 'oligarchs' or Russian business elites had managed to participate in widescale '*state capture*' of key economic assets from the state (Hellman 1998). Other commentators noted how the development of a

'weak state' in Russia (Gel'man 2003) unable to enforce the rule of law had led to the creation of 'oligarchy', 'feudalism' (Solnick 1999) or '*caciquismo*' (Matsuzato 2001). Furthermore, it was observed how in the profitable and nationally strategic sectors of natural resources, notably oil and gas, and other large companies exerted an enormous degree of control over the Russia state (Gustafson 2000; Remnick 2000).

Turning to the Putin era post 2000, the Russian state began vigorous attempts to restore its capacity. Increasingly regional bosses lost their power vis-à-vis the federal centre and became dependant again on maintaining close relations with the centre (Hyde 2001). The oligarchs lost their control over the politics and were placed within less prominent positions within the state-led corporatism (Zudin 2001). Within this period, the concept of 'state capture' came to be seen as an antiquated concept, with leading Russian businessmen frequently maintaining that they remained highly dependant on the state for the development of their businesses with the 'rules of the game' shifting towards increasing power and control returning to the state and its functionaries (Hoffman 2002). As Frye states, state-business relations in Russia rather than being seen in the form of 'state capture', instead need to be seen as a form of "elite exchange in which firms receive favourable treatment in return for providing benefits to state agents" (Frye 2002). As Rutland argues, "lobbying in Russia is a two-way process – and more top-down than bottom-up since the state creates and sustains most business groups" (Rutland 2001). As such, Rutland describes business-state relations in Russia as having an interlocking and 'blended' nature.

Commentators have witnessed a greater role of the 'state' in managing and controlling not only societal but economic affairs. As Lane argued back in 2000, in many respects, there were many clear indications that Russia would move away from a liberal, Anglo-American understanding of capitalism in which the market was the sole provider of cohesion, but rather the state also had a fundamental role to play. Lane pointed out several developments in Russia in the 1990s which pointed in that direction. First, during this period there was a growing interlockedness or 'blending' of ownership of assets between financial institutions, Russian banks and the state itself. Secondly, one hangover from the socialist era was the political and ideological importance attached to the state which was assumed to have a legitimate role in promoting employment and overseeing the economic management of the country at large (Lane 2000: 500). Thus, Lane predicted the emergence of a 'cooperative state-led capitalism', in which there would exist a limited market economy, a regulative state and cooperative economic institutions in which ownership consists of interlinked state and private business and financial institutions. Such a view has become increasingly prominent with commentators witnessing the rise of a form of state corporatism or 'managed capitalism' (Gaddy 2004).

Whilst a vast literature exists regarding economic transitions in the Russian Federation (Schroeder 1998; Ahrend 2005), there has been a notable absence of research dedicated to assessing the impact of economic transition on environmental sustainability. In particular, there has been scant attention to the force of transition on actors that are either responsible for environmental protection – principally regulators and NGOs – or responsible for sources of environmental pollution – principally firms. Such issues have become increasingly significant following a series of policy decisions taken by President Putin after coming to power in 2000. Firstly, Putin enacted an open market policy for economic reform which favoured heavy, extractive industries, a policy which

has been coined a 'dirty recovery' (Bobylev 2005; Bykov 2005). To facilitate this, Putin scrapped Russia's 'Ministry for the Protection of the Natural Environment' – *Goskomekologiya* – merging it into the 'Ministry for Natural Resources' – *Minresursov* (Peterson & Bielke 2001). Such a scenario represents a retreat by the Russian state from environmental protection, an area traditionally the purview of national government. This decision has *per se* fundamentally weakened the process of inspection and enforcement of environmental standards on individual firms (Cherp & Golubeva 2004). Whilst the impact of this decision on Russia's regulatory apparatus at both the national and regional level has been examined (Crotty 2003a; Peterson & Bielke 2001), the impact on firm behaviour has not. A study (Crotty 2003b) undertaken on the influence of key stakeholders on pollution control in Russian firms prior to the abolition of *Goskomekologiya*, identified the regulator as one of only two constituents able to influence behaviour in this area. With its abolition, are firms now free to pollute at will? How do firms perceive their role and responsibilities vis-à-vis environmental sustainability? In order to discuss such issues, the following section aims to develop a theoretical and conceptual framework within which such issues can be examined.

'From Corporate Social Responsibility (CSR) to Corporate Citizenship (CC)'

As outlined above, one issue of particular relevance to transition economies such as in Russia is the nature of the relationships between the state and big business. Within this section, we engage with literature relating to the principle of corporate social responsibility (CSR) so as to examine to what extent CSR has become or can become an influential factor in state-societal relations in Russia. In order to research in Russia what are the relations between the state and big business in particular with regard to environmental sustainability, Matten & Crane's model of an 'extended' view of 'corporate citizenship' (Matten & Crane 2005) will be outlined as a model which lends itself to the operationalisation within the empirical setting of Russia. Firstly, this section outlines the development of intellectual thought on issues regarding business-societal relations. Prior to the 1990s, state-business relations were seen largely through the prism of Friedman's classical economic theory which understood the role of the firm to make profits and the role of the state to concentrate on taking care of social issues. Essentially, this model sees a division of labour between the public sphere (state) and the private sphere (economy). Within this system, the state is seen as setting the rules of the game and private firms make their profits within these rules. Thus, firms are seen as only *economic actors*. During the 1990s, a developing critique of the mainstream neoclassical economics based on a distinct division between the state and the private sector led to the emergence of an understanding of the need to take an integrative approach to take into account how the firm can act simultaneously as a private *and* a political actor. As such, the concept of CSR developed to be a key conceptual tool to analyse contemporary state-business relations. This paper highlights how the concept of CSR developed. From here, the limitations of classical CSR theory will be outlined, using the model of Matten & Crane which admirably demonstrates the need to move beyond a specific focus on the firm itself to appreciate the processes by which firms and governments negotiate and mediate amongst themselves the purveyance of citizenship rights.

The firm – a responsible political actor?

With regard to business-state relations, the concept of CSR has become an increasingly widespread term, utilised to explain how large corporations not only in their activities have an economic duty towards their shareholders but also have wider legal and societal responsibilities. In doing so, proponents have attempted to promote a theory of the firm as a socially responsible *political actor*. For example, in ‘stakeholder’ theory, attention is placed on the fact that firms necessarily have a ‘normative’ and ‘moral’ obligation to all stakeholders, including not just its immediate shareholders, but the wider citizenry (Gibson 2000). Furthermore, Wood and Logsdon see the corporation entering the arena of CSR not only because they are entitled to certain rights, but because they perceived they have the responsibility to respect certain individual rights (Wood & Logsdon 2001). In particular, in classical CSR theory, the firm is increasingly seen as a ‘citizen’ itself, and thus espouses to be seen as a ‘good corporate citizen’, by engaging in socially responsible business activities.

Corporate Citizenship

Matten and Crane’s treatise (2005) explains the rise of the term ‘corporate citizenship’ (CC) within management literature. They argue that whilst CC has increasingly become a commonly used term, its usage has not been particularly consistent and as such the differences between what denotes CSR and CC remain blurred and ill-defined (Matten and Crane 2005: 167). Matten and Crane delineate three different perspectives on CC, arguing that two of these views classified as ‘conventional’ are largely based on CSR and its derivatives. However, the third view advocates an ‘extended view’ of ‘corporate citizenship’ by embedding the theory within a classical Western democratic understanding of citizenship as a political science concept incorporating social, civil and political rights and will be examined in detail after a summary of the two ‘conventional’ views.

The first viewpoint, the ‘limited’ view of CC identifies CC as charitable donations. Carroll (1991) for example, identifies “being a good corporate citizen” with philanthropic responsibility, which is actually a part of his own definition of CSR in which CSR contained four elements: economic, legal, ethical and philanthropic (Carroll 1979). Supporters of such a view argue that CC’s new contribution to the debate on corporate philanthropy is its *strategic* focus in that firms engage in CC in terms of *strategic philanthropy* (Matten and Crane 2005:16). For the firm, therefore, CC is motivated by self-interested, based on an understanding that a stable social, environmental and political environment will safeguard the firm’s future profitmaking (Wood and Logsdon 2001). In addition to this self-interested approach, other scholars also see CC in terms of ‘social investing’ (Waddock 2001) in order to secure ‘social capital’ (Habisch, Meister & Schmidpeter 2001) or ‘reputational capital’ (Fombrun, Gardberg & Barnett 2000) which again are seen as through time as improving the economic development of the firm itself. However, Matten and Crane argue that within the above described understandings of CC, there is no real understanding about the precise nature of CC and significantly, no real examination of the fact that the term ‘citizenship’ is used sparingly and in a loose manner to refer to being part of a common community (Matten and Crane 2005: 168).

The second viewpoint, the ‘equivalent’ view of CC, Matten and Crane argue is essentially a conflation of CC with existing conceptions of CSR, without any clear, new role for the firm being forwarded. For example,

Carroll's (1998) article, "The Four Faces of Corporate Citizenship" is criticised precisely owing to the fact that CC is defined the same fashion as Carroll defined CSR in his article published in 1979 (Carroll 1979). Maignan, Ferrell & Hult (2000: 284) have defined CC as "the extent to which businesses meet the economic, legal, ethical and discretionary responsibilities imposed on them by their stakeholders". However, such a definition, Matten and Crane argue merely represents a performance-orientated reconceptualisation of CSR and whilst focuses on the meeting of responsibilities, does not focus attention on the responsibilities themselves (Matten and Crane 2005: 169). As such, in a similar fashion to the 'limited' viewpoint of CC, Matten and Crane argue that in this 'equivalent' viewpoint, there is no real reflection on the term 'citizenship' and its usage in a business context.

As such, Matten and Crane advocate a third, 'extended' view. They examine citizenship from its original political theory perspective and apply this to management literature within their 'extended' model of CC. Thus, they take on board the dominant understanding of citizenship in most industrialised countries as being located in the liberal tradition of political philosophy and defined as a set of individual rights (Faulks 2000: 55-82). Liberal citizenship is seen as comprising three areas of entitlement: civil, social and political rights (Marshall 1965). *Social* rights relate to rights which protect the individual to participate in society freely, such as the right to education and health care. *Civil* rights consist of the right to provide freedoms from interference by governments for example, such as the right to own property and the right of freedom of speech. Finally, whilst these two rights relate to the position of the individual in society, *political* rights refer to an individual's participation in the functioning of wider society, including the right to vote or the right to hold public office (Matten and Crane 2005:170).

Matten and Crane argue that as a result of globalisation there has been a shift in responsibility for protecting citizenship rights away from governments to corporations. In such a fashion, their 'extended' view of CC moves away from the traditional CSR understanding of the corporation actually being a 'citizen'. Instead, the theory develops the notion that instead, the corporation is active in the *process* of administering, enabling, and channelling these citizenship rights. The strengths of this model is that whilst previous models of CSR were predominantly focused on the perspective of the firm, this model by incorporating a wider understanding of citizenship implicitly places attention of the firm. Moreover, (Moon *et al* 2005) have highlighted that within this model attention is not being placed on the legal concepts but rather to how firms choose to *participate* in such activities, based on *de facto* engagement in and receipt of rights from a given political system (Crouch 2006: 1539). Whilst in the classical liberal model of society, the corporation was assumed to be solely part of the private sector. In this model, the corporation is placed in the *public sector* and takes on a 'state-like' role with regard to its corporate citizenship behaviour. Matten & Crane argue that during processes of globalisation, firms are already protecting, enabling and implementing citizenship rights. This is particularly the case when a) the government withdraws from the administration of citizenship rights, b) the government is not yet actually implementing citizenship rights or finally c) the administration of citizenship rights is beyond the capability of state activity (Matten & Crane 2005: 172). With regard to *social* rights, the corporation is seen to administer rights in a *providing* role of social services. In the realm of *civil* rights, the corporation either capacitates or constrains the civil rights of citizens and so has an *enabling* role. Finally, in the area of political rights, the corporation is seen to

have a *channelling* role by assuming administration for the exercise of citizens' political rights (Matten and Crane 2005: 174).

In practice, as Matten and Crane argue, many large scale trans-national corporations (TNCs) are increasingly assuming state-like roles when governments are either unwilling, or unable to administer citizenship rights. Increasingly TNCs are being seen as political actors, held responsible for providing social rights, enabling civil rights and channelling political rights (corporations engaging in self-regulation). Indeed, an example of the use of the 'extended' idea of corporations as the administrators of citizenship rights alongside (or instead of) states has been in South Africa and the role of firms in the struggle against HIV/AIDS (Middleton 2005; Visser 2005). As Fourie and Eloff (2005) state, much of the activity in this area has not been by firms acting alone but rather represents a much broader business community commitment to pursue and promote goals of democracy and sustainable development. Indeed, at this juncture it is worth repeating that the concept of corporate citizenship differs in important ways from the concept of CSR. Whilst CSR is concerned mainly from the firm's perspective itself, corporate citizenship crucially places the role of the firm within a wider perspective. As such, as outlined above, Matten and Crane have aimed at examining seriously the rights and obligations of individual citizenship. By identifying the fact that firms are active in the administration of citizenship rights, this does not imply *per se* that corporations are 'citizens' nor do they 'have' citizenship, rather the strength of this treatise is that it provides an ideal theoretical framework for researchers to examine how firms are active in the administration and supplanting of citizenship rights.

Furthermore, as Moon et al (2005) argue, the concept of corporate citizenship is not trying to outline and/or promote legal concepts, but is more engaged with assessing the participatory approaches to corporate citizenship, based on engagement and receipt of rights from a given political system. As such, this model's strength is that whilst not underestimating the business's role as the primary driver of economic development, nevertheless it purports a theoretical framework for analysing state-business relations which pays attention to firms' engagement in 'new governance', in which increasingly firms work in partnerships with state and societal organisations and administer rights as government 'like' citizens (Moon et al; 2005). Moreover, as Matten and Crane argue, by placing attention on how firms administer citizenship rights, this links into scholarly work devoted to assessing the development of stakeholder dialogue and stakeholder partnerships (Bendell 2000; Crane and Livesey 2003). In a wider sense, this 'extended' version of CC by demonstrating how firms have become active players in supplanting citizenship rights, enables the researcher a framework within which to examine the extent to which firms' role in this arena could and/or should interlock with state and non-governmental actors (Matten and Crane 2005: 177).

New forms of societal governance?

In many respects, Moon in a recent article forwards and supports Matten and Crane in arguing that CSR is not simply a part of the life of today's global corporations, but increasingly a fundamental part of emerging forms of 'new societal governance' (Moon 2007: 302). Moon argues that there are a number of significant drivers

for companies to meet their legitimacy imperatives. These include an understanding of the increased socialisation of markets and secondly as a result of many governments, certainly in democratic, capitalist societies facing rising societal expectations and thus have an increased vested interest in coercing firms to be more socially responsible. Furthermore, certainly in the case of countries such as Russia, there also may exist situations wherein governments have traditionally shown no interest or willingness to regulate or because they simply lack institutional and implementation capacity. In such scenarios, increasingly corporations may deliver 'rights' in terms of education and health for the company workers and for the wider society. Thirdly, it is argued with increased globalisation, there is an absence of government activity, particularly in terms of cross-boundary activities. In such a situation, Moon argues that the role of the state and governments is substituted by corporations who, in the form of either collective or individual regulation offer the promotion of a set of standards and a means of monitoring them. This driver in particular has led to a greater role of CSR in terms of governance and led to increased linkages, partnerships and networks of engagement between the state, business and society (Moon 2002). Indeed, commentators are increasingly showing a recognition of the convergence of relationships between NGOs, states and large corporations (Prakash 2002; O'Riain 2000) as well as examining how strategic partnerships between corporations, civil society and government structures are creating 'boundary-spanning' dialogue, helping to resolve challenges of sustainable development (Eweje 2007). Furthermore, research in this area is increasingly paying attention to the concept of stakeholder dialogue in which the transition in manager-stakeholder relations has gone from 'the need for unilateral managerial cognition and control to a perceived need by some for reciprocal engagement and new dialogic forms of collective cognition' (Payne & Calton 2002: 121). More research is thus examining the challenges that dialogue poses for not only NGOs and corporations *per se* but crucially how such emerging forms of dialogue affect and alter social and environmental practices of both groups and the relationships between them (Burchell & Cook 2006: 211).

The crisis of legitimacy?

Matten and Crane's treatise provides compelling arguments for taking into account the public duties that corporations increasingly have, providing an excellent descriptive approach to CSR. However, the treatise does not address the issue of *legitimacy* relating to how, when and if the 'state-like' corporation can be controlled in a democratic fashion (Scherer, Palazzo & Baumann 2006: 515). In order to aim to resolve this issues, this article purports placing Matten and Crane's treatise regarding CC within the broader political philosophical framework of Habermas which seeks to examine how changes brought about by globalising processes are intrinsically impacting on forms of global governance, state-societal relations and in particular the ability of governments to regulate economic activity. Habermas argues that with the emergence of globalisation, economic activities have increasingly crossed the previously territory-bound validity of state regulation and thus undermined the sovereignty of nation-states, namely the state's ability to independently set rules regarding private economic activities within its territory of control (Habermas 2001). As the implicit 'rules of the game' are changed, the issue of *regulation* becomes paramount in an increasingly complex global age. As Habermas states, there is a need to move towards new understandings of governance which looks beyond the traditional monopoly of the state in this

arena and as such which move beyond the liberalist view “which cannot explain how the deficits in steering competencies and legitimation that emerges at the national level can be compensated at the supranational level without new forms of political regulation” (Habermas 2001: 81).

In his *deliberative model of democracy*, Habermas (1996, 1998, 2001) outlines a de-centred concept of democratic governance which can fit the needs of post-modern societies in which power has and is increasingly ebbing away from the nation-state in the wake of increasing waves of globalising processes. Specifically, Habermas argues whilst traditional governance was linked to nationally-contained processes of public will formation, at the global level, this understanding of legitimacy needs to be adjusted to take into account the fact that state power is being eroded. As such, if corporations assume responsibility for state functions and generate global rules, then it becomes necessary to control corporations just as the democratic state is controlled by its citizens. If corporations increasingly behave in a political fashion, then they too will have to open up their internal structures to the processes of public control, thereby enabling democratic legitimacy (Parker 2002; Driver & Thompson 2002). Thus, the legitimacy of corporate acts of self-regulation and other state-like acts as outlined in Matten & Crane’s model can be seen to be ultimately dependant upon on the *political embeddedness* of the corporation and its actions. Thus, by democratising its activities, by increased discourse participation and mechanisms of control and monitoring, the corporation can legitimate itself as a *political actor* (Fung 2003). Thus, self-regulation on the part of the corporation takes place in a broad process of democratic will formation and implicit control in collaboration with civil society actors such as NGOs. In terms of legitimacy, this model of political legitimacy may on the one hand be seen as weaker in that the ‘soft laws’ of ‘self-regulation’ replace traditional national ‘hard laws’ (Shelton 2000). Also, this theory rests on the assumption of an increasing global civil society which acts as a source of legitimacy instead of the nationally defined citizenry. Yet, on the other hand, this understanding can be seen to be broader in its nature as it takes into account also non-state actors in civil society such as NGOs as objects of legitimacy claims. As Fung states, “arenas of deliberation can thus function as schools of democracy” (Fung 2003: 52), where the political embeddedness of corporate activities increases not only the corporation’s legitimacy but also strengthens processes of democratisation. Significantly though, as Young (2004) states, political responsibilities should not be left only to the corporations. Rather, political responsibility should include a broad range of actors including the corporation and interest groups from the civil society. As Scherer *et al* state, “corporate practices of self-regulation, and corporate promotion of citizenship rights, need to be politically enforced, and this can only be ensured by the democratic embeddedness of such acts of CSR” (Scherer, Palazzo & Baumann 2006: 523). This section has highlighted the need to analyse new forms of societal governance, which appreciate the significance of the issue of legitimacy in terms of controlling the state-like actions of firms. The following section will examine such issues within the context of one specific area of a firm’s corporate actions, namely in the sphere of environmental sustainability will be discussed.

CSR and environmental sustainability

Within the realm of CSR and its effects specifically concerning environmental sustainability, such a scenario outlined theoretically above one can argue has indeed been slowly occurring during the last fifty years, in which there have emerged two distinct development stages. The first stage (1950s – 1980s) was an essentially modernist project. Within the framework of relationships here was the supremacy of the nation state model, the regulatory state and the manageable society (Arts 2002: 29). The state was seen and perceived to be and capable of being the supreme regulatory body holding dominance over the market and civil society. However, since the 1980s, Arts argues that environmental politics are gradually being renewed occurring with a transition away from state-centric regulation to increasing levels of interactive regulation and self-regulation (Arts 2002: 28). This process is part of a wider process of *political modernization* which has been called post-modernity or reflexive modernity (Albrow 1996; Beck et al 1994). Here, there is a recognition of the declining power of the nation state model of governance in the face of increasing pressures of globalisation and concurrently, a system of state governance being replaced by a system of multi-level governance in which regions, nations and international organizations determine political outcomes (Kohler-Koch & Eising 1999). Moreover, state-led ‘top-down’ governance has increasingly been replaced by more multi-actor and interactive forms of governance. Stakeholders, in the form of firms and civil society, represented by NGOs have increasingly become involved in policy-making. As such the state is either unable, or unwilling to manage society ‘from above’, it is argued, target groups and stakeholders such as NGOs and firms increasingly take on their own public responsibility and ‘govern themselves’ (Bendell 2000). In such an environment, new discourses have emerged such as ‘CSR’ and new coalitions are formed for example between NGOs and business and power relationships alter. Whilst policy arrangements were previously *statist* (state dominance) or *corporatist* (a formal interest articulation between the state and private firms), increasingly, they become more *pluralistic*, with representation of the interests of all stakeholders including the state, the market and civil society (Arts 2002: 30). Thus, Arts advocates the promotion of trilateral green alliances, in which previous bilateral business-NGO alliances are increasingly supported by state institutions in an effort to create a real push towards environmental sustainability. However the success of such alliances, Arts argues, advocating Habermasian views on political philosophy as outlined above, depend on the ‘embeddedness’ of the inter-relationships between the stakeholders. Such green alliances will remain weak if they are not embedded and institutionalised in the ‘core business’ of the companies and also in the formal public policy making on the environment (Arts 2002: 35).

Regarding the possible contribution of CSR to sustainable development, Moon (2007) relates to Hart’s (1995) natural-resource-based view of the firm’ in which Hart argues that by severing the link between economic activity and the effects on the environment, firms can adopt sustainable development (Moon 2007: 302). Hart argues that the natural environment is a key driver of resource development, stating that “strategy and competitive advantage will be rooted in capabilities that facilitate environmentally sustainable economic activity” (Hart 1995: 991), in particular with regard to policies towards pollution control for example. As such, Hart sees pollution control bringing the firm simultaneously decreasing costs and increasing levels of efficiency and productivity. Hart also argues that as firms transform their natural-resource-based competitive strategies into sustainable

activity, they increasingly turn their attentions to issues of social legitimacy and reputation building. Such firms increasingly understand the importance of 'self-regulation' over pollution control in response to the demands from a range of stakeholder actors such as local communities and local NGOs vis-à-vis environmental management (Moon 2007: 303). With increased transparency and interaction perceived as enhancing competitive advantage for the firm, Moon argues that necessarily these firms are demonstrating the benefits of new approaches to societal governance including engagement and partnerships between a variety of stakeholder actors as outlined in the theoretical frameworks above (Moon 2007:303). In terms of concrete examples of how such theorisations may prove workable in practice, Moon refers to the example of Shell whose business commitments to environmental sustainable development were subjected to new forms of governance which "included the application of standards that usually exceed legal minimums; a stakeholder approach to policy development, which in the case of sustainable development concerned integrating social, environmental and economic aspects; a management approach that emphasizes engagement as the core means of achieving the vision, core purpose and business principles; and a culture of reporting" (Moon 2007:303). As such, the example of Shell demonstrates how in a Habermasian sense, the sustainable development policies of a given firm are *embedded* within a coherent and intertwining wider set of societal governance.

Operationalising Corporate Citizenship in a Russian Setting?

Thus, Russia offers a unique and highly case specific empirical environment in which to judge the impact of state corporatism on patterns of corporate citizenship and environmental sustainability. With the blending of state and business elites, the Russian firm now inhabits a space not normally within the purview of those in market-based democracies. Can Russian firms use this unique position to simply disregard any form of green agenda, regulation or the need for pollution control? Matten & Crane's model in its adapted form with a greater appreciation of the need to take into account the issue of legitimacy, therefore, may provide a useful framework within which the behaviour of firms vis-à-vis their corporate responsibilities in the field of environmental sustainability can be analysed. Key parts of this research will undoubtedly focus on the extent to which firms are in the process of substituting or supplanting for a 'retreating' state and *inter alia* commenced practices of self-regulation. Secondly, to what extent corporate managers have or feel that they have a mandate for such actions and finally to elucidate the tensions created by the contradictions between following profit-making activity simultaneously alongside administering citizenship rights. Do Russian firms, despite their ability to influence government policy and decision-making, view themselves as corporate citizens, with a responsibility to protect the environment; or do they see themselves now as 'purveyors' of citizenship, and thus upholders of an individual's right to a clean environment? Alternatively, Russian firms may see themselves as neither citizen, nor purveyor of citizenship rights - an outcome unacknowledged by Matten & Crane - and simply use their position to sidestep the need to undertake pollution control activity. Furthermore, the inclusion of an appreciation of 'new forms of societal governance' in which political responsibility includes a broad group of actors including not only the state and firms, but also interest groups from civil society may allow the researcher in Russia to investigate the impact

of state-corporatism on environmental sustainability in Russia by examining the response of civil society in the form of the Russian environmental movement vis-à-vis citizenship and in particular, analysing to whom do Russian environmental NGOs perceive themselves to be accountable. In a situation in which the state and the firm are blended together, to what extent can Russian environmental groups act as a 'citizen', capable of protecting the environment and simultaneously acting as a 'watchdog' vis-à-vis the state?

Conclusions

This paper has developed theoretical and conceptual frameworks in order to empirically investigate how business can contribute effectively to environmental sustainability jointly with civil society organizations in Russia. During the Putin era, a 'state-corporatist' model of business-state relations in Russia has developed. As such, this paper has proposed using corporate social responsibility models, as a theoretical framework within interlocking relations between the Russian state and business can be examined. Conventional liberal economic theory has been reluctant to take into account the social responsibility of private firms. Such understandings are based on a strict division between the private sector and the public sector, the boundaries between them outlined, administered and regulated by rules set by the state. However, increasingly as a result of globalising processes, firms have appreciated broader goals, other than merely profit maximisation, aiming to help the public good, for example in the field of environmental protection. Matten & Crane's model of an 'extended view' of 'corporate citizenship' was examined, which takes into account the 'state-like' duties and activities of private corporations. However, this article has placed this model into a wider model regarding political legitimacy, outlined by Habermas. In such a model, it is argued that the success of the 'state-like' activities of the corporation ultimately depend on it finding legitimacy within society at large for its political actions. To do that, there needs to be an increasing political embeddedness between corporations, civil society actors such as NGOs and ultimately citizens themselves.

The strength of such this adapted framework is that it takes into account the need to examine the relations between the state, the corporation, civil society and the citizenry as a set of mediated, dynamic and ultimately *negotiated* set of relations. This framework moves beyond one-dimensional understandings of state-societal relations and instead notes that corporations may act in collaboration with both the state and also civil society actors and also with citizens in a fluid and multi-dimensional fashion. This encourages the researcher to examine the *interlocking* nature of the relationships here at play. Whilst it was outlined at the onset of this paper how the state and big business has become increasingly 'blended' in Russia in terms of control, ownership and strategic interests, the adapted Matten & Crane model allows the researcher to empirically scrutinise to what extent the state and big business, together with civil society actors such as NGOs also act in an interplaying fashion vis-à-vis citizenship rights, in particular in relation to issues of environmental protection and sustainability. In this arena, one in which the state is seemingly 'retreating' from its responsibilities in terms of environmental regulation, whilst 'encroaching' its activities in terms of control over business activity and also civil society development, it will be illuminating to analyse to what extent corporations and civil society organisations are 'supplementing' or

'substituting' for the state and simultaneously how are such developments affect each of these stakeholders' understandings and perceptions of their roles and responsibilities in terms of environmental sustainability and also their perceptions of the role of other stakeholders.

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