

# **Russian and European Environmental Corporate Responsibility**

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**A Comparative Policy Analysis on Environmental Corporate  
Responsibility between Russia and the EU**

**Master thesis**

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**Public Administration**



# Russian and European Environmental Corporate Responsibility

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## Management Summary

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As a new approach to tackling global climate change, and to support sustainable development and other environmental issues, the concept of Corporate Social Responsibility (CSR) currently dominates many debates in business and political science. Experts express radically opposing opinions about the extent to which state responsibilities can be transferred to the corporate sector, while governments design various methods to stimulate or force the behaviour of businesses.

Such different views and approaches raise questions on the potential of CSR in international strategies and global outcomes. In particular, the ambitious Western ideals might not suit the political systems of developing and transitional countries, and could lead to massive environmental and financial failure. One way to capture the constraints and opportunities of this situation is to compare the European Union with the neighbouring Russian Federation, as this report will show.

### Objective

This report identifies and explains the main differences between Russian and European environmental corporate responsibility policies, using the Advocacy Coalition Framework (ACF) of Sabatier (2007). By analyzing the *conditions, strategies, regulations, performance and cooperation* of both environment policies and CSR policies, a number of relations are found that structure the comparison of Russia and Europe.

### Methodology

This report presents a comparative cross-case analysis of two cases: the Russian Federation and the European Union, using governmental documents and evaluating scientific literature. The results are structured within the ACF, supported by of cultural theory and a small number governance theories. Some suspicious findings have been checked with expert interviews by the author, which also contributed to the overall impression for determining which aspects deserved more attention.

### Key findings

- The fundamental political systems, i.e., **the extent to which policymakers behave according to formal institutional rules and legislation**, cause the main difference. In the EU, a *quasi-democratic* system generally follows *official* procedures, while in Russia, *informal* procedures take the upper hand over a *quasi-authoritarian* system. This affects official legislative procedures, election rules for the rotation of government positions, and requires different types of public support.
- In Russia, an *implementation gap* between policymaking and policy implementation is the major challenge for strategies and regulation, explaining **Putin's approach for centralized control** over Russia's regions. This contrasts the **EU's decentralized modes of governance** for member states, with a *shared competence* in environment policies and a *competitive action framework* for CSR.
- Another difference is the **contrasting perception of CSR**. The EU aims for the Western use of *voluntary* corporate responsibilities *beyond normal regulation*. Russia sees a better use when corporate responsibilities are *forced* in order to fill the government's implementation gaps in *regular legislation*.
- **Environment and CSR policies are moderately effective in the EU, while implementation is weak in Russia**. The EU's environmental progress can be attributed to its goal of taking a *global leading role*, to which CSR significantly contributes. Although Russia's regional implementation improves, its *pollution increases stronger*, and environmental CSR only contributes as coercive and/or profitable activities. As a result, the EU policies perform quite well, under *European policy conditions*, while the Russian policies are significantly less effective in achieving environmental goals, under *Russian policy conditions*.



## Резюме

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Как новый подход к решению проблемы изменения климата и как средство поддержания устойчивого развития и других вопросов, связанных с окружающей средой, концепция Корпоративной социальной ответственности (КСО) занимает ведущую позицию во многих спорах в политической науке. Эксперты выражают радикальные мнения в отношении того, на сколько государственная ответственность может быть делегирована корпоративному сектору, в то время как государство вырабатывает различные методы стимулирования или влияния на поведение бизнес-структур.

Такие разные взгляды и подходы ставят под сомнение потенциал КСО в международных стратегиях и глобальных результатах. В частности, амбициозные цели Западных стран могут не подойти политическим системам развивающихся стран и стран с переходной экономикой, что может привести к глобальным экологическим и финансовым ошибкам. Одним из способов раскрыть возможности и трудности сложившейся ситуации является сравнение Европейского Союза с Российской Федерацией, что и будет показано в данной работе.

## Цель

В данном сообщении определяются и описываются главные отличительные черты российской и европейской корпоративной ответственности в области защиты окружающей среды, ссылаясь на Advocacy Coalition Framework (ACF) Sabatier (2007). Анализируя условия, стратегии, регулирования, действия и взаимодействия экологической политики и политики корпоративного управления в обоих субъектах, были найдены причинно-следственные связи, на основе которых и было построено сравнение России и Европы.

## Методология

Используя официальные документы и анализируя научную литературу, обе системы получили критическую оценку. Результаты структурированы в рамках ACF с использованием теории культур и небольшого количества управленческих теорий. Некоторые выводы подверглись сомнению со стороны автора и потребовали проверки по средствам экспертных статей, которые также использовались в целях определения наиболее важных аспектов, заслуживающих внимания.

## Ключевые выводы

- Основное различие вызвано фундаментальными политическими системами, т.е. степенью свободы, с которой политическая элита действует согласно институциональным правилам. В Европейском Союзе псевдodemократическая система следует официальным процедурам, в то время как в России неформальные процедуры занимают лидирующие позиции в псевдоавторитарной системе. Все это сказывается на законодательных процедурах, электоральных законах ротации политических сил и требует разных вариантов поддержки со стороны общества.
- В России пропасть между теми, кто делает политику, и теми, кто воплощает ее в жизнь, является главной проблемой реализации стратегий и регулирования, что объясняет подход Путина к централизованному контролю над российскими регионами. Это противопоставляется Европейской децентрализованной политике управления в странах-членах ЕС, с разделенной ответственностью в экологической политике и конкурирующими действиями в рамках КСО.
- Другой отличительной особенностью является различие в понимании КСО. Европейский Союз нацелен на использование добровольной корпоративной ответственности за рамками нормативного регулирования. Россия видит большую пользу в ситуации, когда ответственность насаждается сверху для того, чтобы заполнить пропасть в исполнении политического курса в рамках действующего законодательства.

- Политика в сфере защиты окружающей среды и КСО умеренно эффективна в Европейском Союзе, в то время как ее введение проходит очень тяжело в России. Прогресс ЕС может быть объяснен задачей занять лидирующую позицию в мире. Не смотря на то, что введение данной политики в российских регионах улучшилось, загрязнение в них продолжает увеличиваться. В итоге политика ЕС показывает высокие результаты в европейских условиях, пока в России видны значительно меньшие успехи в рамках российской специфики.
- Сотрудничество в небольших масштабах кажется наиболее эффективным для политического сближения России и ЕС, в зависимости от политических вопросов и целей взаимодействия.



## Preface

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*This report compares the environment policies and corporate governance policies between the Russian Federation and the European Union. It will be the final task for completing the author's master programme Public Administration of 2011/2012 at the University of Twente. This report has been made in cooperation with the Peoples' Friendship University of Russia, which accommodated the author's international exchange to Moscow.*

There is one very important thing that I want the reader to understand. During my stay in Russia, I was helped a lot by many students and teachers who were eager to share their Russia with me. I was shown the best of culture and nature, the patriotic love of the people and the slow but prospecting recovery from 'scars' of the past. Some of them did all their best to show the Russian Federation at its best, but now, in return, they receive a critical and sometimes pessimistic review of their country. I need to settle this: the content of this report does not represent my overall impression of Russia. This research has, unfortunately, not been about the friends I made in Moscow, or the famous professors I met, the dialogues I had about international politics and philosophy, the parties, the vodka, the kalashnikovs, Saint Petersburg and whatever more. Instead, the following pages will provide an academic evaluation of mostly the political aspects of Russia's system, which is something that did not leave a good impression on me. I think I understand why the Russians are proud of Putin, and I also respect him on certain non-Western aspects. During his first term, he managed big businesses to pay taxes again, a victory which I perceive as the rebirth of the Russian state, marking the end of truly anarchistic capitalism. His following steps with which Russia returned to international politics also appear to have been a success. However, according to me, Putin's time should be over. I would not complain about the democratic tricks that turn the president into an almost divine monarch, but I cannot agree with the extension of his individualistic role. He makes many Russians believe that Russia cannot do without him (Russia would collapse by plurality!). Yet, I think Putin can easily appoint a successor and call him the new 'king', sharing his publicity strategies and censorship of criticism. But Putin doesn't share much at all, simply by not praising Medvedev enough and by having potential candidates ignored. For this reason, I believe Russia will remain as corrupt as it is, which honestly annoys me. That is why I decided not to hide the criticism on Russian politics in this report.

I would like to thank a number of people for supporting me with this research. My main supervisor, Rob, provided me with the opportunity to go to exotic Russia. His support with literature, continuous interest and flexibility with appointments made our cooperation a pleasant experience. I very much enjoyed the political talks, even though my scientific confidence often vanished in the presence of his expertise.

I am grateful to Thomas for his easy acceptance for being my second supervisor. We have not had much contact yet, but I am sure we will figure everything out. I have also received support from Julia, who translated the management summary into Russian, and my father, who helped me with some final spelling issues in English. I would also like to thank all interviewers for taking their time for me, and all my new Russian friends for the leisure time.

My final words belong to Daria, who had been my supervisor and tourist guide in Russia, and who has clearly made the greatest sacrifices in helping me to study, to meet inspiring people and to survive the streets of Moscow. Daria, your good intentions are hard to match. The conversations about life, after having a view on Ilya as a climbing acrobat in the train to Saint Petersburg, have been printed in my mind. I wish you all the best for a prosperous future with your strong and healthy son.

Enjoy reading my work!

Joris Bolder

Arnhem, 29<sup>th</sup> of October 2012



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## List of acronyms

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ACF	Advocacy Coalition Framework
CEE	Central and Eastern Europe
CG	Corporate Governance
CSR	Corporate Social Responsibility
DG	Directorate-General
EAP	Environmental Action Programme
EC	European Commission
EEA	European Environment Agency
ENVI	Committee on the environment, public health and food safety
EP	European Parliament
EU	European Union
DG	Directorate-General
GDP	Growth Domestic Product
IEEP	Institute for European Environment Policy
ISO	International Organization for Standardization
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PFUR	Peoples' Friendship University of Russia
RF	Russian Federation
RSPP	Russian Union of Industrialists and Entrepreneurs
UN	United Nations
UNDP	United Nations Development Programme
UR	United Russia
US	United States



This chapter will cover the introducing aim and topic of this report, followed with the research questions and hypotheses as the research design. All research questions and hypotheses will be answered and verified in the conclusions of chapter 6.

### Aim and topic

The aim of this research will be to make a comparison between the *European* environmental policies on corporate responsibility, and *Russian* environmental policies on corporate responsibility. The analysis will be made from a broad perspective, comparing goals and the conditions they are based on as the main research question. This main question is accompanied with some practical examples of the current policy progress, including some joint efforts, as sub-questions.

Selecting the European Union (EU) and the Russian Federation (RF) for this research has mostly been a consequence from international exchange opportunities. Having a (Western-) European background as a starting point, however, the author of this report purposely aimed for a non-Western case to compare the EU in order to sharpen the contrast. Russia perfectly fits this profile, because of its communist history and its current authoritarian approach to democracy. In addition, this comparison might be interesting when projecting intensified future cooperation between the differently developing Russian Federation and European Union, which recently commenced with partnerships in some symbolic small-scale environment policies. All the other surprising and diverse contrasts will be described in the remainder of this report.

The focus on *environmental* policies is a compulsory decision, as an educational requirement from my master track "Issues and approaches in environment and sustainability". It is expected that climate change is regarded a significantly higher priority in the EU, while local environmental damage has far more severe effects on public health in Russia. It will be interesting to see to what extent Russia is both capable and willing to be inspired by EU policies and whether future cooperation can provide any relevant solutions at all.

The choice for comparing *corporate responsibility* policies was made in consultation with my supervisors, professor Rob Hoppe and professor Daria Stanis, of which the latter is an expert on the field of corporate social responsibility. We decided to combine these concepts to focus on those policies of corporate responsibility which cover environmental issues. However, as the author of this report found out during the analysis of Russia, policies for the two concepts are sometimes hardly overlapping, which occasionally forces separate comparisons of environment policies and CSR policies. Nevertheless, the corporate responsibility aspect remains especially interesting for this research because of the various potentials and limitations of its voluntary nature, when comparing fundamental differences between the more autocratic Russian government and the more democratic EU.

Figure 1.1 on the next page provides the expected hierarchical overview of the *formal* policy structure that will be part of the analysis. These policies eventually contribute to, though not fully determine, environmental and corporate responsibility performance. The figure simplifies the comparison, but technically speaking, the Russian Federation is a single country, while the European Union is a body governing 27 countries. However, in both size and in official legislative hierarchy, the European Union, with its substituted member states, can be easily compared on an equal foot with the Russian Federation and its substituted regions<sup>1</sup>. The conclusions of this report will ultimately show that in Russia, the regional governments have almost insignificant influence on the federal policymaking, while (perhaps as a result) their lacking implementation is the main problem of the

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<sup>1</sup> After the completion of this report, the author claims not to have experienced significant problems with equating a country to a union. Most of the differences could be assigned to the various categories of stability parameters in the ACF model, successfully identifying comparative cause and effect conditions of both systems.

Russian policy system. In the EU, member states have a dual role in implementing EU policy while also taking part in EU decision-making.

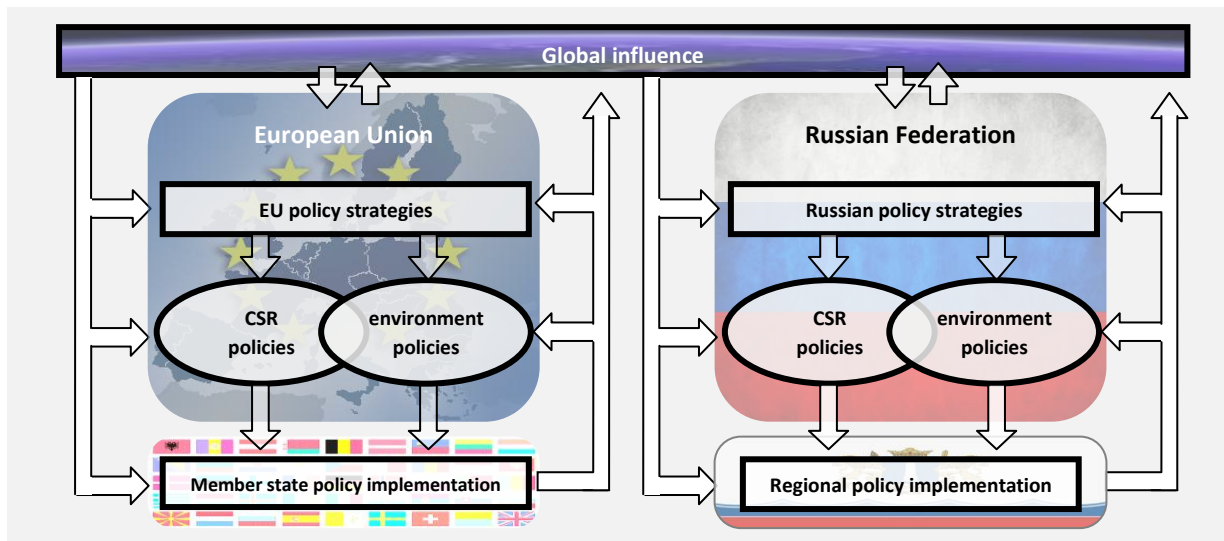


Figure 1.1 Expected hierarchic overview of the formal policy structure

Comparing these ‘enormous’ states will not provide the most interesting results if they are based on narrow and in-depth policy analyses, i.e. the value of precise differences in one specific expertise would fade in the enormous contrast of the two systems. Consequently, this report will maintain a broad perspective on policy strategies and policy regulations, rather than to concentrate on the effectiveness and efficiency of a limited number of specific regional or member state policies. As a result, only the sub-questions will be allowed to contain an evaluation on policy progress and performance, and they will not be the priority of this research.

## Research questions

Based on the aim and topic of this research, and a preliminary estimate on the availability of data, the following main research question has been formulated:

- *Why do environmental policies on corporate responsibility of the EU and Russia differ when looking at the variations in goals, regulations and performance?*

The main research question can be broken down into the following sub-questions. The answers of these sub-question should collectively provide a full answer to the main research question.

- 1) *What differences in policy **conditions** of Russia and the EU can be identified, using the Advocacy Coalition Framework?*
- 2) *Which variations of environmental policy **strategies** on corporate responsibility can be found between Russia and the EU?*
- 3) *Which variations of environmental policy **regulations** on corporate responsibility can be found between Russia and the EU?*
- 4) *Which of the policy variations of sub-questions 2 and 3 appear to be more **effective** measures for implementation than others, belonging to which policy conditions, according to expert opinions?*
- 5) *Are Russia and Europe able to converge their environmental policies on corporate responsibility any further towards **cooperative** policy implementation, considering the previous findings?*

Definitions for the concepts of *policy*, *conditions* and *(environmental) corporate responsibility*, which appear to be essential for this report, are specified in chapter 2, Theoretical framework.



The units of analysis for this research are the *policy sub-systems* of the Russian Federation and the European Union. For the main research question, the independent variables are policy conditions and the dependant variables are policy strategies, regulations and progress, covered by the research sub-questions, as shown in figure 1.2.

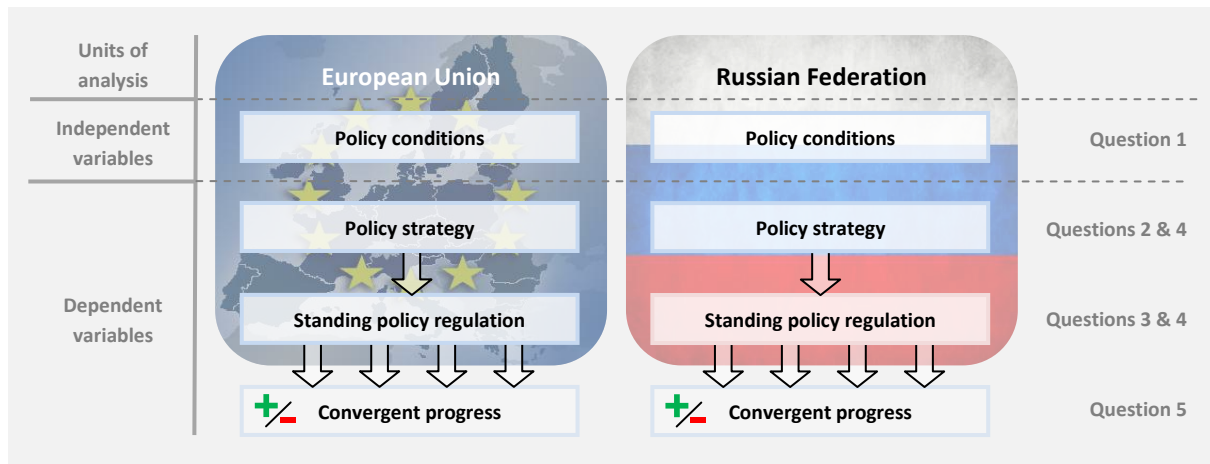


Figure 1.2 Overview of variables and relations for the *main* research question

The main research question is posed as an explanatory question, with the sub-questions being given a descriptive character. This will have individual consequences for the different questions, as provided in table 1.1. Note that the first 3 sub-questions provide the input required for the main question and sub-question 4, all of which supply evaluative sub-question 5.

Table 1.1 Characterization, variables and units of observation of the research questions

	Research question	Character	Independent variables	Dependent variables	Units of observation
<b>M</b>	<i>Why do environmental policies on corporate responsibility of the EU and Russia differ when looking at the variations in goals, regulations and performance?</i>	Explanatory, longitudinal, comparative and intensive	Policy conditions	Policy strategies, regulations and progress	All of the subjoined
<b>1)</b>	<i>What differences in policy <b>conditions</b> of Russia and the EU can be identified, using the Advocacy Coalition Framework?</i>	Descriptive	-	-	Official governmental documents; accompanied with independent critical evaluative research publications
<b>2)</b>	<i>Which variations of environmental policy <b>strategies</b> on corporate responsibility can be found between Russia and the EU?</i>	Descriptive	-	-	
<b>3)</b>	<i>Which variations of environmental policy <b>regulations</b> on corporate responsibility can be found between Russia and the EU?</i>	Descriptive	-	-	

4)	<i>Which of the policy variations of sub-questions 2 and 3 appear to be more <b>effective</b> measures for implementation than others, belonging to which policy conditions, according to expert opinions?</i>	Explanatory	Policy strategies and regulations	Any performance related parameters	Interviews with experts; published research on policy progress
5)	<i>Are Russia and Europe able to converge their environmental policies on corporate responsibility any further towards <b>cooperative</b> policy implementation, considering the previous findings?</i>	Descriptive with a partly prescriptive character	Policy conditions, strategies and regulations	Cooperative opportunities	All the above, with publications on policy cooperation in the past

The data collection and validity of these questions will be discussed in chapter 3, problem formulation.

## Hypotheses

The hypotheses of this section were initially applied without a proper situational background, taken from Sabatier's (2007) Advocacy Coalition Framework (ACF) and subsequently supplemented using a limited collection of literature. Afterwards, these statements were adjusted to cover the full content of the results, although little editing seemed necessary.

The ACF model lists 12 hypothesis, used for analysing a single (Western) state with the model (Sabatier, Theories of the policy process, 2007, p. 220) (appendix A). Most of these hypotheses require data on the progress of specific compositions of coalitions, which are not included in this research. Eventually, one of the hypotheses could be verified using the conclusions in chapter 6 of this report, which is provided below.

*1. On major controversies within a policy subsystem when policy core beliefs are in dispute, the lineup of allies and opponents tends to be rather stable over periods of a decade or so.*

In addition, the author of this report produced a number of hypotheses applicable to other aspects of this research. The works of Bacon (2010) and Sakwa (2011a), which evaluate all general aspects of the Russian society, generated the impression that Russia currently appears to be at a more fundamental level of governance dealing mostly with implementation issues, while the European Union has a better developed policymaking structure, though struggling with its diversity. In addition, some gaps were found between implementation of Russian policies and the actual work in the field (OECD, 2001). This resulted in the following additional hypotheses:

- 1) Russian policy conditions show a fundamental contrast with European conditions on legislative procedures (e.g. for corporate governance), resource availability/allocation and diplomatic roles;*
- 2) On an ideological level, Russian environmental and CSR policy strategies are mostly in accordance with EU policy strategies, as they both aim for preventing/mitigating climate change and protection of the environment;*
- 3) European environment and corporate responsibility policy regulations are more elaborated and more advanced than the Russian regulations, due to being a higher priority and supported with better resources;*
- 4) The developed policies of the EU have had a longer history of testing and fraud control than the Russian policies, and thus appear to be a more valuable contribution to the environment;*

- 5) *Compared to other policy fields, Russian and European policy regulations require relatively small adaptations in order to integrate them towards a joint effort, both in the fields of environment policies and corporate governance policies.*

In the summarized work of Ney & Thompson (2003), the ACF's claim that policy movement takes place within 10 years of the identification of the problem, e.g. the 'global climate change' problem, is questioned and ultimately falsified.

According to Ney & Thompson, even decades after the policy coalitions took shape, global emission is still increasing. They admit that some political action has taken place, which achieved *policy output*, but lacked *policy outcomes*. The authors claim that this is supposed to be a consequence of the high plural demands of *discourse* in policymaking: social behaviour is only maintained if cooperating actors keep suppressing their self-interests. The ACF has been created using examples of socially successful societies in developed countries, and now fails in its application on global issues by ignoring the world's lack of international cooperation and presence of self-interested nationalism.

The impressions from the Russian political system show some similarities to this 'world problem'. Russian policymaking lacks legitimate discourse, procedures are symbolic and actors' self-interests prevail more often. Therefore, following the criticism of Ney & Thompson (2003), a seventh hypothesis will be tested in this research:

- I. *The ACF is not fully applicable to a non-Western, non-developed state such as the Russian Federation.*

The 7 hypotheses mentioned in this section are verified in chapter 6 of this report.

In order to be able to answer the research questions of chapter 1, this chapter will provide concrete definitions to some of the terms and concepts used, to avoid confusion or interpretative mistakes.

### Defining corporate social responsibility (CSR)

The following quote suits well as an introduction for the concept of *corporate social responsibility* (CSR):

*"The once clear distinction between the public and private spheres, between politics, law and regulation on the one hand and the market and economic activities on the other has broken down. Public authorities engage directly in economic activities through state-owned or controlled companies and private firms take on public functions such as setting standards or providing health care. The rise of the "competition state" and the dramatic expansion of the social responsibilities of business firms have blurred the once clear line between public and private sectors."* (Kobrin, 2008, p. 4)

The European definition for CSR is found in a white paper on the contribution of CSR to sustainable development of 2002:

*'CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.'* (European Commission, 2002b, p. 5)

The white paper emphasizes that the "voluntary basis" mentioned above reflects generating welfare for society at the cost of maximizing short-term profits, above the legal requirements. Also, the "business operations" and "interactions with stakeholders" should be considered as management strategies, not as 'optional "add-ons" to core-activities' (European Commission, 2002b). An elaborated description of the EC's concept of CSR is found in appendix B.

The European Union considers CSR to be inherently linked to *sustainable development*, which is to integrate all three aspects of environmental, social and economical impacts into the EU's analyses and decision-making (European Commission, 2002b, p. 5). Consequently, the convergence of such norms and values in policies can be considered an *ethical* challenge according to this European definition. Note, however, that sustainable development is not necessarily voluntary behaviour.

There are other definitions for CSR as well. From a corporations' point of view, CSR can be simply explained as *"sacrificing profits in the social interest, [...] beyond complete compliance with environmental regulation"* (Reinhardt & Stavins, 2010). More specific definitions vary among institutions and publications, often depending on their private, government or public perspective, leading to different views on the *voluntary aspect* of CSR making it a market, government or social activity, respectively being either (Marrewijk, 2003, p. 96):

- an unrestrained individual business initiative;
- a persuasive negotiation to convince towards behaviour in the common interest;
- a coercive demand from consumers.

At an international level, the OECD defines CSR as: *"The function of business in society is to yield adequate returns to owners of capital by identifying and developing promising investment opportunities and, in the process, to provide jobs and to produce goods and services that consumers want to buy. However, corporate social responsibility goes beyond this core function. Businesses are expected to obey the various laws which are applicable to them and often have to respond to societal expectations that are not written down as formal law."* (OECD, 2001, p. 7)

Recently, the UN Global Compact called for global attention at the Rio+20 conference of June 2012 (UN Global Compact, 2012). Although the term CSR was not used, the use of *corporate sustainability* covered the same concept with a different name.

The International Organization for Standardization (ISO) launched a number of CSR guidelines which have achieved international popularity. The ISO14000 series of 1996 deal with environmental management and the recent ISO26000 series of 2010 concern social responsibilities (ISO, 2012). The ISO definition for CSR is extended to *organizational* social responsibility, other than just *corporate*. Its full definition is multifaceted, building on 7 principles such as accountability and transparency. These ISO standards officially are not freely published (ISO, 2012).

There is marked criticism on the capacity of improving society by voluntary behaviour. CSR has some fundamental limitations, as Friedman puts it:

*"The view has been gaining widespread acceptance that corporate officials and labour leaders have a social responsibility that goes beyond serving the interest of their stakeholders or their members. This view shows a fundamental misconception of the character and nature of a free economy... There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud"* (Friedman, 1962, p. 133)

However, this view is contested by other economical perspectives. The Coase Theorem, for example, is a widely used concept which in short states that corporations (and individuals) do not negotiate to change the laws or rules because of transaction costs. This results in the idea that *"rights should be assigned to those who can use them most productively and with incentives that lead them to do so"* (Coase, 2008, p. 36), promoting corporate development of rules and governmental stimulus. Another perspective from Dewey (1916) emphasizes the insoluble imperfections of regulation (i.e. Friedman's *rules of the game*) and, as early as 1916, called for non-coercive approaches of governance, turning to moral debate instead of struggles for power and control. Such views will later in this report be connected to the EU's *competitive governance* approach and Dorf & Sabel's (1998) *experimentalism*.

The progress and the results of certain national CSR legislation depend significantly on the character of the host nation, in this case in being developing or developed (Muller, 2006). For integrating CSR policies between Russia and the EU, the internally successful European 'developed' approach might have a controversial effect on the Russian 'developing' society. Research and debate on the implementation of CSR so far has been dominated by Western perspectives, with only little priority for requirements of CSR in developing environments. Muller (2006, p. 196) also states that for multinational enterprises, it appears to be best to allow for flexible local CSR strategies, instead of implementing global transnational strategies, showing that adaptation to local standards provides better results than an 'efficient' global guideline.

Implementation of CSR in developing countries or regions has to deal with the following uncertainties (Prieto-Carron, Lund-Thomsen, Chan, Muro, & Bhushan, 2006, p. 979):

- The impact of specific CSR strategies
  - the significance of CSR initiatives in developing countries (e.g. low priority)
  - the influence of broader and contextual factors limiting CSR effectiveness (e.g. corruption)
- Power and participation
  - absence of stakeholders' representation (e.g. victims of waste disposal)

- The governance of sustaining coherence among actors and objectives
  - privatization, state and non-state actors
  - public-private partnership as business interest instead of public interests

All the above mentioned aspects vary greatly among different developing countries, with examples given from China, India and Argentina. The main conclusion for Prieto-Carron e.a. (2006, p. 987) is that CSR should not be considered as profit-making, as offering win-win situations and as providing consensus outcomes with multiple stakeholders, when projecting Western CSR on developing countries. The authors explicitly stress the need for further research in developing *people-centred* impact assessments with indicators to address power imbalances, to determine the nature and consequences of CSR.

This paper will initially conform itself to the European or 'Western' concept of CSR, from a government perspective. However, business perspectives will also be included, both Russian and European, in order to verify some of the political ambitions. Following the literature using variations of the concept of CSR, such as the UN, the term *corporate responsibility* will be used along with CSR, referring to the same idea of business' accountabilities for sustainability aspects.

## Defining corporate governance

Important for the corporations' voluntary initiatives to take social responsibilities is the authoritarian structure of the business firms themselves. This structure of power called *corporate governance* is externally shaped by national and international policies restricting or favouring the different corporate stakeholders, i.e. *owners*, *managers* and *workers* (Gourevitch & Shinn, 2005a). Having conflicting self-interests, these three groups have the option to cooperate with (or oppose to) one another to form an internal coalition, increasing the chances for success in partisan conflicts. However, the winner of this conflict is not simply the biggest, as it depends on the domestic laws that ultimately distribute the ownership of corporations. To conclude, with both politics and partisan conflict shaping *corporate governance*, the outcome is either (1) *diffused shareholding* or (2) *blockholding* of corporate ownership.

- *Diffused shareholding* separates ownership and control: the shareholders elect the board of directors, which holds the company's shares in small portions and supervises the managers. A diffused shareholding economy stimulates managers' competence and board members' concern, and punishes incompetent companies by allowing hostile take-overs.
- *Blockholding* is a structure in which (small) groups of shareholders control large blocks of shares, having both ownership and control combined. Different types exist with blockholders as firms, banks and even states. In a blockholding economy, minority shareholders and outsiders have little protection, limiting their potential.

Although the corporations internally develop their own specific corporate governance structures, they often show a certain trend at the national level, influenced by national and international regulations. This makes it able to compare the average structures between countries, as well as between Russia and the EU. In the work of Gourevitch & Shinn (2005a), significant correlations are found in (1) majoritarian democracies often having *liberal* market economies that generally support *diffused shareholding* of corporate ownership, whereas (2) consensus democracies often have *coordinated* market economies that generally support *blockholding* ownership. However, for both authoritarian states and poorly functioning democracies, there will be a form of corporate governance anarchy, resulting in a *blockholding* economy.

## Defining policy

Guba (1984) identifies 8 definitions for the concept of “policy”, which depend on the purpose of the analysis. Among these definitions, three policy types emerge, being *policy-in-intention*, *policy-in-action* and *policy-in-experience* (Guba, 1984). For this research, there is more interest in a top-down state-level view of the policies, comparing the goals, along with the regulations produced by them, between Russia and the EU. This means that we are less concerned with policy as: guides to discretionary action, problem-solving strategies, sanctioned behaviour, norms of conduct, the output of the policymaking system, or as constructions based on experiences, which are 6 other possible definitions of Guba’s policy. Although a focus on corporate responsibility suggests an output-oriented view for measuring actual progress from a social or client’s perspective, the analysis of this research is based on the governments’ *policy intentions* for corporate responsibility, either conflicting or similar, between Russia and the EU.

In this report, the distinction of Guba’s remaining definitions (1984, p. 64) will be clarified by using the terms *policy strategy* and *policy regulation*, used in sub-questions 2 and 3, resulting in:

- policy strategy: ‘[...] an assertion or intention of goals’
- policy regulation: ‘[...] the accumulated standing decisions of a governing body by which it regulates, controls, promotes, services and otherwise influences matters in its sphere of authority’

A classification for understanding the belief system of policy participants, e.g. differences in policy strategies for sub-question 2, is a threefold hierarchical structure from Sabatier (Theories of the policy process, 2007, p. 194). His policy beliefs consist of *deep core beliefs*, *policy core beliefs* and *secondary beliefs*.

- Deep core beliefs: norms and values, ideologies (e.g. liberal or socialist)
- Policy core beliefs: priority of policy-related values (e.g. environmental policy goals)
- Secondary beliefs: narrow opinions on rules or applications (e.g. budgets and instruments)

The threefold hierarchy shows some affection with Guba’s categories of *policy-in-intention* (by proximate policy makers and political authorities), *policy-in-action* (by policy implementing organizations and actors) and *policy-in-experience* (by implementers and citizens) (Guba, 1984), but the former observes from a policymaking perspective, while the latter evaluates the effect of existing policies, and so there is no one-on-one correspondence on these levels.

Based on the work of Douglas & Wildawsky (1982) about cultural theory, Hood (1998) uses their link between public beliefs and attitudes to describe how the correspondence between 'life-styles' and the administrative structure can predict system success or failure. Following this *cultural grid/group* theory on the dimensions of regulative constrains versus social constrains, four different types of systems emerge (see table 2.1 on the next page). First, high regulative constrains together with high group control signify *hierarchism*, in which centralized authorities bear public responsibilities and public trust (i.e. Chinese communism). Second, weak regulations and low social control create *individualism*, maximizing individual and corporate freedom (i.e. American capitalism). Third, low constrains from laws and regulation within a cultural society with strong group control provides *egalitarianism*, in which moral debate and discourse are the foundation of equality (i.e. Scandinavian consensus democracy). Last, a strong regulative system in a rather careless society generates *fatalism*, in which problems are easily accepted as misfortunes (i.e. unsupported dictatorship).

Table 2.1. Cultural grid / group theory of public management styles and their vulnerabilities (Hood, 1998, p. 9 & 28).

		<b>Group: the extent to which individual choice is constrained by group choice</b>	
		Low	High
<b>Grid: the extent to which individual choice is constrained by conventions and rules</b>	High	<i>Fatalism</i> Inertia and passivity, unwillingness to plan ahead	<i>Hierarchism</i> Misplaced trust, collapse of 'think big' projects
	Low	<i>Individualism</i> Lack of cooperation, putting individual before collective benefits	<i>Egalitarianism</i> Unresolved feuds, distrust in authorities

Following this report, the EU and especially Russia cannot simply be attributed one of the labels mentioned above. However, it will help to show that Russia's public is divided in different *factions* corresponding to specific ideologies, and systematic problems are caused by those who maintain a different perspective (e.g., the fatalists).

The use for this *grid/group cultural theory* is diverse. Hoppe (2007), for example, describes how the groups of table 2.1 structure a public policy problem in different ways. This clarifies the attitude of (Russian) fatalists to define a problem as 'unstructured' in order to escape accountability of the issue, while authoritarian hierarchists structure the problem to make it solvable, rejecting uncertainty and discourse.

## Defining policy conditions using the Advocacy Coalition Framework

In order to compare the conditions of consensus-based Europe with the more autocratic state of Russia (Sakwa, 2011b) for sub-question 1, a comparative framework is required. The latest version of Sabatier's (2007, p. 189) Advocacy Coalition Framework (ACF), originally developed by Sabatier & Weible (1988), will be used for this research, providing a structured approach to compare the very different political institutions and their policies. The choice to use this framework, and not any other, is explained with the research validity in the next chapter.

The first publications of the Advocacy Coalition Framework date back as far as 1985 and 1987. The main introduction followed in 1988 (Sabatier & Weible, 1988) (cited >1300 times in Google scholar as of October 2012), succeeded by a major revision in 1993 (Sabatier, 1993), and again revised in 1998 to make it better applicable to Europe (Sabatier, 1998). These revisions mostly contained new paths to policy change, adding *internal system events* and *negotiated agreements* to the initial *external system events* and *policy-oriented learning*. A new elaborate version of the ACF was published in the 1<sup>st</sup> edition of *Theories of the policy process* in 1999 (Sabatier & Jenkins-Smith, 1999). The final revision followed in 2007 by Sabatier & Weible's (2007) chapter of the 2<sup>nd</sup> edition of *Theories of the policy process*. This final version is used for this report, despite later additions to the framework, such as the diversity-oriented work of Lulofs & Hoppe (2008). An overview of the ACF's history is provided in Weible, Sabatier & McQueen (2009).

The ACF model identifies five sets of variables in the policymaking process, accordingly to the titles of the boxes in figure 2.1. First, the *policy subsystem* should be considered, being the actual arena for participating coalitions competing for their interests during the realization of a policy (competition emerges when different *policy core beliefs* can be identified). Next, the opportunities and circumstances for these coalitions are analyzed, originating from both *long term coalition structures* and *short term constraints and resources of subsystem*



actors. Subsequently, these long term structures and short term constraints can be explained by respectively *relatively stable parameters*, and *external (system) events*, representing the stable and unstable conditions of the policy environment. When following this report, these five dimensions with their stable and external variables will be considered as the relevant policy conditions for answering sub-question 1 and its related hypothesis.

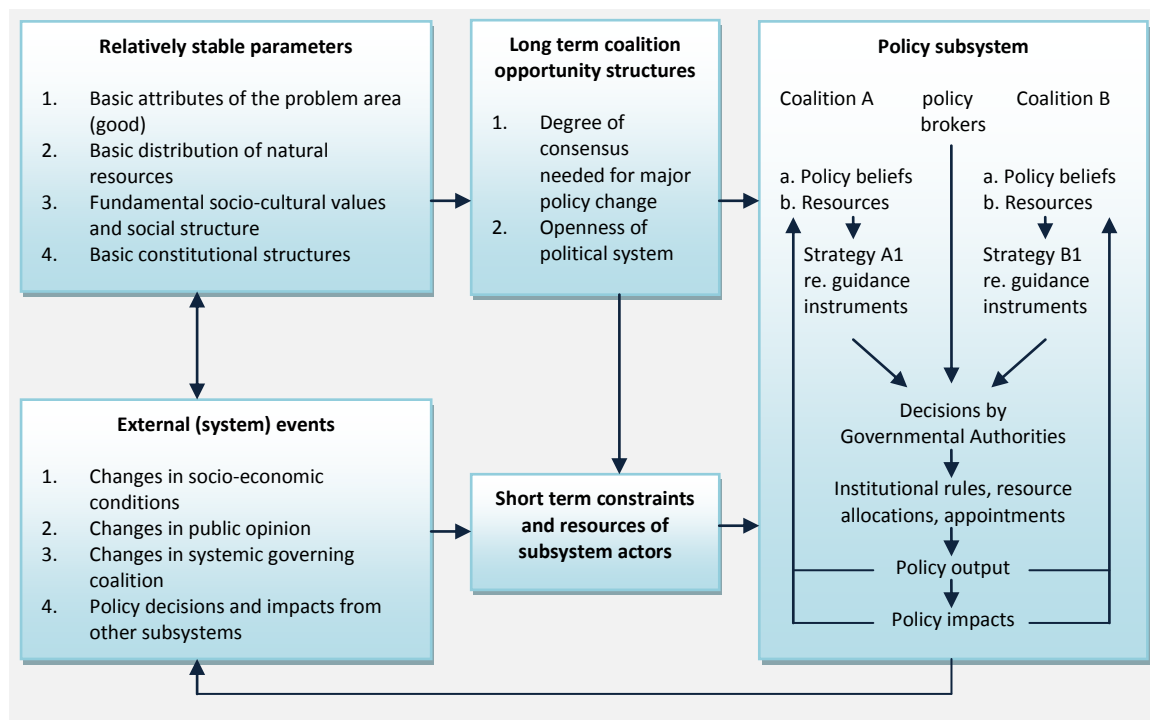


Figure 2.1. The Advocacy Coalition Framework (Sabatier, Theories of the policy process, 2007, p. 202)

Using this model to compare the many diverse conditions of Russia with the EU should provide a clear explanation for most of the fundamental conflicts and contrasts concerning their policies' environments. Interesting will be the fact that both *stable parameters* and *external system events* are taken into account for policymaking, which for this application sometimes play opposite roles.

Note that institutional change happens not only from these external events, but also develops considerably by its stable conditions. As Mahoney & Thelen (2010) state, institutional change should be explained from slow and incremental changes, instead of just the shocking and abrupt shifts that one might think off.

The main challenges for using the ACF for this research are:

- to identify the *opposing* coalition of the environment or corporate responsibility supporters, because their actions do not produce visible results such as anti-environmental policies, nor do they have political campaigns or interest groups;
- to converge the environmental arena with the corporate responsibility arena, because the composition of actors in the coalitions for these two arenas might be different.

How these challenges will be dealt with, will be explained after the European and Russian analyses, in the concluding sections of those respective chapters.

This chapter will cover the research design, specifying data collection, analyzing and processing, and the validity that stems from these methods. For both the EU and Russia, institutional policy conditions will be evaluated, for which legislation, statistics, agreements, publications and interviews will be used.

## Data collection

This report's table of content is shown below, together with the types of data obtained (mostly qualitative) for answering the research questions. All data, except for the interviews, will be from unobtrusive *content analyses* (Babbie, 2007, p. 349).

Table 3.1. Types of data collection for this research.

Chapters	Data collection
1. Introduction and research design	<ul style="list-style-type: none"> <li>- Methodology for PA (course lectures)</li> <li>- Publications (Guba, European Union, Gourevitch &amp; Shinn, etc.)</li> </ul>
2. Theoretical framework	
3. Problem formulation	
4. The European case	<ul style="list-style-type: none"> <li>- EU legislation &amp; statistics (EAP, EU SDS, etc.)</li> <li>- International agreements (Kyoto, Rio+, etc.)</li> <li>- International standards (ISO, OECD, EMAS, etc.)</li> <li>- Publications (EEA, ENVI, IEEP, Greenleaf, etc.)</li> <li>- Interviews with experts</li> </ul>
5. The Russian case	<ul style="list-style-type: none"> <li>- Russian legislation &amp; statistics (Russian Law Online, UNDP, etc.)</li> <li>- International agreements (Kyoto, Rio+, etc.)</li> <li>- International standards (ISO, OECD, etc.)</li> <li>- Publications (Sakwa, Bacon, etc.)</li> <li>- Interviews with experts</li> </ul>
6. Conclusions	
7. References	

A number of interviews were carried out during this research, both to acquire information and to confirm other sources. The author of this report together with his Russian supervisor actively searched for participants by visiting several environmental and CSR conferences at Russian universities, and by networking through various personal contacts in both the corporate and educational sector. The selection of potential interviewees was based on either a background in environment policies or corporate (social) responsibility policies, or on having relevant working experience in sustainability or CSR at a company. However, due to the specific demands for expertise and language skills (English), only four of the respondents were able to answer the questionnaire of appendix C. These interviews are summarized in table 3.2 on the next page, and the complete answers of these respondents are provided in appendices 3a-d. The other interviews which are not listed on the next page were of such a poor quality that they are left out of this report.

Table 3.2. Official interviews relevant for this research.

App.	Function	Date & medium	Relevant expertise	Main conclusions
3a	Professor in the Technology and Sustainability department at the University of Twente	27-01-12 (conversation)	Environmental public-private cooperation (CSR) in the EU and member states.	As long as the EU environment policies aim for <i>voluntary</i> (CSR) goals, any results are not taken seriously. NGO's contribute far more to the environment than EU/national governments.
3b	Policy officer at the DG environment	27-01-12 (e-mail)	EU environment policies and cooperation with non-EU (incl. Russia)	Emphasizes Russia's <i>implementation gap</i> to obstruct cooperation with the EU.
3c	Professor in the department of Public Administration at the Peoples' Friendship University of Russia	20-04-12 (e-mail)	Russian and international environment and CSR policies	Pessimistic about Russia's environmental performance and its political ambitions. Environmental issues are not a priority at all.
3d	Environment manager at RUSAL, the world's largest aluminium company	09-06-12 (conversation)	Deals with Russian and international environment and CSR policies in his current job	Positive about Russia's environment policy development and public/NGO influence. The main problems remain lacking bureaucratic procedures.

Although this number of interviews (n = 4) is too small for a so-called *large-N* statistical analysis (Babbie, 2007, p. 415), the responses and impressions they gave were crucial for pointing out the main causes for various policy problems (shown in the 'main conclusions' column in table 3.2). In addition, these interviews contributed to the validity of this research, as will be explained in the next section.

The choice for using the ACF instead of other frameworks follows the advice of my expert supervisor. Other frameworks such as the IAD and the Policy process (Sabatier, 2007) were also taken into consideration. However, the inconsistent compositions of majority coalitions playing a crucial role in EU politics, and the logic of the belief systems explaining the non-Western behaviour of the Russian people and politicians, ultimately determined a strong preference for using the ACF model. As a result, Sabatier's (2007) Advocacy Coalition Framework (ACF) is the main analytic tool for this research, which is a widely used, developed and criticized framework. The 1993 publication has been cited more than 2000 times, and the 2007 version more than 1000 times, according to Google Scholar as of September 2012. The ACF also receives criticism, on which one of the hypotheses is based, explained in chapter 1. Other important theories for this research are Dorf & Sabel's (1998) experimentalism, Hood's (1998) cultural grid / group theory, and Liefferink & Andersen's (1998) forerunner / pusher strategies, which all experience frequent citing as well. All four theories are checked on their latest publications in order to take any modifications (stemming from criticism) into account, although in the case of Liefferink & Andersen, an older theory is found to fit better in the analysis, which is further explained in the corresponding section of 'EU environmental institutions' in chapter 4.

## Data processing and data analysis

Once data had been collected, it had to be filtered by the relevance of its content and the reliability of its claims. The following approaches for processing and analyzing these data have been maintained for this research:

- The two cases were both reviewed from optimistic and pessimistic perspectives, in order to take a neutral position on which of the systems would be 'better'. For example, both the EU and Russia have their problems with unity, and both seem to be improving environmental policy-making.
- There has been a strong focus on the independency of collected data, especially concerning Russian literature. Government sources about the Russian formal legislation process, for example, deserved limited attention and had to be reflected by other (unrestrained) sources describing informal legislation procedures.
- Statistics have been slightly preferred over qualitative data, because when doing a meta-analysis of two elaborate cases, the quantified extent of a problem deserves more attention than the qualitative subjectivity which describes the details. This is best illustrated with the issue of Russian election fraud, for which a single report of abuse should *not* simply classify the national election outcome as 'true' or 'false' by itself, but should instead be put in perspective of the magnitude of the elections. This type of analysis corresponds to the first Babbie's first two approach of *frequency* and *magnitude* (2007, p. 416).
- Freestanding results of single isolated sub-cases have been filtered from the main content, because they would not be representative for the entire policy system. No significant in-depth progress of a specific environment policy or performance of a corporation determined the final results of this report.

Most of the analysis followed a *grounded theory method*, which is to start with impartial observations rather than preset hypotheses, in order to develop theories 'from the ground up' (Babbie, 2007, p. 418).

## Validity and reliability

The research will contain a number of validity aspects, i.e. aspects on whether the results and conclusions correspond with the real world (Babbie, 2007, p. 523). From this perspective, different choices have to be made and explained concerning the design (*internal validity*) and measurement types (*construct validity*) (Babbie, 2007). Apart from the validity, some *reliability* will also be assessed in this section, as being the output consistency of measuring the units of observation.

## Two case comparison

The decision to study both the EU and Russia as a *cross-case* analysis, rather than studying only one of them, contributes to the validity of the research results in this report (Sage, 2012). This *case-oriented, cross-case analysis* means that particular cases are evaluated on a large number of variables (i.e. the many policy conditions), in order to get an overall impression of the (policy) system of each case, to look for patterns and/or deviations in the comparison (Babbie, 2007, p. 416).

A feature which is specifically important for this research, is that many aspects of the environmental and corporate responsibility policies have a subjective value, which are most meaningful in a comparative research. For example, this cross-case comparison can attribute comparative values to the budgetary allocations for environmental ministries in (>10% in the EU *versus* <3% in Russia), rather than solely being a quantitative fact in a single-case study (e.g. <3%). This two case comparison is a *most different* case selection on purpose, building on the expectation that the EU system would be strongly contrasting the Russian system (Seawright & Gerring, 2008, p. 298). However, this case selection only took place within the frames of the opportunistic selection mentioned earlier, i.e. the exchange opportunities that were available.

### Sub-questions 1-3

The first 3 sub-questions are descriptive, meaning that no causal relations are determined and so validity aspects are not yet relevant. The reliability, on the other hand, does have an important value for these questions considering that following conclusions build upon their results.

The documentation on governmental strategies and regulations, as well as on international agreements, are mostly complete, accurate, and equal among different sources, enough to prevent any complications with reliability. Nonetheless, the research publications with critique on the authorities, opinions as they are, are not simply regarded as truth. Either their subjectivity is mentioned, or the (strongest) claims are verified by interviews with experts and personal experiences gained by the author.

### Main research question

The main question uses the answers from the sub-questions for finding the causal relations. Mistakes could have been made in selecting the wrong causal variables (internal validity), or measuring the wrong aspects of these variables (construct validity).

A threat for the internal validity is that the policy conditions found in sub-question 1 do *not* affect the policy strategies and regulations as predicted, but instead unseen conditions or factors are responsible for it. In addition, policy regulations might only partially derive from policy strategies. However, in the conclusions of chapter 6, the author has made the assumption that policy *strategies* are the cause for policy *regulation* (since regulation seems to have no other legislative cause), but policy *regulation* cannot be held responsible for policy *performance*.

As a result of taking a possible incompetence of the ACF model into account, it would be possible to limit this validity deficit to test the variables with different models and frameworks, but this would take too much effort. The validity error produced by using only a single model (that is, the ACF) is known as *mono-operation bias*. However, in order to reduce the damage, the main criticism on the ACF is provided below:

- In a book review of Sabatier's first edition 'Theories of the policy process' of 2000, Theodoulou (2001) emphasizes the bias towards European and mainly North American literature and explanations;
- Sotirov & Memmler's (2012, p. 56) collection of numerous critical scholars (e.g. Schlager, Blomquist, Nohrstedt and others) refers to limitations to the stability of the belief system and '*the neglect of potentially significant role of collective action dilemmas, interest-based motivations, political resources and institutional factors*', which result in dubious or unexplained causal mechanisms of policy change. In conclusion, the ACF lacks *elaboration of assumptions* and *systematic empirical findings* (Sotirov & Memmler, 2012, p. 57).

Despite the possible lack of elaboration and empirical proof, the ACF has eventually been implemented without any major complications. Sabatier's belief systems with the coalitions and actions they produce were flexible enough to explain the most essential causal relations for the actor, resource and institutional factors. The ACF's Western focus that was claimed by Theodoulou (2001) has together with the work of Ney & Thompson (2003) been responsible for the seventh hypothesis of this research, as explained in the previous chapter and verified in chapter 6.

The construct validity depends on whether measured policy aspects (conditions, strategies, regulations) actually reflect the real policies. This is considered to be limited compared to other research, since all governmental documents are published and have been widely reflected upon. Nonetheless, both the EU and Russian analyses had their units of observation expanded with critical interviews for a second opinion, preventing a construct validity error known as *mono-method bias*, i.e. an error caused from using a single method (e.g. scientific literature) for data collection.

#### Sub-questions 4

As with the main question, the data from sub-questions 1-3 is used for finding causal relations, resulting in the same validity and reliability issues. In addition, the term 'effectiveness' brings up some complications for the internal and construct validity.

An easy mistake to make would be to assume that particular policies guarantee success, and others policies are inherent to failure. A lot of different variables contribute to the progress of a policy, other than its regulations or goals. This has its consequences for the answer to question 4 in chapter 6, reducing the value of the correlations found (as an internal validity aspect).

The units of observation, being interviewed experts and publications on policy progress, suffer the 'terrible fate' of being exaggerated opinions, politically coloured in arguments of proponents versus opponents. As a result, this research tries to put emphasis on lighting both sides of the discussion, and on mentioning the subjectivity of the data when used. This ensures a better construct validity by improving the similarity of measured progress and actual progress. However, the author recognizes that a certain error has occurred on this aspect: the environmental supporters gain more attention than the environmental opposition.

#### Sub-questions 5

Again, data is used from all the previous questions, dealing with the same validity issues as mentioned before. By formulating the question with the addition "[...] *considering the previous findings*", no unmeasured variables (such as environmental conditions) have to be taken into account. This contributes to the internal validity.

This chapter contains the analysis of European environment and CSR policies. It will start with explaining the basic institutions and legislative procedures of the EU. Subsequently, these findings will be reflected on *environmental* policies, concerning their institutions, legislation, policies and performance. *Corporate responsibility* will be introduced with explaining the corporate governance models in the EU. The corporate responsibility policies follow in the next section, also zooming in on business perspectives. A special section is dedicated to the cooperation of environment activities between Russia and the EU. Each section will provide some conclusions for the Advocacy Coalition Framework (ACF) parameters, which combined create a complete ACF model provided in the final section of this chapter.

## EU institutions and legislation

Legislative power in the European Union is mainly distributed among three institutes, being the *European Parliament* (EP), the *Council of the European Union*, and the *European Commission* (EC) (European Union, 2010a, p. 149; 153; 155). The Council is not to be confused with the European Council or the Council of Europe, as the latter two do not have direct legislative power. The preferences of these three institutes are explained in table 4.1.

Table 4.1 EU Legislative institutions of the Parliament (European Parliament, 2011a), the Commission (European Commission, 2011c) and the Council (Council of the European Union, 2011).

	the Council	the Parliament (EP)	the Commission (EC)
<b>Budget in 2011</b>	€563 million <sup>1</sup>	€1,686 billion	±€140 billion
<b>Responsibility</b>	Institute for <i>governments</i> to defend their own interest	Officially representing all the EU's <i>citizens</i>	Institute for the interests of the <i>EU</i> as a whole
<b>Legislative power</b>	To block, or confirm and <i>adopt</i> legislation proposals in co-decision		To make legislative <i>proposals</i> , and to monitor national <i>implement</i> the legislation after they have been confirmed and adopted
<b>Composition</b>	345 votes distributed among 27 Member State's government representatives (ministers), reflecting the number of inhabitants. The Council has 10 different <i>configurations</i> covering the range of all policy areas	754 members, organized in 20 <i>committees</i> , as well as ±7 political groups (coalitions of the so-called Europarties)	27 members corresponding to the number of member states <sup>2</sup> . The EC contains 36 <i>Directorate-Generals</i> (DG's) (with ±23,000 civil servants in total)
<b>Election</b>	Rotates during each Member State's national election on ministerial level	Party elections are held for the EU's 500 million citizens every 5 years	The EC's president is elected for 5 year terms by the European Council and the EP; the EC members are elected by the Council
<b>Established<sup>3</sup></b>	±1957-1967	±1952-1958	1958

<sup>1</sup> This budget funds the Council together with the European Council.

<sup>2</sup> From November 1<sup>st</sup> 2014, the number of members will correspond to 2/3 of the number of member states.

<sup>3</sup> The institutes' titles and functions developed over the years, making it hard to determine a single year of establishment.

Policymaking and decision-making for European legislation, known as the *ordinary legislative procedure*, takes place according to the following steps:

- First, the EC creates a proposal with the help of the comitology committees;
- A proposal from the EC is sent to the EP and the Council;
- The EP and the Council consider and discuss the proposal during two successive readings, followed by implementation in the case of agreement;
- If no agreement is reached by the EP and the Council, the original proposal is sent to a *Conciliation Committee*, consisting of representatives of the EP and the Council;
- The *Conciliation Committee* discusses the proposal together with the EC, until agreement is achieved;
- The text is then sent back to the EP and the Council (for a third reading), after which it will be adopted as a legislative text and implemented by national authorities as a law, or rejected once more;
- The EC executes its implementing powers with the assistance of *comitology committees*, consisting of member state representatives.

Although the EP is fully functioning, it appears to operate in a reactive mode instead of being a forum for party politics. For most of the voters, the elections for the EP tend to be "*second-order national politics*" (Jachtenfuchs, 2006, p. 164). As explained by the fundamental work of Beetham & Lord (1998), by having the legislative initiative, the EC has the freedom of agenda-setting power, information asymmetry at the expert level, and therefore has the strongest connections with member states. The EC's implementation power is somewhat limited by the arrangement of *comitology committees*, which enables member states to exercise influence on the decision-making procedure (European Union, 2010b). These comitology committees play either an advisory, communicative or regulative role in the EC during legislative procedures. However, despite certain imbalances, *all* three institutes have to be convinced to agree on any legislative proposal, if one wishes to influence EU policymaking.

For general political directions of the EU, the European Council (*not* the Council) plays a main role. It comprises the heads of government of each member state, and meets 4 times a year to determine long-term EU strategies in unanimous agreement. Although these negotiations can be crucial for mutual understanding and internal crisis-solving, the adjustments of agreements that are made remain unspecified. For this reason, the European Council is the EU's strategy-maker while not having formal legislative powers (Warleigh-Lack & Drachenberg, 2009).

The choice for this system, being only quasi- democratic for containing *indirect* representatives in the Council and the EC, is explained by the limited power that the EU has over its member states. Apart from the obvious dilemma between *efficiency* and *democracy*, critics often discuss a *supranational* versus an *intergovernmental* approach. The latter discussion becomes ever more relevant with the growing power of the EU over its member states, which can aim at consensus in law-making from national government representatives (intergovernmental) or at independent legislative power being elected at the European level (supranational). Note that the current composition of the EU is a mix between the two, with the EP being supranational and the EC and the Council as intergovernmental, the best of both according to Beetham & Lord (1998).

#### Box 4.1. ACF conclusions of EU institutions and legislation

The EU's legislative power distribution developed incrementally over the past decennia, and therefore belongs to the *stable parameters*. These mixed democratic and technocratic powers jointly generate the EU's strategies and regulations, allowing a certain amount of freedom for implementation at the member state level.

For any *long term opportunities*, the distribution of power requires convincing all three legislative institutes in order to influence EU policymaking. This is best done by means of public support for the democratic institutes, and with scientific evidence for the technocratic bodies.



## EU environmental institutions

After analyzing the legislative procedure and the relations between the EU institutions, the following organizational bodies have been found to develop and initiate *environmental* policies and legislation (elaborated in appendix D).

- European Parliament: the committee on Environment, Public Health and Food Safety (ENVI)
- the Council: Environment Council (one of the 10 Council configurations)
- European Commission: Directorate-General (DG) for the Environment and DG Climate Action
- Comitology committees under the environmental DG's, usually of the regulatory type
- Other: European Environment Agency (EEA) and the Institute for European Environment Policy (IEEP) both *independently* informing the EU legislative institutes as well as the general public.

In practice, most EU environmental policy proposals are made by a number of 'green' North-Western member states known as the 'Nordic block', applying *pusher* and/or *forerunner* strategies (Lieberink & Andersen, 1998, p. 256). In order of activism during the 90's, these countries are: Denmark, Sweden, Austria, the Netherlands, Finland and Germany. Recent literature often mentions the UK and non-EU-member Norway to play an important role in EU environmental policymaking, which is explained in the following sections of this chapter. The countries which often oppose the green states' initiatives are referred to as *laggard* countries and are strategically circumvented using majority voting (Kelemen & Vogel, 2010, p. 21). The laggard countries are rumoured to be the 'Southern' member states, but such claims have proven to be inconsistent (Börzel, 2003), and so the laggards will stay anonymous in this report.

The *Forerunners* are (green) member states which have developed a more advanced (environment) policy than is obligatory by the EU, either from purposeful ambitions, or coincidentally from incremental development. A *pusher* member state stimulates the EU to adopt specific environmental policies, either directly by convincing EU institutes, or indirectly without having such intentions. Table 4.2 shows all the possible combinations, which will require different approaches as explained below.

Table 4.2 *Forerunners* and *pushers* of Liefferink & Andersen (1998, p. 256)

		<b><i>Forerunner</i></b>	
		Purposeful:	Accidental <sup>2</sup> :
<b><i>Pusher</i></b>	Direct:	<i>Pusher-by-example</i>	<i>Constructive pusher</i>
	Indirect:	<i>Defensive forerunner</i>	<i>Opt-outer</i>

- A *pusher-by-example* has the intention of stimulating the EU policymaking process (individually) by showing a good national example. This approach has been applied to some environmental policies in the 90's, such as regulation for car exhaust cleaning equipment (Lieberink & Andersen, 1998, p. 259).
- A *constructive pusher* aims directly at the EU policymaking process, relying heavily on opportunities for alliance building with the EU legislative bodies, i.e. the Council, the EC and the EP. Consequently, rather than being an example by developing national environment policies themselves, a constructive pusher tries to convince other member states to have shared ambitions and take joint efforts.
- A *defensive forerunner* develops its national policies to be ahead of the EU, but without the goal of actually stimulating EU policymaking. This strategy has a 'dynamic potential' since it serves as a platform for other strategies, while it can also be abandoned without breaking a promise.

<sup>2</sup> The author of this report replaced the original term 'Incremental' by the better fitting 'Accidental'.

- An *opt-outer* is a country with incrementally developed national policy which unintentionally influences the EU. It chooses not to be a leading example and not to stimulate the EU, even though it is both.

The EU institutes have various roles which are essential for environmental policymaking, and on which different strategies from table 4.2 are build. Legislative power within *the Council* is based on the following regulations (Lieberink & Andersen, 1998, p. 260).

- A rotating shift of the presidency of the Council for determining agenda priorities, given to a member state once in seven and a half years. All member states have the right to submit (environmental) issues on the agenda, although they are unofficially expected not to abuse this.
- The voting procedure, known as qualified majority voting (QMV). The Nordic block holds sufficient votes to block a QMV, but not to pass one. For most proposals, however, the Council achieves full consensus, exceeding beyond the need to vote. As a result, alliance building between member states becomes essential to obtain some legislative power.

The *European Commission* has the exclusive right to submit legislative proposals, making it of vital importance for green states to cooperate with the DG Environment. The most popular incentives for this matter are (Lieberink & Andersen, 1998, p. 264):

- Contacts and communication at the expert level;
- Participating in the formulation of policy proposals;
- Strategic positioning of national employees on EU seats;

It should be mentioned that the approaches above apply for both proposing and implementing legislation. The strategic positioning of specialists as EU staff in prioritized fields has proven to be the most effective method.

To maintain contact with the *European Parliament*, national governments engage their own EP members (Lieberink & Andersen). Environmental issues in all levels of the EP, EC and Council are subject to negotiations, 'package deals' and subsequent informal majority voting ( $\pm 85\%$  of all decisions in the 90's (Beetham & Lord, 1998)), which means that the opportunities for getting environment laws approved can be a matter of diplomatic bargaining involving other political interests.

Despite the fact that this pusher-forerunner theory was developed as early as 1998, it has only endured some minor revisions<sup>3</sup>. The theory remains applicable to current issues such as carbon dioxide taxation and emissions trading, in which the direct pushers appear most effective for EU policymaking (Veenman & Lieberink, 2012). The current 'green' states for these two issues are Germany, Denmark, the Netherlands and the UK.

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<sup>3</sup> The revisions included a change in the definition of 'EU strategy', renaming the *opt-outer* to the unfitting *late starter*, and an extension of member states focussing on the Council's and/or the EC's policymaking processes. These changes make the theory more advanced in its specific field, yet they would make it less comprehensible for the broadly interested readers of this report, and so the 1998-theory is maintained.

#### Box 4.2. ACF conclusions of EU environmental institutions

Many different actors and coalitions, such as the 'Nordic block' have been identified for the ACF policy arena. A variety of environmental institutions take part in EU environmental policymaking, supported by the North-Western 'green' member states and opposed by unwilling *laggard* countries.

The best (long term) opportunities for EU environmental policymaking are to use pusher/forerunner strategies for:

- the strategic positioning of MEP and Council member seats by national governments;
- qualified majority voting (QMV) and other voting procedures;
- informal majority voting with package deals.

This makes alliance building between EU member states crucial, both for environmental issues as for other political interests that are part of negotiating, bargaining and voting procedures.

## EU environmental legislation

According to the Lisbon treaty, European environmental legislation is treated as a *shared competence*, meaning that member states are not allowed to pass laws that oppose existing environmental legislation (European Union, 2007). This does, however, allow countries to adopt laws which are environmental-unfriendly as long as no existing EU-legislation forbids it.

A valuable development for EU environment legislation is the renewed Lisbon strategy of 2005, called "Better Regulation" initiative. Its aim is to simplify current environment regulation in order to improve the quality of core processes and tools. In 2007, the EC provided concrete priorities and measurements which would reduce the administrative burden of business with 1,3 billion euro annually (European Commission, 2007a).

The EU seems to play a significant role in international environmental sphere. It claims to have been a driving force in the agreement on the UN Framework Convention on Climate Change (UNFCCC) in 1992, and the Kyoto Protocol in 1997 (European Commission, 2010). The leaders of the European Union (called the European Council) endorsed an 'Integrated climate change and energy policy' in 2007, a strategy for which it considers the EU as a leader in tackling global climate change. The integrated policy optimistically aims for a new *industrial revolution*, moving towards a climate friendly global economy (European Commission, 2007b, p. 5). However, this European ambition can be interpreted as a paradox for international partners, because others consider the EU to be a relatively leaderless system (Hayward, 2008). In addition, Europe's attitude in pushing climate policymaking is sometimes seen as hypocritical, when its high international demands appear not to be implemented on its national levels (Jordan, Huitema, Asselt, Rayner, & Berkhout, 2010). However, according to Kilian & Elgström (2010), the EU is still seen as a 'green' leader in international climate politics by interviewed non-EU government officials.

For the European goal of converging national legislation of the member states, the methods of passing EU obligations using different types of governance prove to be playing a significant role. Three different types of EU governance patterns in posting environmental legislation are identified (Knill & Lenschow, 2005, p. 115):

1. Prescriptive governance (currently dominant for environmental legislation)
2. Communicative governance
3. Competitive governance

The *prescriptive governance* approach, or legally binding European legislation, leaves no consideration for implementation on a national level. These sanctioned policies appear to have the least influence on national institutional change, for being procedural obligations and organizational demands, evoking resistance from national authorities. An example for this type of governance is the directive on the freedom of access on domestic environmental information, which has been forced without consultation and resulted in involuntary acceptance and marginal implementation (Knill & Lenschow, 2005, p. 118). The other two types of governance, with *communicative governance* as non-binding suggestions for national policy-makers and *competitive governance* as stimulating institutional change by competition between national authorities, appear to result in more cooperative implementation (Knill & Lenschow, 2005, p. 122). One of the reasons for the low priority in the latter two types is that some environmental issues are inappropriate for national interference. This can be seen in policies based on communicative governance with for example the polluter pays principle<sup>4</sup>. Another possible reason could be that the EU institutions consider themselves as democratic and legitimate enough already, and thus they do not care for sharing their power with national governments.

This is an unfortunate trend according to the theories of *democratic experimentalism* (Dorf & Sabel, 1998) or the newer *experimentalist governance* (Sabel & Zeitlin, 2011). These approaches both aim for decentralized regional freedoms for 'experimental' governance, with the requirement to share obtained knowledge at the national level with other governmental bodies facing similar problems. Although this theory was initially developed for the national level, it can be applied to the European level with the member states representing the 'regional' governments, and the EU as the 'national' government. The *experimentalist* theories then corresponds to the EU's *competitive governance* approach mentioned above and reveals the valuable benefits of preventing a complex division of authoritarian power, and having regional/member state governments acting closer to the citizens' interests. Depending on the issue, the theories provide some interesting opportunities for improved performance of EU environment and CSR policies.

Concerning public support for these legislative specifications, statistics from Eurobarometer (European Union, 2012) (appendix E) show that the EU plays a positive role in protecting the environment according to the EU citizens, measured from 2003 to 2006. On average, citizens were mostly positive (45-60%), somewhat neutral (20-25%) and a little negative (13-15%) (figure E.2). Whether this is a contribution to the state of environmental protection of their own country, optimism was a little lower, but still positive (40-50%), rather than neutral (20-30%) or negative (15-20%) measured from 2003 till 2007 (figure E.1).

However, decision-making for environmental protection should, according to EU citizens, be made jointly with the EU (60-70%) or only at the national level (20-40%), and certainly not only at the EU level (0-5%). This trend is stable for the impressive duration of 1989-2010 (figure E.3) (European Union, 2012). Figure E.4 shows that from 2005-2010, citizens were about as positive (40-50%) as negative (35-45%) about environmental protection in their own country.

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<sup>4</sup> The non-prescriptive character of the EU's polluter-pays-principle resulted in a diffused approach by different member states, remaining more as a vision than having turned to actual practice (Knill & Lenschow, 2005, p. 121).

#### Box 4.3. ACF conclusions of EU environmental legislation

Initially, EU environment policies are a shared competence, meaning that member states are not allowed to oppose EU legislation, but are free on any aspects that are not covered by the policies. However, the EU's legislative institutes have different approaches for obligating environment policies. The currently dominant *prescriptive governance* is applied when legislation is supposed to be binding. *Communicative governance* concerns stimulating dialogues with member states to adopt national legislation and *competitive governance* allows for a competitive freedom for member states to develop and test their own policies. The latter approach seems promising, following the *experimentalist* theories of decentralized authorities with the benefit of governing more closely to the citizens using a simple authoritarian structure. The best preferences for a specific type of governance ultimately depends on the issue itself, however, and needs to be discussed at the secondary belief level.

For the EU's role in protecting the environment, public support is rather positive, proving considerable agreement at the policy core belief level. However, EU interference in national environment protection is marked with more suspicion, and decisions should be made either jointly with the EU, or not with EU at all. This also undermines a prescriptive approach, and demands for a certain amount of freedom for policy-making and implementation at the secondary belief level.

Additionally, EU legislation is not only influenced by the international sphere, it also contributes significantly to it, earning the status of having a leading role in tackling global climate change.

## EU environmental policies

After committing to the Kyoto protocol in 1997, the European Climate Change Programme (ECCP) was raised, resulting in some 40 policies on EU-level in order to achieve the collective -8% emission target for 2008-2012 (European Commission, 2007b, p. 11). The anticipated reduction compared to a passive approach was expected to be already -3% to -9% due to industrial developments and an economical crisis, yet the public support for this issue appeared to be (and possibly still is) the strongest around the world, as shown in table 4.3 below, making it an electoral incentive for European politicians.

Table 4.3 World Public Opinion Survey, 2003. About a thousand respondents per country were asked: "How serious a problem do you consider climate change or global warming due to the Greenhouse Effect to be?" The answers were given as shown in the columns. Eventually, the USA and Australia did not ratify the first Kyoto Protocol due to opposition from national business and labour.

		Very serious	Somewhat serious	Not very serious	Not serious
EU member states	Italy	63	30	5	1
	Germany	54	33	10	2
	UK	50	35	9	3
	France	46	43	8	1
Russia		43	34	15	1
Canada		40	41	11	5
USA		31	40	13	11

The other main policy programs are the 6th Environmental Action Programme (EAP), and the Sustainable Development Strategy (EU SDS) (Ecologic Institute & Institute for European Environmental Policy, 2011, pp. 14-21). The first EAP started in 1973 and the 6<sup>th</sup> EAP will end in 2012 without a follow-up, after which the environment policies and policymaking will have become an integral part of the Europe 2020 strategy (European Parliament, 2011b). The final policy program, the EU SDS, was first presented in 2001, yet only achieved agreement as late as 2006. It has most of its environmental goals parallel to the EAP and has other goals extended to social and economical fields, which also found their way in to the new EU's Lisbon Strategy. The current trend of environment policymaking is towards more voluntary action, such as CSR, and towards less regulation (Warleigh-Lack & Drachenberg, 2009, p. 222). This will be explained in the section on EU corporate responsibility later in this chapter.

Some scenario studies imply improvement for strengthening the robustness of the EU environment policies by expanding and reformulating its current traditional instruments for legislation in mitigation and adaptation to climate change (Jordan, Huitema, Asselt, Rayner, & Berkhout, 2010, p. 245). This would make it more durable against '*major shocks*', that is, political shocks such as radical government shifts from national elections, and technological shocks such as innovative breakthroughs. Recommendations for both national and EU governors would be to consider to move slightly towards less coordination, and more towards a responsive attitude on stimulating market innovation (for environmental technologies).

In short, evaluation reports on the ECCP, EAP and EU SDS policy programmes conclude that the EU has mainstreamed sustainable development in a wide range of policies, and the attention should now turn to specific areas that are left with unsustainable trends (Ecologic Institute & Institute for European Environmental Policy, 2011). In addition, the EC has proposed to increase expenses on all environment-related policies in order to represent 20% of the EU's total annual budget (European Commission, 2011a). The EU's budget of 2012 shows that €60 billion (40,8%) is provided for natural resources, although most of accounts for agricultural activities (29,9%), ultimately arriving at €16 billion (10,9%) for actual environmental issues (European Commission, 2012a). Despite the EC's ambitions, the environmental budget is slowly declining with  $\pm 1\text{-}2\%$  a year since 2007 (from which comparable statistics are available).

#### Box 4.4. ACF conclusions of EU environmental policies

The EU's environment policies originate from various policy programmes, being mainly ECCP, the EAP series and the EU SDS, receiving relatively strong public support. Financial expenses for environmental issues are an impressive €16 billion (10,9%), and might increase even more in the near future. Convergence with other policy-fields also appears successful considering the EU's new Lisbon strategy '*converged content*'.

The advise for future EU environment policies is to maintain a less coordinated and more responsive attitude towards innovation, and to focus on the few specific non-sustainable trends that still remain. These are secondary belief level aspects.

## EU environmental performance

A publication by Bouwer e.a. (2006), measured the integration of various national environmental policies on goods and services, referred to as *Green Public Procurement* (GPP). In 2006 they conducted a study on the actual progress of certain environmental issues in 25 European member states, concluding that 7 'Green' countries (Austria, Denmark, Finland, Germany, Netherlands, Sweden, the UK) consistently performed about 20% better on the GPP criteria than the other 18 countries (Bouwer, et al., 2006, p. 14), with the main criteria being:

- Strong political drivers and national guidelines for GPP;
- Public information resources;
- Innovative procurement techniques;
- Implementation of the environmental management system (EMS).

These 7 countries appear to be almost the same as the 'Nordic block' stated by Liefferink & Andersen (1998), being the EU's *forerunner* countries for environmental policies to perform the best.

The Yale's 2012 Environment Performance Index ranked 7 EU countries in the top 10 out of a total of 132 global countries being analyzed on 22 environmental indicators, being Latvia, Luxembourg, France, Austria, Italy, the UK and Sweden (Yale University, 2012). The most interesting feature is Latvia, a CEE country ranked second best in the world, only surpassed by Switzerland (*not* an EU member state). The USA is ranked 49<sup>th</sup>, Russia 106<sup>th</sup> and China 116<sup>th</sup>. Russia has by far the worst score when ranking on developing trends, placing it 132<sup>th</sup>.

The Climate Change Performance Index of Germanwatch (2012) also has 7 EU countries in its top 10, being Sweden, the UK, Germany, France, Slovakia, Denmark, Belgium and Portugal. The USA is ranked 49<sup>th</sup>, Russia 52<sup>th</sup> and China 54<sup>th</sup>, from a total of 58 countries. These scores are based on the sum of emission trends, emission levels and climate policies.

For the Kyoto protocol, the EU-15 (the initial 15 countries devoted to the protocol) seem to be on track to meet the -8% reduced emission levels by the end of 2012, with data being available of the years up to 2010 (European Environment Agency, 2011). The new target is a -20% below 1990 emission level(s) by 2020, and the EEA states that current projections predict a -19% reduction (2011, p. 54).

#### Box 4.5. ACF conclusions of EU environmental performance

Various performance indexes list many EU countries in their top 10, which usually are a number of North-Western countries, although not consistently the same ones. Overall, the EU performs strongly on environment issues, compared to international performance.

In line with the member states' goals of coalition building, these scores show specific opportunities for their cooperation, as well as inevitable opposition from countries with different performance and more required effort.

## EU corporate governance policies

A country's Corporate Governance (CG) model is the way in which ownership and control of a company are organized, shaped by national laws allowing for a certain extent of freedom for directors, owners, managers, employees and other stakeholders. In most EU countries, national legislation supports a *blockholding* economy, meaning that concentrated groups of shareholders have ownership and control over most companies in the market. An exception is the UK, following a *diffused shareholding* economy with strong protection of minority shareholders and outsiders, and prohibiting concentrated ownership. These two CG models are explained in more detail in chapter 2 of this report.

The EC's latest publication on CG, states that the member states are guided by a combination of EU prescriptive legislation and 'soft' law (European Commission, 2011b). However, the CG codes are ultimately adopted and adjusted at the national level, creating a different CG model for each country. Although the EU promotes

national regulative requirements for business to report on the application of those national codes, the EU allows its members to fully develop their own preferences for CG ideals. In order to prevent 'unnecessary uncertainty' in international business relations with different CG configurations, the EC launched a review of existing CG codes in the EU to identify any legislative barriers for the financial market.

Cicon & Ferris (2008) elaborated the European concept of corporate governance, and showed that among 23 European countries, the national CG models can be distributed into five different themes. The configurations of these themes are shown in table 4.4 below.

Table 4.4. Five themes of corporate governance models of 23 EU member states.

Corporate Governance type	Country group	Strongest compliance
Internal governance / board organization	Scandinavian civil	Sweden 61% and Switzerland <sup>1</sup> 56%
State legal and regulatory effects	Scandinavian civil	Finland 19% and Norway <sup>1</sup> 17%
Accounting / disclosure	Baltic and German civil	Estonia 49% and Latvia 46%
Industry effects	Former socialists	Hungary 51% and Portugal 36%
Shareholder protection	Common law	Slovakia 39% and France 37%
<sup>1</sup> Switzerland and Norway are European countries but not EU members		

The *internal governance* type focuses on specific internal board and committee structures of business. The *state legal and regulatory effects* type aims for state coordination of business by standing policies and regulation. *Accounting* is focused on supervision and disclosure of business. The *industry effects* type concerns compliance of principles and guidelines with different public bodies and associations. Finally, the *shareholder protection* type can be compared to the diffused shareholding structure of Gourevitch & Shinn (2005a), for which the UK is a commonly-known example.

This section has shown that the issue of CG is elaborate and complex, and this report does not require any more in-depth elaboration for its broad Russia-EU comparison. The fact that the EU has very diverse CG models among its member states means that any environmental or corporate responsibility activities depend on different company decision-making structures per member state. In line with this conclusion, it will be interesting to look at the influence of non-shareholding actors within corporate structures. The survey of Mathis (2008) shows this in how managers from companies involved in CSR think about which actors have an influence on the decision-making of the firm. Concerning this sample, the customers (i.e. the public) appear most important for the companies, while NGO's have the least influence. The government takes a significant position after the customers, owners, employees and natural environment (obviously), but surprisingly bypasses the market's competitors and media. These results are shown in figure 4.1 on the next page, but will not be used for the main conclusions of this research because of the limited sample size, unspecified causal relations and absence of comparative data from Russia.



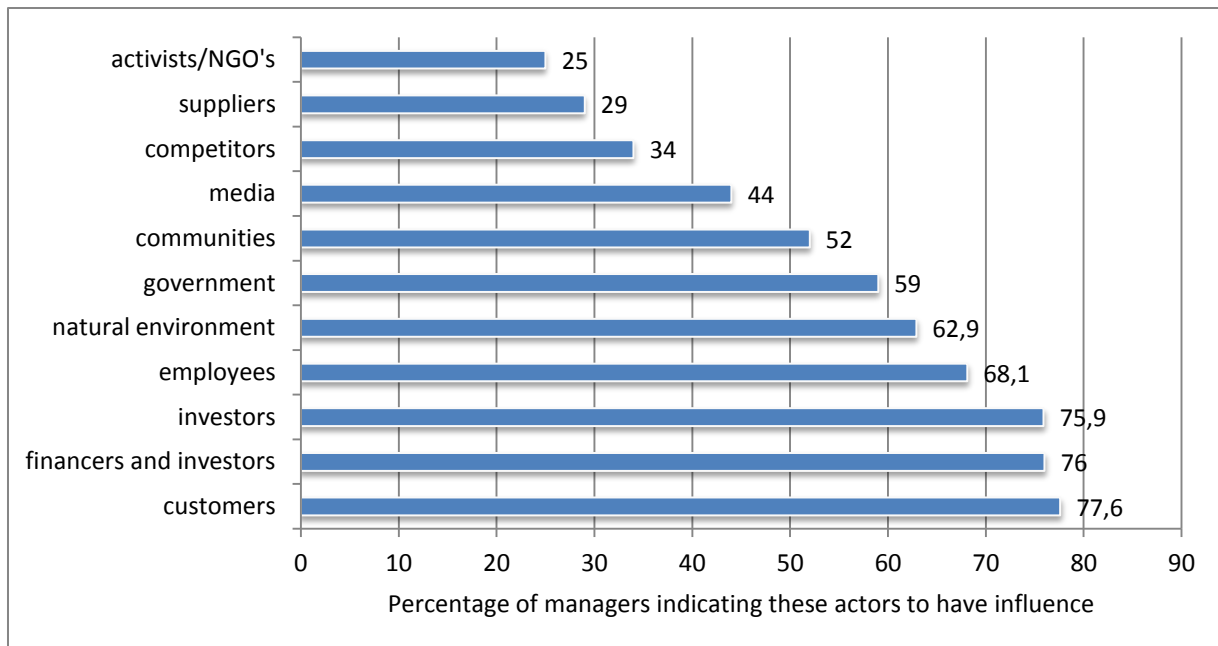


Figure 4.1. European business managers responding on which actors have an influence on the decision-making of the firm (Mathis, 2008). These are averages from managers from the UK, the Netherlands and Germany.

#### Box 4.6. ACF conclusions of EU corporate governance(CG) policies

The EU has no strong legislative role in determining member states' CG models, except for the order to report on domestic CG approaches and results at the EU level, with which the *experimentalist / competitive governance* approach from the third section of this chapter is applied. As a result, EU member states have developed different CG models, mostly obtaining *blockholding* economies. This means that EU companies' decision-making on environment and CSR initiatives is usually in the hands of concentrated groups of shareholders.

## EU corporate responsibility

When looking at the emergence of the concepts of sustainable development and CSR in the EU, a critical view marks the utilization and progression as being *contextualized* (Eberhard-Harribey, 2006, p. 360). For example, sustainable development and CSR progress could simply be assigning new definitions to the same concept of 'responsible governance', rather than the progress of actual policy changes. Additionally, it is arguable that the EU responsibility policies are echoes of international developments, by having EU core environmental goals as instruments in service of global market developments. Regardless of its origin, however, CSR definitely asks for *promoting* voluntary activities and *steering* regulations at a European governmental level (Eberhard-Harribey, 2006, p. 366).

At the global level, European CSR is mainly supported by two global instruments, being OECD Guidelines and international agreements (European Commission, 2002b, p. 6). First, the guidelines of the OECD are a set of rules for multinational enterprises involving their (CSR) activities. The EC's White Paper on CSR (2002b) suggests EU corporations that adhere to these guidelines should demonstrate their commitment in order to promote CSR on a global non-EU level. Second, various international agreements and protocols can be implemented, again in which the EU can promote CSR by showing its commitment as a leading example. These acknowledgements prove that the EU claims to tackle CSR on a global level, extending its concern to non-EU countries. Note that applying the Western concept of CSR to the Russian state and market provides unexpected but interesting results, presented in the next chapter of this report.

At the EU level, according to its communication of 2006, the EC considers CSR to be still in development. Challenges are ahead for increasing CSR awareness, further expansion and adoption of transnational CSR practices. Despite being a responsibility of the enterprises and stakeholders themselves, the EU considers national authorities to contribute to CSR by promoting responsible actions. However, the different viewpoints between authorities and enterprises create significant disagreement for determining the strategic approach for CSR. If, for example, CSR would be regulated at EU level, it would counteract on the voluntary nature of CSR and so reduce creativity and innovation of the corporate sector. Consequently, a European "one size fits all solution" should be avoided (as van Marrewijk (2003, p. 96) also stated), and as a result, the EC (2002b, p. 8) emphasizes the importance of converging CSR instruments of national authorities and community initiatives into an *action framework*. Following the *experimentalist* and *competitive governance* approaches explained in the third section of this chapter, this ensures proper functioning of the economic consequences by having shared CSR objectives while developing solutions individually. This results in a set of principles as a EU strategy for promoting CSR, as provided in appendix F. The most interesting strategy might be the commitment to integrate CSR in *all* policies of the social, economical and environmental elements (equal to sustainable development elements).

At the national level, the implementation of CSR appears to have a gap between Western Europe and Central Eastern Europe (CEE) (Steurer, Martinuzzi, & Margula, 2011). Both the Anglo-Saxon countries and the Scandinavians do equally very well in promoting CSR, as opposed to failing countries mostly in CEE. According to Steurer e.a. (2011, p. 11), the equal performance between the Anglo-Saxon and the Scandinavian model is somewhat surprising, because "*the socio-economic models mark the opposite ends of the European welfare state spectrum, representing liberal and social-democratic tendencies*". Again, critique is given on the European Commission's *passive approach* towards CSR, i.e., considering it as business self-regulation rather than societal co-regulation. This widens the gap between Western and Eastern Europe, currently bridged only by multinational corporations. To give an impression of size and relevance of national CSR, a total of 212 national policies on CSR were obtained during surveys with 200 national government officials, held between 2006 and 2008 (Steurer, Martinuzzi, & Margula, 2011, p. 5).

### Business perspectives

A survey of Mathis (2008, pp. 111-148) provides the following relevant statistics for the values and components of the concept of CSR for European business.

- 73,8% considers their company's CSR engagement either high or very high.
- 91,9% considers environmental management a component of CSR;
- 62,9% believes that the natural environment is an influential stakeholder in their company's decision-making process;
- 89,7% uses management systems for their CSR activities (e.g., OECD, EMAS);
- 62,7% considers CSR to be a concept which is immeasurable for (core) business activities;
- 24,6% thinks voluntary initiatives and market mechanisms have sufficient capacities to improve the majority of the market, opposed to 50% who disagree.

In addition, some of the responses from survey questions can be compared with Russian CSR statistics, which are therefore provided in figures 4.2-4. Note that for such a comparison, the date of the survey and sample size are similar, but the EU managers are selected from companies already engaged in CSR, while the Russian managers are a stratified sample (i.e. proportional to the Russian private market).

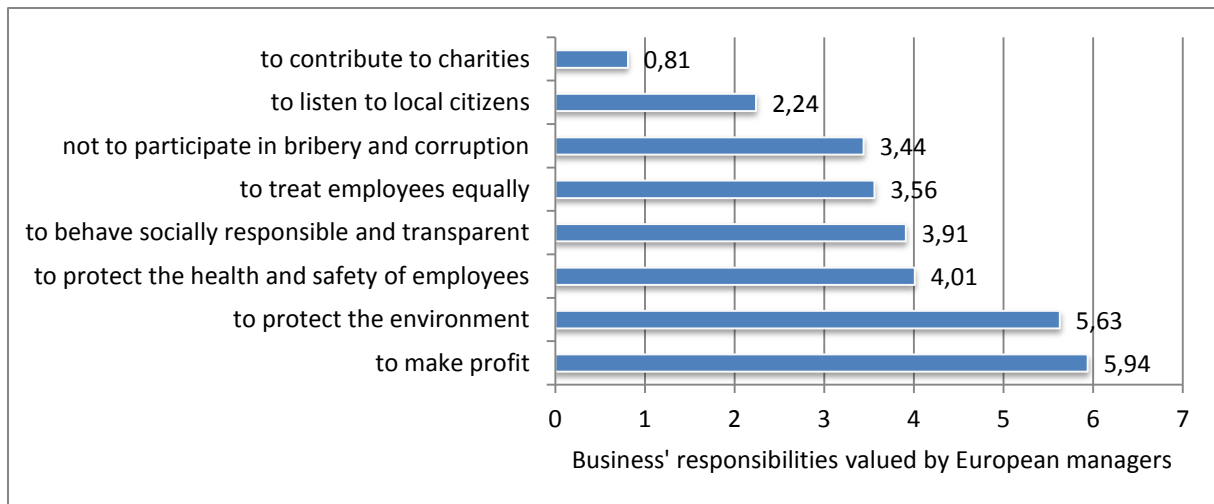


Figure 4.2 The company's responsibilities as valued by European business managers (Mathis, 2008).

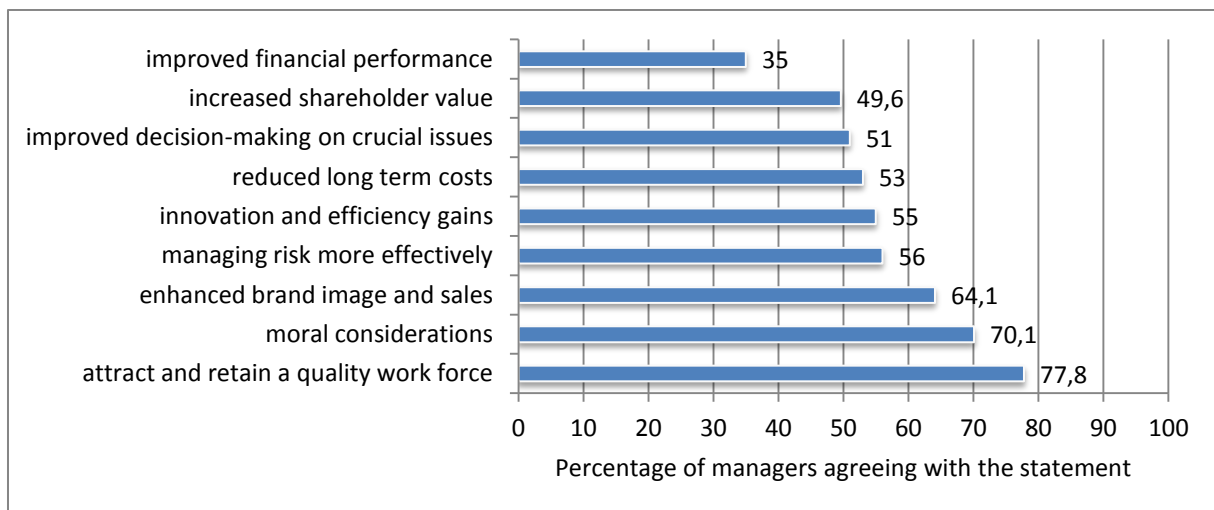


Figure 4.3 European business managers determining the relevance of CSR for their company (Mathis, 2008).

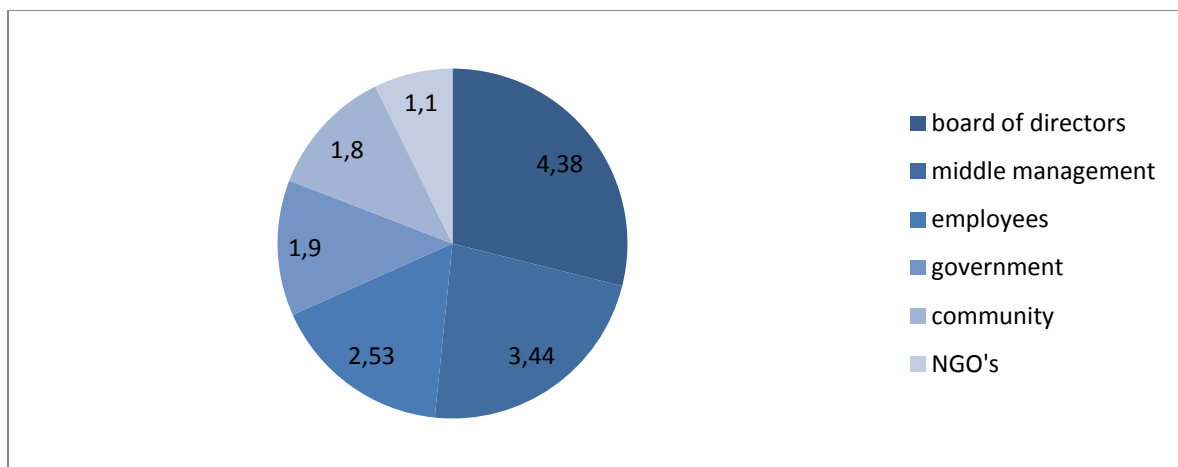


Figure 4.4. The company's driving forces behind CSR according to European business managers, on a score from 1 to 5 (Mathis, 2008).

Mathis' study was held with managers of 131 European firms from the UK, the Netherlands and Germany, focussing on *forerunner* corporations registered under specific industry standards such as ISO 140001 (Mathis, 2008). The statistics reveal the following controversies:

- A company's first responsibility is to make profit, but profit is CSR's lowest contribution to the company.
- A majority is involved in CSR, yet only a minority believes CSR to have the capacity to change the market, mainly because a company's CSR performance is immeasurable.

For European CSR, not to participate in bribery and corruption scored an average 3,44 out of 7. However, as will be provided in the next chapter, managers in Russia consider 'obeying laws' a part of CSR in 57,6% of the cases, and 'paying taxes' in 70,4% (Kuznetsov, Kuznetsova, & Warren, 2009, p. 40). In addition, donating to charities scores only 0,81 out of 7 in European business' responsibilities, while donating to charities is mentioned with a frequency of 58,4% on being a component of Russian CSR. This comparison shows that the Russian definition of CSR has more emphasis on conforming to normal legislation and contributing to charities. This is in contrast with the European use of CSR being more clearly *beyond* legislation, from which charity donations are excluded (perhaps just for being less popular). This conceptual difference will probably delay the convergence of transnational policies, causing confusion in scientific and business communication and misuse of international CSR tools as a result, for as long as the two different 'CSR' concepts use the same terminology.

### Environmental aspects within European CSR

For EU support of the environmental element within CSR, most important is the adoption of the 6<sup>th</sup> Environmental Action Programme, building on various *community actions* as corporate responsibilities. First is the Eco-Management and Audit Scheme (EMAS) promoting firms for environmental evaluation and improvement of their industrial performances, based on ISO14000. Second is the European Eco-Efficiency Initiative (EEEI) aiming for an integrated eco-efficiency in both industrial and economic European policies. Third is the recommendation of the EC itself for businesses to measure (and disclose) environmental performances in their annual reports, evoking raised community standards. Fourth is the EC's emphasis on environmental technologies in the communication "Environmental technology for sustainable development" (European Commission, 2002a).

Apart from these community actions, the EC also invites national, regional and local governments to adopt CSR within their own administrative organizations.

#### Box 4.7. ACF conclusions of EU corporate responsibility

Similar to its environmental goals, the EU is rather ambitious in its strategies for corporate responsibility, or CSR. It follows the competitive governance approach, similar to Dorf & Sabel's experimentalism, using an action framework to collect information on the member states' progress in order to converge their instruments. Following the secondary beliefs of some critics, however, this non-prescriptive governance approach is too passive, limiting success.

From a business perspective, CSR encounters a lot of scepticism. Managers believe that CSR is incapable of effectively changing the market, a **secondary belief**. Similar to Russia, a firm's main priority is to make profit, while CSR is mostly about sacrificing **at least short-term** profits, decreasing the opportunities. Note, however, that this Western definition of CSR is different from Russian CSR, which is elaborated in the next chapter.

### Cooperation between the European Union and the Russian Federation

In many aspects, the Russian Federation shows similarities with the 'West' and even the European Union. Russia's media is state controlled, like in Italy. Russia's vast territory contains a rich supply of natural resources and many low populated areas with great distances between urban areas, like in Canada and in Denmark's Greenland. Russia's economy is largely dependent on the export of oil and gas, making it a core issue for

politics, like in Norway. Despite such similarities, however, numerous differences have already been identified in this report. The obstacles generated by these (mainly political) differences only allow for a limited extent of environment policy cooperation with the EU, which will be elaborated in this section.

An evaluation of cooperation and conflict in East-West environmental politics from the 1960's to the post-Cold War 1990's shows three international key issues being of importance (Darst, 2001):

- Nuclear power safety
- Transboundary air pollution (LRTAP)
- Protection of marine environment in the Baltic Sea

These issues appear relevant because they all started during the 1960's, in each case the West had an interest in decreasing environmental threats generated within the Soviet Union, and all of the abovementioned issues caused severe environmental damage to its host country, despite any efforts to prevent transboundary damage. The conclusions are based on 150 interviews with experts and officials, conducted in the 1990's.

The analysis covers 'West' and 'East', respectively being the EU and either the former USSR, or the post-soviet states of Russia, Ukraine, Latvia, Lithuania and Estonia. Comparing the Soviet and post-Soviet periods does not result in an expected diplomatic development of increasing cooperation, but in fact shows the contrary.

During the Soviet era, one of the first initiatives for environmental cooperation was taken by Leonid Brezhnev. In the beginning, the environmental policies mostly suited symbolic and diplomatic purposes, such as to moderate Cold War tensions, and were only agreed upon when low costs were expected. During Gorbachev's perestroika campaigns to reform the policies starting in the 1980's, the Soviets were most enthusiastic about cooperative West-East environmental policies. Questions on financing were never raised in the negotiations, as both East and West considered the USSR to be capable for independently solving this.

After the collapse of the Soviet Union, a shortage developed in financial and political resources for environmental action, on which the West responded with transnational subsidization. As a result, a contrasting attitude took over in the East which showed encouraged environmental risk taking, such as extending service lives of nuclear facilities, and less commitment to environmental action. Russia, as well as the eastern European states, only appeared to agree on cooperative environmental policies when Western governments would "foot a considerable part of the bill" (Darst, 2001, p. 3). This was not to position themselves as free riders of Western efforts, in fact they simply did not prioritize self-inflicted environmental damage as important. Russia and Ukraine even threatened with increasing exposure to neighbouring countries to force them to larger financial contributions, known as environmental blackmail, and the concept of *Instrumental manipulation of external environmental concerns* came into existence.

Darst (2001, p. 199) finally concludes that the high expectations from promising events, such as the end of the Cold War, the disintegration of the Soviet Union and the transnational subsidization, also introduced abuse and other negative effects for the short term, so one cannot simply assume them to be improving developments.

The Russian reorganizations of the Ministry of Natural Resources in 2000 temporarily hampered the cooperation with Europe for a couple of years, but then slowly restored. Following the Kyoto protocol ratification in 2004, the Russians agreed to launch the EU-Russia *Environmental Dialogue* in 2005 (European Commission, 2012b).

In 2006, the European Commission (2006) financed €47 million for the *National Action Programme for the Russian Federation*, including a special pilot programme (€9,5 million) for the Kaliningrad Oblast to reduce their waste water disposal in European waters. However, apart from environmental development, the programme also aims for Russian juridical reform, and better EU-Russia information sharing (European Commission, 2006). In the same year, a policy framework was adopted, launching the Northern Dimension Environmental

Partnership (NDEP) (European Commission, 2012b). This partnership now has acquired a €30 million contribution from the EC, €500 million in loans and €1 billion in investments.

Current legislative cooperation exists mainly in the form of *Partnership and Cooperation Agreements* (PCA). In 2008, the Institute for European Environmental Policy (IEEP) published a report assessing the benefits of environment policies for Russia and other 'neighbourhood' countries, in order to convince these countries to take environmental action (Ten Brink & Bassi, 2008).



Figure 4.5. Symbol of the EU-Russia summit in Brussels, December 2011

This section has shown that cooperative policymaking exists between Russia and the EU, although with limited success in the past. Current programmes are based on temporary and local agreements, rather than on convergence at a broad 'continental' level. This can have different reasons, presumably in a combination of having too great differences between policies and lacking the political ambition for convergence.

#### Box 4.8. Conclusions of EU-Russia cooperation

Despite the long history of environment policy cooperation, progress is limited. The EU currently initiates and funds joint projects, but only aims for small developments, and usually to prevent pollution at the borders with Europe. One exception is the IEEP's attempt to convince Russia and others to take environmental action. Russia's passive or abusive attitude towards the EU's initiatives clearly shows how different the priorities for environmental issues between the Federation and the Union are.

## Conclusions for the ACF model

This chapter will now be summarized according to the structure of the ACF model of Gourevitch & Shinn (2005a), as explained in chapter 2, in order to identify cause and effect relationships, and to make the results comparable to that of Russia.

### Relatively stable parameters

Compared to Russia, the stable parameters for environmental policymaking are very different. First of all, despite the fact that support from member states is relatively *unpredictable* because of national elections (as explained in the next section), there are strong expectations that a proper institute with formal rules will remain firm, despite the frequent replacement of EU officials. As a result, it will cause a frequent shift in coalition partners, while the institutional (and constitutional) structures remain stable. The next chapter will show that in the Russian Federation, *informal* arrangements take the upper hand instead, undermining (and no longer supporting) the *formal* procedures.

Second are the financial conditions, for which even misfortunes labelled as 'crises' will not stop the EU from having wealthy conditions and vast environment budgets. NGO's such as the EEA acquire enough subsidies and public donations to contribute to the policymaking procedures with scientific expertise. However, all wealth is

relative, in principle. Many European environmentalists can probably be found complaining about a lack of monetary resources. However, compared to Russia (or the rest of the world), they are considered to have access to a stable supply of financial resources for their environmental activities.

Last, the EU's socio-cultural values provide a stable amount of support for the EU's role in protecting the environment. However, the EU legislative power in national environment regulation is marked with suspicion, clearly limiting EU interference to be no more than joint decision-making. Because of the democratic character of EU policy-making, this public suspicion also undermines a prescriptive approach, and demands for a certain amount of decentralization (egalitarianism).

### Long term coalition opportunity structures

The long term opportunities for both coalitions are mostly a result of the stable institutional procedures of the EU. Any long term goals should be achieved by incremental developments in environmental or industrial policies. EU strategy- and policy makers should be convinced of certain priorities based on scientific evidence and public support, either for or against environmental pollution. More specifically, the best opportunities for member states to influence EU environmental policymaking are to use pusher/forerunner strategies for:

- the strategic positioning of MEP and Council member seats by national governments;
- qualified majority voting (QMV) and other voting procedures;
- informal majority voting with package deals.

This makes alliance building between EU member states crucial, both for environmental issues as for other political interests that are part of negotiating, bargaining and voting procedures. Building up relationships with legislative institutions also plays a role, but these are limited to diplomatic and institutional cooperation, without the Russian type of informal benefits. After adoption at the EU level, the conflict between coalitions can be continued during implementation at the national levels.

### External (system) events

The strongest shocks come from elections at the national level. A single government change can shift the entire focus to the opposite end, which counts for dimensions such as liberal versus social, progressive versus conservative and pro-European versus nationalistic. This consequently has its effect on the temporary relationships between member states, and the majorities for agreement or cooperation. Such abrupt shifts, however, do not occur at every election, every 4 years (on average) in every country, but at more unpredictable intervals.

Environmental disasters, international conferences or other events that create media attention have proven to have the greatest influence on the public opinion. Such events usually take place at the national level, after which government officials improve specific policies to regain public trust, or should expect public opposition and media criticism.

Technological breakthroughs might also create some turbulence in the implications of environment policies. New technologies could provide cheaper or even new opportunities for monitoring the policies. In the corporate sector, national or EU laws can be drafted to force business to use environmental friendly technologies after innovation has provided affordable alternatives. Contrary to such successes are financial crises, which force corporations to survive rather than to invest in sustainability.

In academic spheres, a paradigm crisis can evoke shifts in a society's values. Scientific literature often refers to events such as the *new environmental paradigm* of the 1970's (see figure 4.6) criticising the then current environmental determinism (lack of environmental concern) (Catton & Dunlap, 1978). Some experts even call for the need of another paradigm shift to change today's polluting society (Ecolife Institute, 2012). One of the latest sizeable shifts is, of course, that of *corporate responsibility*, aiming for a society which is more

accountable for its social actions. However, paradigm crises are not events that can be created or controlled, but the subsequent changes in public opinion provide opportunities for interested stakeholders to take advantage of.



Figure 4.6 'Earthrise' taken from a different planet by astronaut William Anders in 1968. Together with a similar picture, it is rumoured to be partially responsible for a *paradigm shift* in the USA, contributing to the establishment of the environmentalist movement (Wilford, 2009).

### Short term constraints and resources of subsystem actors

The long term opportunity developments can be temporarily 'boosted' by system events as previously explained. The most useful consequences are assumed to be the international conferences (congresses, summits, etc.) that often follow, in which powerful (EU) policymakers enter a dialogue with scientific experts and interest groups to commit to certain environmental goals. For all environmental stakeholders, these dialogues appear the major instrument to exercise influence on global and EU environmental actions, while their public, media and financial resources are temporarily at their maximum.

### Actors, beliefs and resources

The different actors who cooperate in advocacy coalitions within the environmental policy subsystem have been identified in the preceding chapter. Some actors, such as the media and the public, hold mixed pro and contra opinions about environmental issues and corporate responsibility:

- European legislative institutes (EC, EP, Council)
- Interest groups in EU institutes (e.g. DG Environment and its comitology committees)
- 28 national governments (possibly in cooperating compositions such as the Nordic block)
- Informative organizations and NGO's (e.g. EEA, OECD)
- Polluting industries and their companies
- Companies engaged in environmental CSR
- Media
- Public

The following statements concern the different beliefs about the environment and the contribution of corporate responsibility to this. Combining these beliefs with the policy actors listed above should identify the different coalitions which play at the environment policy arena of the EU. At the *deep core* beliefs, actors either agree or disagree on:

- Environmental pollution is an urgent problem that should be solved at a global and/or EU level
- Corporate (social) responsibility has the potential to significantly change the European society



At the *policy core* beliefs, actors either agree or disagree on:

- Environmental issues require support from EU policies and law
- Environmental issues require an extent of voluntary responsibility of EU business
- EU corporate responsibility requires support from EU policies and law

At the *secondary* beliefs, actors either agree or disagree to a certain extent on:

- Specific implications for environment and/or corporate responsibility policies, concerning budgets, time frames, policy types, instruments, structures, etc.
- The political and legislative priority for environmental and/or corporate responsibility policies compared to other policy fields

During conflicts between the coalitions, a number of resources have an influence on the outcome:

- Willingness of key actors to cooperate and/or negotiate;
- Public support;
- Financial capacities;
- Information on environmental and/or corporate responsibility issues.

### Policy subsystem

The EU's environment policy subsystem is presented in table 4.5 on the next page. The policy arena and distinguished coalitions consist of various actors with different beliefs, powers and resources. The actors all have one crucial characteristic which shapes them into two coalitions: their attitude towards the first deep core belief on whether the EU should engage in environment issues either *more* or *less* than it currently does. The resulting coalitions are *environment supporters* and *environmental opponents*, referring to the support or opposition for the government's environmental policy-making. Due to the EU's (partially) democracy and procedural legislation, these coalitions are considered to be *negotiating discourse coalitions*, compared to Russia's *competing advocacy coalitions*.

Note that the analysis covers the policy arena at the *EU level*. At the member state level, comparable belief coalitions work in complex national structures, and although they are very important for EU policymaking, their policy arena's are different from the EU-level policy subsystem of this analysis. In addition, the national policy subsystems are still too diverse to equate, despite certain convergent approaches (a short term effect of *experimentalist / competitive governance* in the *shared competences* for environment goals).

The most influential actors for both coalitions are member states grouped in majority blocks, although in different compositions on different topics. Their government representatives take part in both the Council and the EC, taking care of most of the legislative process. In addition, national implementation often follows after EU legislation, for which the member states again serve a crucial role. It then appears that the public and NGO's serve an inferior role, but this assumption would be false because they influence the member states' government representatives at the national level as well (excluded in this analysis).

Supportive opinions about *corporate responsibility* come from both coalitions, meaning that it does not always correspond to a specific opinion about the environment. However, approaches for CSR have found their purpose as possible *strategies* for (anti-)environmental policymaking support.

Table 4.5. The EU's environment policy subsystem as a component of the ACF model.

Environment policy subsystem in the European Union		
Arena coalitions		
	Environment supporters	Environmental opposition
Beliefs	<p>Members of this coalition are quite diverse. Both national and international programmes, protocols and conventions have given the member states and EU institutes an awareness of the global importance of environmental protection. They are now responsible for the EU's attitude to take a leading role in a variety of environmental issues, such as tackling global climate change. 'Green' national governments, as well as institutional organizations (EEA), now share the same deep core and policy core beliefs on protecting the environment.</p> <p>Beliefs on corporate responsibility are rather diffused, especially when it comes to the <i>voluntary nature</i> of CSR at the secondary belief level.</p>	<p>Opposition emerges from 'laggard' governments who stress the need for topics other than environmental protection at the policy core or deep core level, and therefore support a certain extent of industrial pollution. They are supported by media and public groups who agree with their policy core priority for a growing economy over the preservation of the environment. Their goal to remove the environment from the political agenda is not achieved, due to strong citizen support for the other coalition. As a result, the conflict in the EU seems to play mostly on the secondary belief level, i.e. the discussion is about the <i>extent</i> to which the environment should be protected.</p>
Resources	<p>The <b>willingness of key actors to cooperate</b> is decent, although resistance from member states (laggard countries) and business remains considerable. Once the EU has achieved a majority for an environment policy proposal, the main challenge becomes the policy's implementation in the opposing minority of member states.</p> <p>In addition, any proposals concerning corporate responsibility have to take resistance or denial from the corporate sector into account, despite the governments' good intentions.</p>	<p>The opposition countries (not specifically the southern member states) are crucial <b>key actors</b> for the environmental policymaking process, infamously called 'laggard' countries.</p> <p>Businesses and national governments can oppose the actual implementation of environment policies simply by not complying to them.</p>
	<p><b>Public support</b> is mostly relevant for the EP, a result from its direct democracy. Support for the EC and Council is indirectly represented through national governments, and therefore less democratic and less influenced of citizens. Public support, most often dependent on the media, also serves to replenish other resources, being financial support and expertise. Eurobarometer statistics have shown positive long-term trends of support for the EU's environmental protection. However, citizens clearly demand a minimum amount of freedom for national responsibilities in environmental policymaking.</p>	<p><b>Public support</b> for this coalition works in the same way as for the environment supporting coalition. The extent to which public support has democratic influence on the policymaking process remains difficult to answer, but support for this coalition appears to be a minority. This coalition has not been remarkably successful in slowing the development of environment policies. The media is unable to promote pollution, but can take the attention away to other topics.</p>
	<p><b>Budgets</b> for the environmental supporters do not seem to be lacking, at least not at the EU level, amounting to €16 billion (10,9% of the total budget). An EC proposal for higher budgets is being made, but the impression is gained that this is simply because more money is always better.</p>	<p>In some cases, such as with industrial polluters or governments of developing EU countries, insufficient <b>budgets</b> can be an argument against environmental protection. Currently, a small declining trend in the EU's environmental expenses is being observed.</p>
	<p><b>Information</b> is considered to be the most important resource. Whether the policymaking process is seen as democratic or as technocratic, it respectively requires information to convince the public or proof to convince the experts. Propaganda opportunities are relatively weak, for the reason that abuse of information can be publically criticized by others.</p>	<p><b>Information</b> on environmental issues can be important for supporters of economic growth as well. Complex environmental issues, such as global climate change, lack the scientific proof for taking extreme measures, about which this coalition fortunately criticizes. In order to take a correct and non-overreacted approach, both coalitions serve</p>

		crucial roles.
Strategy	<p><b>Political influence</b> can be exercised at either the European or the national interest level, in various ways.</p> <p>'Green' national governments can convince other EU member states to follow them by showing a leading example, either as a pusher or forerunner of environment policies.</p> <p>For environmental NGO's, cooperation with the EU legislative institutions, subgroups and comitology committees, are crucial to exercise influence on environment policymaking. However, personal connections with the authorities do not provide significant procedural benefits like in Russia. The most valuable relationships appear to be those with the EC (and the DG Environment) because it has the legislative initiative, but without support from the EP or Council, no policy will pass.</p> <p>The EU institutes and subgroups have the possibility to impose laws on its member states in different ways of influence and coercion, being <i>prescriptive</i>, <i>competitive</i> or <i>communicative</i> methods of governance. Different environmental topics suit different methods best.</p> <p>Environmentalists have to make a choice between a corporate approach (CSR) or a governmental approach (SD), which can even be a cause for conflict within this coalition. Although environmental CSR has already seen several EU programmes being established, the potential of CSR is estimated to be <i>insufficient</i> for changing the market on its own. Therefore, it should be more probable to suggest CSR as a contributing instrument, rather than a full approach. The environment supporters at the EU level have the option to stimulate or coerce member states to adopt CSR and/or environment policies, which will have different effects on national authorities, depending on the CG configuration.</p>	<p><b>Political influence</b> serves to reduce the value of environmental protection, either as a priority in agenda setting, or in budgetary allocations during policy-implementation. Apart from the EU level, national groups can aim for adjusted implementation at national levels, since most EU environment policies as <i>shared competences</i> allow for some degrees of freedom in implementation.</p> <p>For this reason, national interest groups can choose to support intergovernmental development of the EU. This aims for EU policymaking by consensus of the individual member states (rather than by supranational EU institutes), and so limits the influence that one member state has on the environment policies of another member state.</p> <p>Another approach is to aim for CSR. This can take the environmental responsibilities away from national authorities and prevent spending on such policies.</p>
<p align="center"><b>Governmental decision-making</b></p> <p>This follows the ordinary legislative procedure, or any of the formal or informal alternative procedures. The EC takes the legislative initiative, after which the Parliament and the Council must approve it. Implementation is the responsibility of the EC together with the comitology committees, and is followed by implementation at the national level by the member states. Important for the comparison with Russia's environmental policy subsystem in the next chapter is the fact that the EU's <i>formal</i> procedures exceed and excel the <i>informal</i> arrangements.</p>		
<p align="center"><b>Institutional rules, resource allocations, and appointments</b></p> <p>The <i>shared competence</i> to which environmental legislation is often subjected to allows for an inevitable freedom for implementation at the national levels.</p>		
<p align="center"><b>Policy output and impacts</b></p> <p>Implementation depends on the corporate governance structure of the host country, in Europe mostly varying between the CG systems of <i>controlled market economies</i> and <i>liberal market economies</i>.</p>		

This chapter will explain the Russian policies on environmental and CSR policies, using the same structure as the European chapter wherever possible. It will start with an analysis of the entire Russian political system, ongoing the centralization of power, up to the strong authoritarian position of the president, and his priority on fighting corruption, rather than improving the representation of the Russian people. This will be followed by the institutes, strategies, regulations and performance of environmental policies. Similar to the European chapter, corporate responsibility will be introduced with a brief description of the corporate governance model of Russia, followed by the policies and performance related to CSR. In addition, some business perspectives are taken into account to 'test' the governmental CSR intentions. This chapter will conclude with a final section using the Advocacy Coalition Framework from Sabatier, which is explained in chapter 2.

### The Russian political system

In short, Russia's political conditions, by some declared an 'everlasting crisis' (Sakwa, 2011a), are first to be understood by its main historical events. Starting as an autocratic monarchy, Russia entered the 20th century by the monarchic rule of tsar Nicholas II. Following a series of revolts and revolutions, the Bolsheviks took over in 1917 and installed a communist regime that would hold for 74 years. Although the communist promises for wealth and equality never came true, they were overshadowed by more urgent threats of international conflict. These conflicts initially were the first and second world war, the latter in which Russia turned out to be victorious, followed by the Cold War with the United States. The communist era ultimately ended in 1991, marking the end of Soviet unity, with the growth of Russia's empire coming to a hold. The Soviet collapse forced a transfer from authoritarian communism to democratic capitalism, and from a world power to a transitional/developing state. Anarchism and massive state privatisation during the 90's followed the introduction of extreme capitalism to Russia, which for most Russians was a traumatic experience as the inflation wiped out all their savings, and the inequality gap between rich and poor widened (Kuznetsov e.a., 2009). Consequently, this 'Western' system was considered to be worse than the Soviet system by many victimized citizens. After his elections in 2002, president Vladimir Putin regained control over the private market and recovered the national economy. Russia's GDP rose from \$200 billion to \$1,3 trillion during the period of 1999-2007 (Barchietto, 2009, p. 38), yet Putin's regime power grew disproportionally towards a non-democratic level, and now his regime faces the same accusations as that of tsar Nicholas II (Sakwa, 2011a). Putin abandoned Yeltsin's Western ideologies and instead turned to nationalism. During this last decade, racist, chauvinist and neo-imperial ideals revived, confirming a difficult relationship between Russian rulers and intellectuals, which showed itself, for example, in publicity marches and public book burnings (Tlostanova, 2005). However, because of this struggle for self-definition, a Russian national ideal is missing, somewhat similar to Europe's identity crisis. According to Tlostanova (2005, p. 46), Russia's strong sense for this self-definition is doomed in times of globalization and post-national world order, making Russia's attempts a "*nightmarish return to cold-war logic*".

As a result from developments during the terms of Yeltsin, Putin and Medvedev, Russian political power is now distributed as following (Russian Law Online, 2012).

- The Federal Assembly is the *parliament* of the Russian Federation, and consists of the well-known State Duma and Federation Council, respectively the lower and upper house. The federal assembly is the supreme legislative body of the Russian Federation. The State Duma consists of 450 deputies which are nationally elected every 5 (since 2008) years. The Federation Council with 166 members consists of 2 members from each of the 83 regions of the Russian Federation, called Subjects of the Federation.
- The *government* comprises the federal ministers, the Chairman of the Government (i.e. Prime Minister), and the Deputy Chairman of the Government. The chairman, currently Dmitry Medvedev since 2012, is appointed by the president and must then be approved by the State Duma.

- The *president* of the Russian Federation, currently Vladimir Putin since 2012, is nationally elected every 6 years (since 2008), for a maximum of 2 terms. According to the constitution of 1993, the president holds supreme power over the other state institutions, such as his right to dissolve the State Duma after it disagrees with the appointment of the chairman for a third time.

The draft for a new federal law is first reviewed by executive authorities, and then passed on to legislative authorities. The general procedure consists of three hearings in the State Duma and three readings in the Federation Council, after which follows adoption of the law. The main criticism on the political system of Russia, as presented above, is that the roles of both the State Duma and the Federation Council are not much more than formalities in political processes subject to the president. Sakwa (2011a) refers to this with his 'dual state' of the official intentions and rules and the unofficial, rather lawless, practice in Russia<sup>5</sup>. In addition, the Federation Assembly is accused of not being representative for the public, because many senators appear chosen allies of the president since Putin's reforms of 2000. Such reforms are actually presented as fighting corruption at the regional level by centralizing power, a questionable approach which clearly contributes to the stability of Putin's political position.

Literature distinguishes different 'factions' in public beliefs about the role of the Russian authorities (Fonck, 2012), amongst others based on the work of Sakwa (2011a) and showing some similarities with Hood's (1998) cultural grid / group theory from chapter 2:

- so-called 'Siloviki' are democratic statistes who believe in a sovereign and managed democracy, with strong state-control to maximize political and economical power (i.e. hierarchism);
- the 'Family' of (neo)oligarchs believe in a free market society with the least possible interference from the state (i.e. capitalism / individualism);
- the 'Petersburgers' of combined economic liberals and technocrats support the rule of law, macroeconomic stability and keeping credibility with the West (i.e. individualism / egalitarianism).

The identification of these groups alone reveals Russia's ideological 'split' between eastern and western approaches, i.e. hierarchism and individualism<sup>6</sup>. This ideological confusion and the failed attempts to influence governmental decision-making generates a significant group of careless *fatalism* followers in the Russian society. President Putin is a member of the Siloviki, because of his KGB roots and authoritarian rule. According to Sakwa (2011a), however, Putin keeps the diversified country together by mediating between the different factions, without identifying himself too much with either one of them, in order to prevent polarization and conflict. In comparison with the EU though, Putin's ongoing undemocratic measures to increase the centralization of power do make his regime belong to a *hierarchical* style of governance for this research nonetheless. Note that this does not necessarily unite Putin with other beliefs of hierarchism, such as socialism and communism.

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<sup>5</sup> Not all informal procedures undermine state democracy. Lauth (2012) claims that different types of informal institutions either belong to the civic pool of *universalism* or the anti-civic pool of *particularism*. Of course, the former often supports the system, while the latter category usually 'damages' it.

<sup>6</sup> The author of this report experienced that a majority of the Russian people considers the EU as an individualistic society similar to that of the United States.

#### Box 5.1. ACF conclusions of the Russian political system

One could now conclude that the state of Russia is unique, being neither communist, capitalist, nor European. The president holds much more power than parliament and government, and trends of the past decennia have been to centralize this power even more, making it a stable parameter in the ACF model. Compared to the West, Putin's main political goal is certainly not democracy, but **hierarchical stability**, in order to 'heal' Russia from its corruption.

The legislative institutions are the State Duma as the parliament, the Federation Council consisting of regional representatives appointed by the president, and the President of the Russian Federation. The latter holds such legislative influence, that it degrades the former two institutions to *formalities*. As a result, long-term opportunities for policymaking depend on single political actors (the president), instead of on the entire legislative system.

The political beliefs of the Russian people are divided in different factions of democratic statist, capitalist (neo-)oligarchs and liberal technocratic 'Petersburgers'.

## Russian democracy

In order to quantify Russia's democratic status, it is difficult to provide comparable statistics because its politics are still rapidly developing. Between 2005 and 2007 alone, Putin significantly decreased the opportunities for candidates to participate in the Duma parliament by requiring a minimum of >7% of the votes (Sakwa, 2011a, p. 212), although this was eventually lowered to >5%. Since 2007, the 'vote-against-all' option has disappeared, cross-party blocks are forbidden and the maximum number of foreign electoral observers has dramatically been decreased to a total of 400 (Sakwa, 2011a, p. 216). In addition, it is known that the three main media stations are funded by the State, resulting in degraded representations of political opposition, as for example with the extensive post-election protest of 5 & 6 December 2011 which was fully ignored at all major television channels. Russian law officially protects freedom of speech, but various unofficial 'creative' mechanisms have developed a system of *self-censorship*, explained by the 50 news reporters being killed for their professional activity in 1992-2006. In 2012, Reporters Without Borders (2012) ranked Russia 142<sup>th</sup> out of 179 countries assessing press freedom. According to Oates & McCormack (2010, p. 128), most Russian citizen are aware that their state-owned (television) media is selective and unbalanced, but they believe that this is an appropriate stabilizing role of the authorities. Following Hood's *cultural grid/group theory* of chapter 2, this public behaviour corresponds to *fatalism* or *hierarchism* support. In conclusion, the political specifications firstly show that the current Russian state should be considered immature and in development. Secondly, it confirms that the Russian authorities (i.e. the president) aim for the stabilization of its power, irrespective from media, the capitalist market and the plural public. This inevitably happens at the cost of democracy and dialogue.

Although the elections of 2000 in which Putin became president were declared consistent with internationally recognized democratic standards by the Organization for Security and Co-operation in Europe (OSCE), the elections of 2003 and 2004 already failed the criteria. The elections of 2007 showed a suspiciously high correlation between voter turnout and voter percentage for Putin's United Russia (UR) party. In the Chechnya province, the most extreme case, the turnout was 99,21% (out of 580.918 registered voters), of which 99,36% were in favour of UR. The country averaged with respectively turnout and UR-votes of 64,1% and 64,3% (Sakwa, 2011a, p. 250). These outcomes put Medvedev in place as president in May 2008, as the constitution did not allow Putin to rule for a third uninterrupted term as president. However, in 2005, Putin had already signalled the 'continuation' of his power for the coming elections, and it was no surprise that Putin took the

second most influential position of *prime minister* during Medvedev's presidential term from 2008 to 2012. The constitution allowed Putin to be presidential candidate again in 2012.

The elections of 2011 and 2012 showed similar results as those of 2007, although slightly adjusted to a more plausible outcome. Again, the relation between high turn-out and support for Putin is strong, for which the author of this report found a correlation of 0,84 (or  $R^2 = 0,70$ ) using MS Excel. The table below shows the most surprising statistics as provided by the Russian authorities (Central Election Commission of the Russian Federation, 2012), while for the moment ignoring any accusations of election fraud<sup>7</sup>, lack of choice for political opposition and media propaganda.

Table 5.1. Outcomes of the Russian presidential elections, March 2012

Region (83 in total)	Candidates' votes [%]				
	Zhirinovskiy	Zyuganov	Mironov	Prokhorov	Putin
Republic of Chechnya	0,02	0,03	0,03	0,02	99,76
Republic of Dagestan	0,11	5,94	0,29	0,45	92,84
...	...	...	...	...	...
Kaliningrad Oblast	7,79	21,33	3,53	13,56	52,55
Moscow City	6,30	19,18	5,05	20,45	46,95
<b>Total average</b>	<b>6,22</b>	<b>17,18</b>	<b>3,85</b>	<b>7,98</b>	<b>63,60</b>

Table 5.1 presents the electoral regions in which Putin was the most and the least popular. Consequently, Moscow City is the only place in which Putin scored <50%. The popularity of Putin has a strong link with voter turnout, meaning that whenever Putin is more popular in a specific region, the number of citizens that went to vote increases along with it. The Republic of Chechnya, for example, after a long decade of fighting against the Red Army for independence, achieved a turnout of 99,6%, and its capital city of Grozny even performed an incredible 107% voter turnout (Central Election Commission of the Russian Federation, 2012). These very successful political campaigns are by some critics considered as impossible (Russian Law Online, 2011) (Nichol, 2012), and therefore the result of election fraud, so they say. If they are true, the 'frauds' of practically all regions would strongly favour Putin's United Russia because of the relation between turnout and support for Putin mentioned before.

According to Koenig (2012), the cause for this Russian election fraud is, at first, not found in the central government, but carried out in local administrations. During elections, provincial governors are fully responsible for reporting their region's election statistics, and so they themselves generate desirable outcomes. However, since 2004, these governors are no longer regionally elected, but are appointed directly by the president. This puts the blame back on the central government, and explains the implausible popularity shifts that Putin acquired between 2000 and 2004, with for example an increase of +62,7% support for Putin in Chechnya province (Koenig, 2012).

<sup>7</sup> Examples of accusations of election fraud are (Nichol, 2012): the infamous *carousel voting* in cities, where busses carry groups from one polling station to the other to vote multiple times. This not only increases a politician's vote count, but also balances the inequalities between cities and countryside (like in table 5.1). In addition, reports have been made about unofficial 'supervisors' checking votes, individuals admitting being paid for voting repeatedly, webcams at polling stations sometimes had their views blocked, and in some other cases showed the abuse of absentee votes. The OSCE reported vote counting 'irregularities' at about one third of the 98 visited polling stations (Nichol, 2012). But even though Youtube videos show hundreds of busses parked in Moscow carrying voters from other regions to cover imbalances, there is no actual proof for fraud or to who's favour this occurs, as these accusations could all just as well be an opposition plot.

#### Box 5.2. ACF conclusions of the Russian democracy

As a result of Putin's confirmed stable position as president, and Medvedev's extension of presidential terms from 4 to 6 years, Putin might be president until 2024. So despite Russia's newborn political system, the positions of main political actors can be considered significantly stable and reliable on the long-term, as opposed to the more turbulent European politics, as long as the possibility of a Russian revolution is ignored. In Russia, the main political actors should not be underestimated, as their influence extends to law enforcement, media, and other social spheres.

By unofficial means, the main media supports the authoritarian regime. The public's behaviour is mostly apathic towards the democratic corruption and *self-censored* media, although some protests have taken place. Concerning Hood's (1998) *cultural grid / group theory*, this ultimately places Russia in either *hierarchism* (with the danger of overestimating the state) or *fatalism* (with risks for apathy and passivity) when comparing it to the EU.

### Russian environmental institutions and legislation

The history of Russia's environmental institutions starts at the end of the Soviet era, in 1988 with the State Committee for Environmental Protection, Goskompriroda. In 1992, Russia participated in the Rio conference and some 30 federal laws with sustainability policies were initiated, although an environmental state strategy remained absent. In 1991 the Ministry for Ecology and Natural Resources was created, changed in 1994 to Ministry for the Protection of the Environment and Natural Resources and in 1996 replaced by the State Committee for Environmental Protection, Goskomekologiya. However, during the 90's, many qualified personnel in the ministry left the service because of poor salaries, and incidents of governmental harassment against the environmental movement had been recorded. Best known are the legal affairs Alexander Nikitin and Gregory Pasko, who were arrested for disclosure of state secrets in their investigation of nuclear safety when they alarmed the media that many nuclear plants were unsafe. During Putin's first presidential term in 2000-2004, the Goskomekologiya was abolished, along with the Federal Forest Service, and the State Committee for Ecology with its sub-national units. This period is known for a strong increase in usage of Russia's natural resources for a growing economy, and a decrease of priority for environmental issues. All environmental responsibilities were transferred to the Ministry of Natural Resources, concerning both goals of use and protection of resources inconsistently combined within one ministry. The Russian environmental movement responded with a petition for a national referendum to prevent a number of these changes, collecting  $\pm 2.5$  million supporting signatures from over 60 regions (89 total). The Central Election Commission declared  $\pm 0.5$  million signatures to be invalid, with which the initiative failed to conform to the Russian law for such initiatives, and so prevented a national referendum on this issue (Oldfield, 2002). As a result, the key authorities for environmental responsibility currently are the Ministry of Natural Resources and the Federal Environmental, Industrial and Nuclear supervision service (Rostekhnadzor). Their initiatives, however, require approval of the government, as with all other ministries and federal agencies, and this is criticized as 'substituting' the law (OECD, 2006).

As found in the report of the Environment Policy Committee on Russia's environmental policies (OECD, 2007b, p. 15), the reforms of 2003-2004 introduced a law which provided a transition period of seven years for the development of new Russian environmental laws. Experts estimated a need for up to 8000 sectoral laws and an equal number of by-pass laws to be developed, which should reduce the industry's administrative burden and should exclude 8-10 billion dollar from shadow economic activities. However, while old (Soviet) regulations



were being abolished, the progress of enforcing new laws was limited. The Russian industry also made strong complaints against the highly prescriptive character of governmental regulations, determining their activities in too much detail (OECD, 2007b).

In addition to developing environment law, the goal of the 2003-2004 reforms was to separate policymaking, regulatory monitoring, compliance monitoring and service provision functions of the authorities. It divided (OECD, 2007c, p. 44):

- Federal ministries as policy-makers, not authorised for enforcement or management of state property;
- Federal services as inspectors and enforcers, not authorised for primary legislation;
- Federal agencies as managers of state property, not authorised for regulatory development;
- Regulatory and compliance monitoring are delegated to local authorities.

However, evidence shows that the goals are not achieved as such, and policymaking is still subject to a variety of political pressures (OECD, 2007c). According to the EAP Task Force Secretariat (OECD, 2007b, p. 18), Russian lawmaking and implementation at both the federal and regional level is mostly in the hands of single government *individuals* at those levels (instead of institutions). For public and private influence in Russian environmental policy making, the law provides some official opportunities taking the form of 'working groups', although this is considered to have little real impact. The lawmaker initially is an independent government actor, yet he has the responsibility to contribute (his own choice of) working groups to the process, such as academics or other non-government groups. Additionally, during the draft phase, the lawmaker is obliged to consult regional authorities if those authorities are subject to his proposed law. These regional governments have their own opportunities for proposing legislation, although such initiatives are often amended or abolished at the federal level. As a response to this, regional authorities and business engage in joint activities that *undermine* all different sorts of federal regulation, according to the World Bank (OECD, 2007b).

No new major institutional changes have occurred until today, i.e. late 2012, resolving with the Ministry of Natural Resources still being the main governmental institute for Russia's environment. Its core instruments are, according to the OECD (2006):

- Environment quality standards, such as maximum allowable concentrations (MACs) for chemical substances;
- Environmental assessments, with the (non-progressing) State Environmental Review for making environmental impact assessments;
- Permits and licenses, for the extraction of a variety natural resources by industrial companies;
- Voluntary environment management systems (EMS) and corporate reporting, using ISO14000 standards.
- Environmental performance ratings of companies' compliance to environment standards;
- Environmental liability, which demands full compensation for environmental damage caused in any way, is one of the most developed tools for environmental protection, often similar to European guidelines, and receives the most public support.

The environment management systems, supporting corporate responsibility, deal with challenges such as poor levels of overall management in companies and limited commitment to EMS activities, sometimes with an inadequate understanding of the nature of those systems (OECD, 2006). Additionally, the total revenues from pollution charges and user fees in 2005 constituted a significant 18% of the federal budget (OECD, 2007a, p. 18).

The total expenses for all environmental protection in 2005 was less than 0,6% of the Russian GDP, which is low compared to CEE countries (OECD, 2007a). Over the period 2000-2005, the government's environmental

protection expenditure decreased from 3,3% to 2,5%, of which 21% (195 billion dollar) was from external environmental assistance from international donors (OECD, 2007a, p. 38).

The development of current environmental law is significantly positive. Whether compared to the waste-intensive Soviet time, or to the law-less nineties, in 2006 the OECD reported that environmental regulation now addresses most of the prioritized environmental issues. Successful acts of decentralization of responsibilities to federal and sub-national levels have taken place, even resulting in considerably intensified law-making at these sub-national levels. Law enforcement authorities have increased their influence, and environmental militia and environmental prosecutors' offices have emerged, ensuring the implementation of environment law. The main challenge, however, remains the infamous *implementation gap* (see appendix C.II), and the OECD also speaks of *institutional paralysis* because of the frequent reorganizations. These are the result of the government's (still) low priority for the environment on the political agenda and therefore hindered by other governmental interests, as well as the industry's shadow economy and poor business management. As always, corruption remains an unsolvable issue, with reports of government officials combining their office with business activities<sup>8</sup> (OECD, 2006). Any developments after 2007 have not yet been reported by the OECD, yet an interview by the author of this report with an expert on the progress of Russian environment law (appendix C.IV) suggests that there is a steady improvement, with an increased number of inspections and the successful correction of fearless sanctions for the polluting industry.

At the level of policy-implementation, for example with CSR-regulation, the corruption will appear to limit the government's capacity for regular control, while at the same time providing some advantages for coercive solutions.

#### Box 5.3. ACF conclusions of the Russian environmental institutions

After a series of reformations, the current main environmental institution is the Ministry of Natural Resources. It inconsistently holds the responsibility for both the exploitation and the protection of natural resources (provoking conflict at policy core and even deep core belief levels within this one actor), and is still subject to *institutional paralyses* by the various legislative reforms that aim to overcome the infamous *implementation gaps*. These gaps are a result of the government's low concern about environmental issues, reflected in the state's environmental expenses of 2,5% of its total budget in 2005. The fact that legislative power is in the hands of individuals rather than institutions also has a negative effect on the quality of environment policy (implementation).

Both the Russian public and regional governments have official opportunities to make legislative proposals, but actual practice shows there is little compliance with such rules. This results in regional and corporate resistance against certain federal (environmental) regulations.

Overall, despite the decreasing budget, a slow but significant improvement is being reported in both the content and the implementation of environment legislation.

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<sup>8</sup> In 2007, Kemerovo Oblast had more than 40 officials of the Federal Environmental, Industrial and Nuclear Supervision Service who were also *employed* at companies being subject to their supervision.

## Russian environment policies

Russia's current environmental policies are officially based on the ratification of both the UNFCCC, signed December 1994, and the Kyoto Protocol, signed by Russia in February 1997<sup>9</sup>. Most challenging for international cooperation in environmental policies is that between developing/transitional countries with developed countries (Corobov, 2011). A citation for describing the pessimistic Russian notion on this aspect is found with "*many developing [and transitional] countries believe that industrialized countries lack credibility on the issue of international cooperation to curb [greenhouse gas] emissions, having done little to address a problem they largely have caused*" (Corobov, 2011, p. 318). On the issue of climate change, for example, the dichotomy of *adaptation* versus *mitigation* allows for disagreement on respectively an opportunistic versus a pro-active strategy. It is particularly the first of these two, if any, on which Russia still bases its environmental goals (Oldfield, 2002). As a result, the concluding advice of the UNDP (2010) to Russian environmental sustainability contained the extensive development of an environment policy system, by: 1) initiating state policies on efficient use of energy, 2) to control their consistent implementation, and 3) to *restructure the entire national economy* according to these efficiency regulations.

In 2011, the UNDP (2011) advised the Russian government to improve their approach for environmental lawmaking to deal with the aforementioned problems. Most of all, the environment policies must be more than just declared strategies, which they currently are in Russia's environmental doctrine. Instead of having abstract goals and intentions, the policies should contain clear-cut *purposeful activities*. Even if environment policies are declared as important, in practice they will be supplementary and of a lower priority than other Russian programmes (UNDP, 2011). In order to achieve compliance for environmental policy by the authorities, prioritizing activities should be part of social and economical programmes, working with market mechanisms to create an understanding of the ecosystem by monetizing its burdens and profits. If these changes will not take place, environment policies will continue to have lacking support and failed obligation (UNDP, 2011).

Most recently in 2012, the Russian government introduced a strategic document on 'Principles of state policy in the area of environmental development of the Russian Federation for the period up to the year 2030'; translation published by Douma & Ratsiborinskaya (2012). This document states that the environmental state policy will be based on the idea of *long-term socio-economic development* up to 2020, as established by the government decree of the Russian Federation of 17 November 2008, number 1662-r. Its objectives are a list of 16 socio-economic goals, provided in appendix G. These goals are then further elaborated in a number of mechanisms to be used:

- 4 (mechanisms) for forming an effective environmental administration;
- 4 to improve the normative legal base;
- 3 for providing ecologically-oriented growth;
- 7 to prevent and reduce negative impact on the environment;
- 4 to rehabilitate disturbed natural ecological systems;
- 6 for providing sound waste management;
- 6 for preserving the current natural environment;
- 12 to address the development challenges of economic/market regulation;
- 4 for building a state with environmental monitoring;

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<sup>9</sup> The Kyoto protocol was approved by the State Duma as late as 2004, only after it was clear that Russia would have a surplus of emission allowances. The Bush administration of the United States had resigned from the protocol, pressuring Putin to follow this example. In addition, Putin's top economic advisor, Andrei Illarionov, argued that the Kyoto protocol would "*kill the world economy*". Without Russia's support, the Kyoto protocol would fail by not meeting its requirement for covering 55% of the world's emissions. By approving the protocol, Russia had made the United States the 'odd man out', it had obtained the financial benefits from emission trading and more importantly, it had gained EU support for entering the World Trade Organization (Bloomberg Media, 2004).

- 3 for addressing the challenges in environmental science and information-analytics;
- 7 for creating an ecological culture with environmental education;
- 5 for ensuring the effective participation of the public and private spheres;
- 4 for promoting international cooperation.

The above topics can be regarded as main challenges for the development of Russian environmental policy, having the formation of an *effective administration* not by coincidence at the top of this list. The quantified values for achieving each of them are determined at the governmental and federal levels, and by the socio-economic goals of the Government Decree of 2008. However, the financing of these environmental development goals is to be carried out at the expense of budgets of constituent government entities (i.e. the responsible environmental ministry), local budgets and federal budgets (Douma & Ratsiborinskaya, 2012, p. 8).

Although not being easily available, some comparable quantified policy regulations have been found. In 2007, the federal authorities officially inspected all facilities which either dispose 10.000 tonnes [ $10^3$  kg] of hazardous waste, discharge more than 15 million cubic metres [ $10^6$  m<sup>3</sup>] of wastewater, and/or more than 500 tonnes of air emissions. In 2003, about 1200 water pollutants and 2500 air pollutants were regulated by Russian law (OECD, 2007b, p. 21 & 31). Not the ambitious goals of such numbers are lacking, but their monitoring and sanctioning are too often inexistent.

The OECD (2007c) states that because of the mixed responsibilities in the Ministry of Natural Resources, insufficient separation of permitting and inspection has a negative influence on Russia's environmental policy regulations. In addition, the inspections have a frequency of only once or twice a year and lack transparency of their procedures. Voluntary corporate responsibilities are obstructed by absurd administrative requirements. Self-reporting on environmental performance by business, for example, demands a company to send at least 3 different reports to different government institutions.

However, to compare Russia with Western standards for environmental policies might be unfair, because Russia is unique in many aspects, especially in its political past. For the topic of environmental policies, a valuable comparison might be one with the Eastern European countries of the former Soviet Union, which share the same lack of environmental recognition in their history of politics. In 2000, after ten years of 'democratic' governance in post-Soviet countries, the difference between environmental policies of Russia and CEE countries was *already* very significant in many statistics, with one obvious cause to identify: Russia is independent of any EU ambitions and is stimulated only by global incentives or national citizen initiatives, while the CEE countries are bound to the environmental demands of the EU law (Oldfield, 2002). Although the identification of this cause might not be sufficient to improve Russia's policies for now, it does, however, reveal that the potential for proper environmental policies exist even for those nations with a short political history and limited environmental policy development, i.e., the CEE countries.

#### Box 5.4. ACF conclusions of Russia's environment policies

Russia's environment strategies are not as ambitious as the EU, but they are significant, presumably as a result of international relations. In contrary to the United States, Russia did sign the Kyoto protocol, and it recently even adopted a long-term environment strategy for 2020/2030 in which administrative inefficiencies are recognized.

However, compared to the EU, and even to post-Soviet CEE, Russian environment regulations are weak. Financial responsibilities are avoided, inspection is rare and procedures lack transparency. This proves that certain key actors for implementation disagree on policy core beliefs or even deep core beliefs (i.e. the environment should *not* be protected).

## Russian environmental performance

"Russia is currently a global environmental donor, since overall impact of Russia's economy on the environment is less than the useful yield of Russian ecosystems for sustaining the global ecological balance" (UNDP, 2010, p. 129).

In its Soviet-past, Russia was known to maintain an environmental-unfriendly, waste-intensive economy, because of its priority of productivity over resource efficiency (Bacon, 2010). With the collapse of the Soviet Union, the economy fell from being developed to being developing/transitional, minimizing all industrial pollution for the rest of the 90's as a result (see table 5.3). During the economic revival of the last two decades, environmental concerns still remain a low priority, as the politician's needs for stability have even today not yet been satisfied. Oldfield (2002, p. 127) concluded that *"the overall influence of environmental NGO's is limited by a combination of public apathy and political opposition"*, confirming public support for fatalism in the cultural grid / group theory of chapter 2. Despite the limited size of the Russian economy, environmental interests are of a significant and growing concern (UNDP, 2010), as shown in table 5.2 and 5.3.

Table 5.2 Fixed source emission rates. (UNDP, 2010, pp. 122, combining tables 7.1, 7.3, 7.5 & 7.6)

Year	1999	2000	2001	2002	2003	2004	..	2007
<b>Total Russian emission rates [10<sup>3</sup> tonnes]</b>	18540	18820	19124	19481	19829	20491		-
<b>- of which from oil extraction<sup>2</sup></b>	1329	1619	2119	3113	3227	4195		3706
<b>Total of Russian waste-water discharge into surface water [10<sup>6</sup>m<sup>3</sup>]</b>	20657	20291	19773	19767	18961	18535		-
<b>Total of Russian solid waste from production &amp; consumption, [10<sup>6</sup> tonnes]</b>	-	-	-	2035 <sup>1</sup>	2614 <sup>1</sup>	2635 <sup>1</sup>		3899 <sup>1</sup>
<sup>1</sup> The figures for growing solid waste generation (16-18% per year) are not explained by its growth of output (2%) or worsening coal quality (1-2%). The actual cause remains a mystery (p.126). <sup>2</sup> The biggest obstacle for reducing oil pollution, even with the technology of advanced monitoring equipment available, is the absence of concern within the authorities, as the ministry of natural resources and ecology of the Russian Federation is maximizing resource exploitation instead of environment protection (p. 129).								

Table 5.3 Average annual growth of energy consumption and % GDP. (UNDP, 2010, pp. 15, table 1.1) (from World Bank (World Development Indicators Online Database), British Petroleum (BP Statistical Review of World Energy, 2009).

	GDP		Energy consumption		Oil consumption	
	1986-2002	2003-'08	1986-2002	2003-'08	1986-2002	2003'08
World	2.9	3.5	1.7	2.9	1.6	1.4
<b>Developed countries</b>	2.7	2.2	1.5	0.5	1.5	-0.1
- United States	3.0	2.5	1.5	0.1	1.4	-0.3
<b>- EC (EU)</b>	<b>2.4</b>	<b>2.3</b>	<b>0.4</b>	<b>0.1</b>	<b>0.7</b>	<b>0.0</b>
- Japan	2.2	1.7	1.9	0.1	1.1	-1.6
<b>Transition countries</b>	3.8	6.7	1.9	5.7	1.8	3.6
- Brazil	2.3	4.0	3.1	3.7	2.9	2.5
<b>- Russia</b>	<b>-2.5</b>	<b>7.0</b>	<b>-1.4</b>	<b>1.3</b>	<b>-3.8</b>	<b>1.2</b>
- India	5.5	8.7	5.1	5.9	5.9	3.3
- China	9.5	10.7	4.1	11.2	6.5	7.1

According to the environmental development principles of the Russian Federation (Douma & Ratsiborinskaya, 2012, p. 1):

*"In 40 federal subjects of the Russian Federation more than 54 per cent of the urban population is faced with high and very high air pollution. The volume of wastewater discharged into surface water bodies without treatment or not sufficiently treated, remains high. In almost all regions, there is a trend towards deterioration of soil and land. Intensive development processes are leading to the loss of fertility of agricultural land and their termination from economic production. Desertification in one way or the other affects 27 federal subjects of the Russian Federation, on an area of more than 100 million hectares. The amount of waste not involved in secondary productive purposes but directed to landfill is increasing. At the same time, the conditions of storage and disposal of waste do not conform to the requirements of ecological safety."*

An older report of the OECD (Environmental policy regulation in Russia, the implementation challenge, 2006, p. 7) stated that about 15% of Russia's territory suffers from exposure to high levels of pollution. The severest regions (e.g. the company towns Dzerzhinsk, Irkutsk, Kemerovo, Krasnoyarsk, Novokuznetsk, Norilsk, Cherepovtsy, etc.), often have mortality rates, in deaths per thousand inhabitants, 1,5 - 3 times the national average. However, the OECD (2006) also states that the public is increasingly concerned, with 83% of Russia's population concerned about the environmental situation, and 55% claiming that their residential area is environmentally unfavourable, poor or even critical.

#### Box 5.5. ACF conclusions of Russia's environmental performance

A strong argument for environmental polluters is the fact that Russia is an environmental donor compared to most other countries. This is, however, less so than during the 90's when the economy was decimated, because it is slowly reviving and marks environmental pollution as a growing concern.

On a local level, industrial pollution can be severe, at such high levels that it can directly present a danger to health of the local population. These situations ask for either an improved *corporate responsibility* approach, or for a decentralized government approach (similar to the EU's *competitive governance* and Dorf & Sabel's (1998) *experimentalism*). The public definitely is aware of the problem, with more than 80% being concerned about the environment, i.e. strong agreement at the deep core belief level.

## Russian corporate governance policies

After the collapse of the Soviet Union, the anarchistic economic conditions allowed for the rapid growth of a handful of oligarchs (or 'robber barons') with immense wealth (Gourevitch & Shinn, 2005b) (Settles, Gillies, & Melitonyan, 2011). Their monetary capacities provided them with political support, and in some cases even took over political positions. For example, Mikhail Khordokovsky, oligarch of Lukoil, had the ambition to run for president, yet he was put in jail for alleged tax avoidance and, most interestingly, poor corporate governance of his company. During Putin's terms, the capitalist oligarchs were forced to become part of the government, resulting in 'state corporations'. However, the oligarchs still exist, now being specific privileged Russian state-capitalists. The public support for these oligarchs still is very negative, measured as 88% of the population in 2004. This is in strong contrast with the support for regular non-privileged big business, receiving a 62% of positive support. This proves that the public in general is aware of the need for big business in society, but they do not at all support the state influenced corporations (Gourevitch & Shinn, 2005b).

According to Mizobata's (2008) survey, Russia now appears to have a mixed corporate governance system of both *liberal* reforms and specific traditional authoritarian *coordination* (see chapter 2 for definitions and types of corporate governance). With the lawless conditions and privatization processes during the 90's, all minority shareholder protection degraded creating a capitalist *blockholders* economy, with only little legislation for corporate governance (Mizobata, 2011). It means that small groups of owners are in control of most of the market, a role which is attributed to the oligarchs (Guriev & Rachinsky, 2005). This ownership structure is, however, still in development and obtains an *immature* status, as table 5.4 shows. Next to strong shareholder influence, state ownership is increasingly high, both from capital injection and through state corporations. Customers, employees and suppliers are weak in Russia's corporate governance economy.

Table 5.4 Distribution of Russia's post-Soviet corporate governance ownership structures (Mizobata, 2011, p. 23) from Aukutsionek, Dyomina & Kapelyushnikov (2009, p. 5).

	1995	1997	1999	2001	2003	2005	2007	2009	2011 (forecast)
<b>Insiders, total</b>	<b>54</b>	<b>52</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>48</b>	<b>51</b>	<b>52</b>	<b>50</b>
Managers	11	15	15	19	25	31	35	42	42
Employees	43	37	34	28	22	16	13	8	5
<b>Outsiders, total<sup>1</sup></b>	<b>37</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>45</b>	<b>45</b>	<b>40</b>	<b>35</b>	<b>38</b>
Non-financial outsiders	27	31	33	34	36	38	31	27	25
Financial outsiders	9	9	7	8	8	5	8	6	10
<b>State</b>	<b>9</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>12</b>
<sup>1</sup> Financial outsiders are banks, non-financial outsiders are individuals and other enterprises.									

Apart from the anarchistic circumstances shortly after the Soviet collapse, another more purposeful cause for the development of this type of corporate governance can be found in OECD documents. According to the OECD (2003), in 2001 Putin called for a strategy in order to integrate Russia with the world markets, that is, to solve questions of the protection of owners' rights, and to improve corporate governance and financial transparency of business (OECD, 2003). In at least the first few years that followed, significant progress on corporate governance legislation was being reported with the help of the OECD's Corporate Governance Principles of 1999 (revised in 2004 (OECD, 2004)).

#### Box 5.6. ACF conclusions of Russian corporate governance

Literature frequently perceives Russia's unstable economy as *immature*, allowing for a *blockholders' economy* based on the lack of corporate governance (CG) regulation and absence of minority shareholder protections. In most cases, small groups of shareholders own the company, and so they ultimately decide on corporate (social) responsibilities. Another significant owner is the state, which can also be held responsible for some corporate behaviour.

To stimulate the contribution of business to the environment, these shareholders are the key actors. Any voluntary, charity and/or non-profit activity must be their top-down order, relatively independent from stakeholders' demands. Opportunities to influence the shareholders are by public opinion, scientific evidence, financial gains or state regulation.

## Russian corporate responsibility

The emergence of CSR in Russia has a number of different causes (Mizobata, 2011). It is firstly a response to Russia's system of *uncoordinated capitalism* (Lane, 2007) and its privatizations of the 90's as a result of policy failure. Secondly, Russia's fragile market is unable to sufficiently create and proportionally distribute its social

capital, and so CSR, in its voluntary attempt to improve this situation, is a response to market failure. Thirdly, CSR is in some cases replacing the government when it is corrupt or lacks municipal governance, being a result of state failure. Fourthly, as in Europe, CSR is an effect of globalization, being an external pressure for Russia. Finally, for some (non-voluntary) part at least, CSR simply is the continuation of old Soviet socialist traditions with a new name, having economic and social functions integrated under political power (Mizobata, 2011).

Consequently, a single definition for Russian CSR is absent. International organizations in Russia often work with the Western 'voluntary' type, while Russian authorities use the concept to force business to behave, and the Russian companies in turn can use it for avoiding taxes, although this strongly depends on their shareholder structure. A lack in transparency of both business and government allows for a very significant share of corruption (>50%) in CSR finances (Mizobata (2008), confirmed during the interview of appendix C.IV). Any fraudulent opportunities are multiplied by the fact that Russian CSR spending is *tax free*.

The following overview of the development of Russian CSR in time is based on the work of Mizobata (2011, p. 10).

- 1995: CSR Europe is established
- 1996: ISO introduces its ISO14000 environmental management systems series of standards
- 1999: UN Secretary General Kofi Annan calls on business to enact a set of core values for CSR
- 2000: The Global Compact (>120 countries) is launched as a voluntary citizenship initiative
- 2002: Lukoil announces CSR for the first time in Russia
- 2002: The Corporate Conduct Code, a business ethics charter by the Russian Union of Industrialists and Entrepreneurs (RSPP) is developed
- 2003: Forum on social investment with interaction of business and state by the Managers' Association
- 2003: Social Strategy of Russian Business is published by the Russian Academy of Sciences
- 2004: RSPP adopted Social Charter for Russian business with indicators for CSR
- 2004: Prime Minister M. Fradkov publically supports RSPP
- 2004: International Project Bureau adopts Business Culture for CSR rating
- 2006: UN Principles for Responsible Investment is launched, RSPP publishes 'Non-financial Report'
- 2007: The National Forum of CSR was established by the State Federal House of Society and others
- 2009: Prime minister Vladimir Putin meets the managers of the Pikalevo affair in public, and states:

*'If you (owners) cannot agree between yourselves, it will be done without you... I must say that you have made thousands of residents [in the city of] Pikalevo hostages of your ambition, your unprofessionalism, and, maybe, simply your greed. Thousands of people. Where is business social responsibility? It is absolutely unacceptable'*

- 2009: Meeting of 'Business and Society' is held, with the support of the government
- 2010: RSPP publishes the 'Human resources as a means of modernization method' report

The statement of Putin from 2009 marks a trend of the government's involvement in corporate responsibilities, which results in either negotiated CSR activities (comparable to Western concepts of 'soft law' and 'negotiated agreements') or forced CSR (Soviet style). When comparing the coercive CSR-tool with official government regulation, the former allows for some flexibility opportunities, which are (Polishchuk, 2008):

- an answer to the *implementation gaps* and imperfections in government regulation, substituting state responsibilities (e.g. with corporate environmental support bypassing corrupt tax collectors);
- a flexible solution to the complex issues of the *immature* market and social demands (e.g. when laws are not advanced enough to assign specific pollution responsibilities);
- avoiding additional taxes and increased dependency of corporations to the state, which is already considered to be excessively centralized.



However, the Russian concept of CSR also faces a number of risks for being an agreement instead of a law (Mizobata, 2011, p. 19):

- the expenditure cannot be evaluated or judged objectively;
- since CSR expenses are tax-free, it is a tool for tax avoidance, and so CSR appears to have even worsened corruption in Russia, both on private and bureaucratic levels;
- agreements take priority over formal rules;
- because of the corporate governance structure in Russia, final responsibility becomes concentrated only to a single (group of) owner(s), which complicates the CSR negotiations, makes it sensitive to corrupt implementation and troubles consequent punishments.

Whether corporate responsibility as an *informal procedure* either supports or undermines the Russian system, depends on its character of being social *universalism* or self-interested *particularism* (Lauth, 2012, p. 55). If businessmen, government officials or citizens bend the law for an individual purpose at the cost of a common interests, they undermine the sovereignty of the state, the rule of law, and the democratic as a whole. In other cases, when informal procedures enforce trust, tolerance and fairness, it supports the state as a customary law.

Interestingly, Russian CSR can be seen as the continuation of the Soviet trend to have industrial corporations being responsible for various local social services, as during the time when large enterprises erected their own isolated industrial cities, for which the companies themselves were held accountable on aspects such as infrastructure, health and legislation (Polishchuk, 2008). According to Mizobata (2011), a large number of such *company towns* still exist, having one or more large corporations with local social responsibilities, as shown in table 5.5.

Table 5.5. the quantity of 'company towns' in Russia (Mizobata, 2011)

No. of company towns	No. of inhabitants
43	>100 000
78	50 000 - 100 000
125	25 000 - 50 000
221	<25 000

These company towns deal mostly with regional governments, which often appear to be incompetent in independently managing the law, as well as being corrupt. Hence, this part of the Russian economy shows the greatest opportunities for CSR, as well as the toughest challenges for maintaining the correct implementation of the concept.

### Business perspectives

Russian CSR is mostly performed by companies with: 1) a large turn-over, 2) high sales in foreign markets, 3) a large proportion of holding by foreigners and 4) relations to the environment (Mizobata, 2011).

A report on the attitudes of 129 Russian business executives of medium and large enterprises towards corporate social responsibility (Kuznetsov e.a., 2009), concludes:

- Russia's economy is strongly dependent to the Russian state, with a discrepancy between declared and actual policy implementation and a *lack of mutual trust* between authorities and business;
- A lack of public trust in the state, and therefore a distrust in the growth of large national companies, has the result of businesses actually aiming for the *image of being separated* from the state.

The main reason for not committing to CSR was a lack of financial resources, although "*the state* [20%] *and the legal system* [24%] *are blamed for not providing enough incentives*" (Kuznetsov e.a., 2009, p. 43). This can be confirmed by a similar survey of the business paper 'Kommersant' in 2006 with 47% of the respondents stating

that the government enforced an ineffective policy for supporting CSR, and 41% claim that legal advantages for CSR are insufficient (despite CSR expenses being tax-free). Ranked second on the list of characteristics of CSR is 'protection of the environment', with a response rate of 76,0%, only surpassed by 'looking after employees' with 90,4%. To illustrate the difference between European and Russian business culture, the third most reported aspect of Russian CSR is 'paying taxes' (70,4%). For 66% of the managers, CSR is rather a slogan than a strategy (Kuznetsov e.a., 2009). Peregudov & Semenenkov (2008) measured in 2003 that only 13% of managers regarded CSR as a part of business strategy.

As a result of the state's tight regulations, while at the same time having the lack of power (or excess of corruption) to implement them, state control over the market mostly exists for large companies (Mizobata, 2011). Russian CSR is characterized by its non-voluntary and over-centralized governmental pressure, on those big businesses that are unable to hide from the state's tax collectors, while for smaller companies paying taxes is a voluntary act (Stanis, 2012). Especially in the natural resource sector, companies withhold resistance against the state because they fear expropriation, which happened to big enterprises such as Yukos, Shell and BP, but also to successful small and medium-sized enterprises (Barchietto, 2009). The state's coercive approach needs to be understood from the extended Russian type of CSR in which taxpaying, pensioning, and other 'common' aspects are voluntary acts, as opposed to Europe where they are simply regarded as obeying the law and not as CSR. Consequently, because of the Russian concept of CSR covering the gaps in Russian legislation, the government's coercive attitude in such CSR practices can be equated to European law enforcement. As an example, from the RSPP's collection of 75 CSR companies in 2006, 70 were large enterprises, while small and medium enterprises appeared insignificant. Environmental reports covered 33 of a total of 198 non-financial reports being collected that year (Mizobata, 2011). Most companies used their own indicators to measure CSR, despite the RSPP's Social Charter of 2004.

The actual performance of Russian CSR companies is difficult to measure. Russian companies sacrifice a considerable 10-30% in social investments, although this also concerns pensions for employees, and public goods such as funding hospitals and recreational facilities. Officially, such public and semi-public goods are government or municipal responsibilities, but in Russian practice the municipalities often lack finance and ability to do this (Mizobata, 2011). As a result, Russian CSR consists mostly of the financial elements, while the social and environmental elements perform weak.

Russian companies donate to 'charities' approximately 0,5 billion dollar annually, according to data of the Russian charity foundation. On average, 80% of these transfers go to corrupt local authorities, leaving only 20% for the actual charity (Чепкаев, 2005).

A case study on five big Russian businesses (Lukoil, Alfa-bank, Vneshtorgbank, Sual Group and Severstal Group) concludes first with the difference of certain Russian CSR practices which in Europe are already included in social law, and second with making such 'charity' donations without considering the stakeholders. This is a result of the corporate governance system in Russian business, granting most decision-making power to the shareholders, similar as in the USA (Söderbaum, 2006).

#### Box 5.7. ACF conclusions of Russian corporate responsibility

Russia's attention for CSR appears to be a late adoption from global use, although similar concepts with other names have long existed in Russian history. The conditions of *implementation gaps*, *immature markets* and state interference provide the Russian concept of CSR with flexible opportunities, leaving behind the Western 'voluntary' aspect 'beyond regulation'. The resulting Russian definition is CSR as a coercive government tool for substituting the government's social and environmental duties. Russian CSR can be promoted by supporters and opponents of environmental regulation, because it both fights corruption and allows for abuse. However, just like in the EU, Russian managers have little confidence in the potential of CSR to improve the environment.

The opportunities for corporate responsibility are strongest in the large enterprises of isolated company towns. In order to convince big business (i.e. the *blockholders*) to engage more in (environmental) CSR, the state could improve legal incentives, alter its publically distrusted image and try to change its hostile connections with the corporate sector.

## Conclusions for the ACF model

This chapter about Russia will now be summarized according to the structure of the ACF model of Gourevitch & Shinn (2005a), as explained in chapter 2, in order to identify cause and effect relationships, and to make the results comparable to that of the EU. Please note that some straightforward questions will be answered without references to the previous work in this report, just because providing academic proof in those cases would be to state the obvious.

Using the ACF model for the identification of causes for policy change, it is necessary to assign and distinguish *external events* and *stable parameters*, shaping the actors and opportunities to ultimately describe all factors in the environment policymaking arena.

### Relatively stable parameters

Generally speaking, the Russian environment is, and will continue to be, rich in natural capital. Industrial pollution is in most cases a growing concern, although the urgency of this problem is contestable in comparison to Russia's size. In some cases, the industry *visibly* harms the local nature and/or local inhabitants, while in other cases, the industry causes invisible damage to the environment by effects such as (global) climate change. This inherently has its effect on the extent of scientific consensus and public support for the issue.

The only stable distribution of resources among the coalitions are the financial dependencies. Environmental organizations are mostly financed through the international sphere. Businesses always need to survive independently (except for state companies), before they can invest, voluntarily or compelled by law, in environmental protection. The Ministry of Natural Resources, as well as other government organizations, have some sort of stable budget (approximately 2,5% of the total budget), which they can use for environmental protection (or *exploitation*) in various ways. For regional governments, budgets for environment policies are *not* a basic resource, so they claim. Other resources than financial ones, such as public support and information, are not considered relatively stable and will be explained in the section 'external system events'.

The Russian society is divided in different factions and orientations of West and East, which in short are the egalitarian Petersburgers, the individualistic (neo-)oligarchs and the hierarchic statistes (including Putin's regime). These factions correspond to mutually conflicting beliefs about the state, the economy and the environment. Despite these beliefs, however, Russia's fundamental socio-cultural attitudes are two-fold. On

the one hand, the public is relatively dissatisfied with the practises of government and business from different perspectives, and tends to complain a lot in public (especially compared to China). On the other hand, it currently is culturally accepted that the government suppresses opposition for the sake of stability, even in unofficial ways. This also counts for criticism on environmental performance, which either convinces the government and leads to action, or is set aside and ignored by state media (for example in the case of public initiatives on petitions, like in 2000). Such a passive attitude corresponds to none of the factions' ideological beliefs, and so it reveals a considerable share of *fatalism* in the Russian society. The resulting behaviour is self-interested opportunism, catalysing all of Russia's corruption.

The basic constitutional structure allows for practices in which the president has absolute control. Elections, most interestingly, are a *stable* parameter, because they will not replace the central power. The consequences are that relationships with the central authorities up to the personal level are crucial to have an effect on strategy-making, aggravated by the legal permission to have a dual function of government officials in business. To achieve the same effect on strategy-making by following regular procedures is significantly less efficient, meaning that *informal* arrangements take the upper hand, undermining (instead of supporting) the *formal* procedures. However, the structure of the environmental authorities is *unstable*, occasionally being subject to reforms and irregularities.

(Regional) policy implementation is Russia's main obstacle for all existing policies. Supported by the transitional economy causing shortages in budgets, the corrupt fatalists in government and business, and the 'challenging' approach of the federation to maintain centralized control, the *implementation gap* dramatically hampers Russian governance.

### Long term coalition opportunity structures

The conclusions that can be drawn from the stable parameters are the opportunities which both coalitions have in order to exercise influence on environmental policymaking.

The literature on the ACF model speaks first of *degrees of consensus*, which for the Russian case does not need much explanation, i.e. consensus is irrelevant. For both coalitions, it should be the long-term goal to build (personal) relationships with specific government officials, who have 'flexible' authoritarian power and will keep their positions for a considerable time.

Acquiring public support can also be a coalition goal for influencing environmental policymaking. This is most effectively, though not necessarily, achieved through various media. Although public support can help to convince policy-makers in adjusting their priorities, it appears to have relatively little effect. Other smaller benefits from public support are financial donations, information sharing and offering additional expertise.

### External (system) events

Shifts in public support for environmental issues are considered to be strongly dependent on specific events, such as environmental disasters, information publications or leaks, the adoption of new laws and institutional reorganizations. Opposite to the effects of environmental disasters are worsening economic conditions (e.g. global crises or oil & gas price changes), which of course undermine support for investments in environmental protection. Public concern for the environment is linked with media attention, because by reporting on disasters or management performance the media is strongly influencing, if not controlling, the public opinion. Recent examples are the Russian floods and wildfires of July 2012, in which the local population blamed the authorities for lacking any preventive actions. Putin responded with a number of arrests of regional officials and ordered for improvement on such environment policies, although Western media rumoured that the president did not meet the affected inhabitants in person because of their strong dissatisfaction with the federal government.

Despite its stable politics, Russia is sensitive for specific cultural and political shocks which have their influence on environmental policymaking. Because of the independent and centralized role of authority within the government, environmental issues are incentives from external diplomacy and negotiations, much more than from national dialogue. The development of international relations, for example the commitments for the WTO or the Kyoto Protocol, appear to have the most significant impact on Russian environment strategies.

Reorganizations at environmental institutions occur at such a frequent base that it is considered to harm the effectiveness of environmental policymaking. They are often the result of new approaches for solving the numerous deficits of Russian (environmental) governance, carried out by the central authorities.

A final note for this section is that Russia has endured severe system shocks in its past. The Soviet collapse forced the transfer from authoritarian communism to democratic capitalism, and from world power to transitional/developing state. More than the Europeans do the Russians fear *instability*.

### Short term constraints and resources of subsystem actors

The events as previously mentioned cause short term opportunities in public and political attention for respectively the pro and contra environmentalists. These events temporarily improve the actor's chances in convincing policymakers, strategy-makers and corporate shareholders to take specific popular action. Other opportunities, in some cases as a result from such system events, are the politicians' or policymakers' announcements for a debate or referendum, i.e. publically discussing new laws.

A constraint for Russian environmental policymaking is the infamous delay in actual implementation, caused by the many loopholes for avoidance or abuse that require extensive revision procedures.

### Actors, beliefs and resources

Most important are the different actors who cooperate in advocacy coalitions within the policy subsystem. The following actors are being identified, although some hold mixed pro and contra opinions about environmental issues and corporate responsibility:

- Ministry of Natural Resources
- Other ministries supporting economic growth
- Regional governments
- International organizations (OECD, UNDP)
- Russian environmental groups or NGO's (Russian environment movement, environmental *militia*)
- Russian environmental polluters
- (big) Russian companies involved in environmental CSR
- State media (television and newspapers)
- Independent media (internet)
- Public

Yanitsky (2009, p. 756) identifies the "*corporate state versus the environmentally concerned actors*" as the most dominant actors in Russia's post-2000 environmental debates. His work provides an interesting impression, but the claim that the Russian corporate state as a whole supports the environmental opposition, is too overly simplified to apply to this research. Interestingly, however, he indicates that *state media* are opposing *unofficial internet media* in the same environmental arena.

Concerning the beliefs about the environment and corporate responsibility, ultimately shaping the number of coalitions in the policy subsystem, a number of statements have been produced. At the *deep core* beliefs, actors either agree or disagree on:

- Environmental pollution in Russia is an urgent problem that should be solved
- Corporate (social) responsibility has the potential to significantly change the Russian society

At the *policy core* beliefs, actors are divided in Fock's (2012) and Sakwa's (2011a) *factions* by either agreeing or disagreeing on:

- Environmental issues require support from Russian Federal policies and law
- Environmental issues require an extent of voluntary responsibility of Russian business
- Russian corporate responsibility requires support from Russian policies and law

At the *secondary* beliefs, actors either agree or disagree to a certain extent on:

- Specific implications for environment and/or corporate responsibility policies, concerning budgets, time frames, policy types, instruments, structures, etc.
- The political and legislative priority for environmental and/or corporate responsibility policies compared to other policy fields

Other important elements for the actors and coalitions are their resources which determine their power potential during conflicting interests. The distinguished resources appear to be:

- Willingness of key actors to cooperate;
- Public support;
- Financial capacities;
- Information on environmental and/or corporate responsibility issues.

### Policy subsystem

The Russian environment policy subsystem is provided in table 5.6. To make the ultimate distinction for the different coalitions, it now becomes difficult. To the simple question on whether to use corporate responsibility to solve environmental issues, different conflicts arise. First is the obvious argument between the potential of CSR, and whether business theoretically can take responsibility for the Russian environment. This is mostly a discussion between experts and takes place in the sphere of political science. However, this chapter previously revealed a variety of meanings for the Russian concept of CSR, making it often non-voluntary and abused for its flexible opportunities. This creates a number of secondary discussions on government intervention and distrust in authorities. Consequently, those who support the western approach for voluntary responsibilities in solving environment issues can be either idealists following the academic principles, or they are pessimists who do not want to spend subsidies on law-making and enforcement of hard environment policies, and they can even be corrupt regional officials who know that they can use this undetermined power for other purposes. Any opposing coalition against corporate responsibility might exist, but has not shown itself in any political action, and so the ACF model would consist of only 1 active coalition. For this reason, the ACF model and the distinction of its coalitions will be based on pro and contra opinions on the deep core beliefs of improving the current Russian *environment policy*. The use of CSR for environmental issues by either of the coalitions is considered as a possible strategy. The coalitions will be named 'environment supporters' and 'environmental opposition', similar to the EU chapter and referring to the same support or opposition for the government's environmental policy-making. Due to Russia's strong centralization of power, these coalitions are considered to be *competing advocacy coalitions*, compared to the EU's *negotiating discourse coalitions*.

Table 5.6. The Russian environment policy subsystem as a component of the ACF model.

Environment policy subsystem in Russia		
Arena coalitions		
	Environment supporters	Environmental opposition
Beliefs	<p>The environment supporters in Russia are most notably the international organizations and NGO's. They seem to be the main initiators and promoters of environmental principles and voluntary responsibilities. Russian environmental organizations also exist (Appendix H), which take care of local issues. Although a considerable number of citizens have proven to care about federal and regional environment issues, public trust in both government and business is low, which allows for different <i>factions</i> at the <i>policy core belief</i> level for who to put the environmental responsibilities on. Public support for this coalition is obtained from the following factions:</p> <ul style="list-style-type: none"> <li>- Liberal Petersburgers who believe in governance by law, i.e. improved environment policies, egalitarianism / individualism;</li> <li>- Democracy statistes who believe in a strong authority, i.e. environmental state responsibilities, hierarchism.</li> </ul> <p>Big and international companies most often engage in CSR and environmental initiatives, although the powerful independent shareholders (blockholders) have to decide for these actions. Authoritarian environmental responsibilities cause some confusion: the Ministry of Natural Resources covers both the interests for the protection and for the exploitation of resources, and regional authorities responsible for the execution of (federal) environment policies have easy access to corruption and power abuse.</p>	<p>The environmental opposition in Russia consists mainly of pessimistic (or realistic) government officials and business polluters. Their main argument must be that Russia's environmental issues are <i>insignificant</i> when compared to Russia's enormous natural capital, and <i>unimportant</i> compared to other corruption and poverty issues. A considerable part of the public supports this view from different perspectives and factions, as they claim to have more urgent problems:</p> <ul style="list-style-type: none"> <li>- (Neo-)oligarchs aim for the least possible state interference, i.e. no environment policies at all, with strong individualism instead;</li> <li>- Fatalists from any faction who have no trust in any kind of (official) government policies;</li> <li>- Those members from the environment supporters' factions which do not consider the environment as a relevant state responsibility.</li> </ul> <p>The low priorities for environmental protection can be a reason for regional governments to relocate the budgets designed for environmental (corporate responsibility) policies, and for businesses to pollute without feeling guilty. State media still often favour the Russian authorities, and so they might support the politicians' environmental progress after decision-making, but not criticize them for any deficits beforehand. One final note: some actors of this coalition might support the voluntary corporate responsibility aspect at the <i>secondary belief</i> level, not in order to protect the environment from a <i>deep core belief</i>, but to save government spending on policies and laws.</p>
Resources	<p>The <b>willingness to cooperate by key actors</b> is the main problem of this coalition. The key actors are federal policymakers, regional implementers and corporate blockholders (i.e., groups of shareholders).</p> <p>The governmental actors can be convinced of a higher priority of environment policies as a policy core belief, and the importance of consistent implementation as a secondary belief, of which both are usually lacking. Business owners need to be requested to obey the law, and/or convinced to replace missing policies with corporate governance.</p>	<p>This coalition deals with only of the government officials as key actors, because when business engages in environmental CSR activities, they do so at their own costs. The <b>willingness to cooperate by key actors</b> is the reversed amount as that of the environment supporters.</p> <p>Federal officials can be convinced to lower budgets, and regional officials often have the possibility to ignore implementation.</p>

	<p><b>Public support</b> is sufficient to take collective action, as seen with the &gt;80% of interviewees reporting concerns about the Russian environment (proving a strong deep core belief), and with the easily collected signatures for the petition attempt of 2000. However, the public generally behaves apathic/careless when the government refuses to take any consequent action, corresponding to a <i>fatalistic</i> attitude. Despite the fact that public support helps for creating 'sustainable' consumers, sharing information and earning donations, this resource has a limited influence on strategy- or policymaking.</p>	<p><b>Public support</b> for policies and budgets other than environmental protection are proof of the low priority for Russia's environment, being a policy core belief. However, there seem to be no active campaigns for undermining support for the environment, and so public support is either sufficient or unnecessary for this coalition.</p>
	<p>The national <b>budget</b> of this coalition is low, being <math>\pm 2,5\%</math> of the federal budget, and of which a 21% comes from foreign assistance. At the regional level, complaints are found for lacking finances are from the local governments for the exercise of environmental policies.</p>	<p>Concerning <b>budgets</b>, environmental protection is a waste of money, and thus it is a reason for business to pollute and for governments to refuse inspections of the industry. There are more urgent priorities and apparently, finances are limited.</p>
	<p><b>Information</b> about the Russian environment is sometimes considered a problem due to a lack of (need for) transparency in Russian business. However, a national monitoring system exists and some information is self-obtainable. Correct and complete environmental information is crucial for convincing the authorities.</p>	<p><b>Information</b> is not really a concern for this coalition. Even when the government has been convinced of the importance of environmental protection by the environmentalists, business has weak incentives for publishing environmental performance, data can easily be made artificial, and/or inspectors can be bribed.</p>
	<p><b>Political influence</b> of this coalition is present on environmental strategies and intentions, especially lately with the President's announcements for better CSR, and the new government's environment strategy of 2012. These and previous developments seem to be the result of negotiated agreements as part of <i>international</i> relations, when looking at the OECD, UNDP and the Kyoto protocol progress. Russian organizations do not seem to have much effect on federal strategy-, law- or policymaking. To convince business to engage in environmental corporate responsibility, it is best to influence the shareholders of big companies, because of Russia's corporate governance model: a <i>blockholders</i> economy.</p> <p>Putin's current trend of fighting corruption is to centralize supervision and power from the federation to the regions. However, an interesting strategy might be to <i>decentralize</i> instead, similar to the EU's <i>competitive governance</i> approach and supported by the promising theory of Dorf &amp; Sabel's (1998) <i>experimentalism</i>.</p>	<p><b>Political influence</b> serves to convince strategy- and policy-makers of a low priority for environmental protection. However, once environment policies have been made, opposing political actors take a great risk in publically criticizing their superiors, which then only allows them to hinder execution and implementation. For business, the best way to counter environment policies is by not being transparent in sharing their pollution data, which proves to be the major instrument.</p>
<p style="text-align: center;"><b>Governmental decision-making</b></p> <p>As made clear in section 5.1, decision-making power is in the hands of the Russian president, Vladimir Putin. When others take decisions concerning environment policies, they do so only with permission of the president, and in line with his intentions. Influencing decision-making means influencing the president and/or his advisors.</p>		



### **Institutional rules, resource allocations, and appointments**

The strongest challenge for the pro-environment coalition remains the prioritization of environment policies, achieved with the help of public and/or media support, political dialogue with preferably established relationships with policy-makers, and pressure from the international sphere. The environmental opposition at this stage has the greatest potential in opposing environment policies by having them ignored at the political agenda, neglecting any institutional rules. Striking examples are the struggles between the Ministry of Natural Resources and other economical ministries, as well as conflict *within* the Ministry of Natural Resources between the controversial responsibilities of exploitation and protection of natural resources. The official institutional procedures of Russian policymaking is considered to be an irrelevant formality, not providing interest groups any useful opportunities.

### **Policy output and impacts**

The implementation and inspection of environment policies are a responsibility of regional governments, and thus the performance varies per region. Successful environment measures have been taken in the past and trends appear positive, although Russian policies maintain the reputation of being an impulsive rule at the first attempt, requiring several thoughtful revisions afterwards before having the status of a decent and complete policy.

This chapter will contain a brief summary of the previous analyses and conclusions. First, the main differences between the ACF conclusions of the two cases will be presented. Next, following the research design of chapter 1, the research questions will be answered, followed by their corresponding hypotheses. Finally, the relevance of this work for future research is provided in the last section of this chapter.

Due to the extensive number of references used for this chapter, direct references to the literature have been removed. However, no new data or information will be used, so any of the sources for the following claims can be found in the previous chapters. If the reader is interested in more technical details, he or she is advised to read the concluding sections of chapters 4 and 5, which are written in the context of the Advocacy Coalition Framework from Sabatier (2007). This chapter is purposely devoted to readers who are unfamiliar with this topic.

### Comparing the ACF conclusions

Both the EU case and the Russian case have been summarized according to the ACF structure in their conclusive paragraphs. Comparing these summaries provides us with the most important and influential differences between the EU and Russia, provided in table 6.1 below.

Table 6.1. The *main differences* between the EU and Russia following the ACF conclusions.

	The European Union	The Russian Federation
<b>Stable parameters</b>	<p>The EU has a stable formal legislative system which distributes political power among democratically elected representatives and technocratic institutes.</p> <p>The EU's strategy is to adopt an internationally <i>leading role</i> in both environmental protection and CSR policy issues. The EU devotes &gt;10% of its total budget to environmental expenses in various policy programmes, which include CSR tools. However, the potential of corporate responsibility is estimated to be limited by both scientists and business managers.</p> <p>Although there is strong public support for environmental protection, support is weak for the EU's political power, due to a lacking <i>European identity</i>.</p>	<p>Russia's legislative system deals with corruption and implementation gaps, and is far inferior to informal authoritarian procedures.</p> <p>Current political strategies aim for centralized power (stability), instead of (more democratic) decentralization.</p> <p>Russia is rich in natural capital and has a <i>biding attitude</i> towards environmental protection, considering the low budgets and political priority. In addition, institutional responsibilities for environmental protection are mixed with responsibilities for resource exploitation. The interpretation of corporate responsibility also deviates from the EU/Western approach.</p>
<b>Long term opportunities</b>	Following formal and informal procedures, member states have the best opportunities in obtaining <i>majorities</i> , and to position national representatives strategically.	Consensus and public support are relatively ineffective. Building social <i>relationships</i> with powerful political actors provides the best opportunities.
<b>External system events</b>	In addition to disasters and technological/scientific breakthroughs, <i>national elections</i> are unpredictable events which frequently rebalance the EU's majority configurations.	The main events are environmental disasters, changing economic conditions and international politics which increase or decrease priority of environmental issues on the political (or presidential) agenda.

<b>Short term constrains</b>	The system events temporarily raise public awareness and media attention, and can increase international pressure, which all stimulate or force political action.	Similar to the EU, the external events can cause changes in public opinion, media attention and diplomatic pressure, which can demand at least a symbolic solution.
<b>Actors and beliefs</b>	<p>The main groups of actors are:</p> <ul style="list-style-type: none"> <li>• The public</li> <li>• The media</li> <li>• National governments</li> <li>• EU institutes</li> <li>• Business</li> <li>• NGO's</li> </ul> <p>Debate takes place at a <i>secondary belief</i> level, e.g. what tools or budgets should be assigned to an environmental policy.</p>	<p>The types of actors and beliefs are quite similar to that of the EU. However, economic recovery takes a prioritized position in public opinion, which counteracts on environmental interests.</p> <p>Society is divided in different factions, but plural solutions are being avoided because of a fear for cultural instability. Policymakers are unrestrained by law and rather crucial for political influence. Environmentalists (should) try to convince them of the urgency of environmental protection at the <i>policy core</i> belief level.</p>
<b>Composition and strategies of coalitions</b>	Within the public, the national governments and the EU institutes, environmental interests are divided, and so pro and contra coalitions have mixed configurations of actors, depending on the issue. However, the green 'Nordic block' states have shown some consistency in advocating environmental protection policies, bargaining for formal or informal majorities of political support.	The Russian environmental advocacy coalitions also have their specific shares of public, business, and politics. Their purpose, however, is not to form a majority for the policymaking procedures, but to convince specific policymaking actors (influential government officials) instead.

The more elaborate original versions of the ACF evaluations can be found in the final sections of both case analyses, chapters 4 and 5.

## Answers to the research questions

In the first chapter of this report, a number of research questions were stated to determine the purpose of this work. Using the Russian and EU analyses of the previous chapters, the research questions from chapter one can now be answered. The sub-questions will be treated first as an introduction to answering the main research question.

1) *What differences in policy **conditions** of Russia and the EU can be identified, using the Advocacy Coalition Framework?*

**The most important difference in the conditions of environmental policymaking between Russia and the EU appears to be the fundamental political system, that is, the extent to which all policy-makers and stakeholders (have to) behave according to the institutional rules. This seems to have strong effects on the relevance of official legislative procedures, as well as on following election rules for the rotation of government positions.**

In the EU, there is a stable structure of institutes and procedures, in which its members are frequently replaced by elections or national governments. In Russia, the institutes experience frequent reorganizations, yet a small powerful group of political actors stay in place, independent of elections or procedures. Comparing the two systems results in quasi-democratic EU governance contrasting quasi-authoritarian Russian governance. The

lack of procedural influence in Russian policymaking provokes corruption on which many of the political activities are based. They either aim to fight corruption, or abuse it for certain interests. The difference for stakeholders involved in environmental policymaking in Russia and the EU, is the need to convince specific powerful government officials in Russia, versus convincing majorities of all legislative bodies of the institutional system in the EU. As a result, environmental stakeholders use different resources for very different opportunities.

Support of the Russian society for its political system can be explained by cultural theory and community factions. Russia is still recovering from the collapse of the Soviet Union, caught in a split between eastern hierarchism and western individualism. Another large group behaves fatalistically towards state and business ideologies, which are responsible for the common acceptance of informal procedures (e.g. corruption). In the EU, public and ideological diffusion exist, but they do not undermine the formal political system.

**A major difference concerning corporate responsibility is the contrasting perception of CSR. The EU aims for the Western use of *voluntary* corporate responsibilities *beyond normal regulation*. Russia sees a better use when corporate responsibilities are *forced* in order to fill the government's implementation gaps in *regular legislation*.**

In both Russian and the EU however, business often ignores government regulation, which in Russia even includes paying taxes. Managers of both the Federation and the Union have low confidence in the potential of CSR, yet international organizations still use and develop the concept, as seen with the ISO26000 series. This raises serious concerns for the potential of CSR for changing business and the environment.

**Small differences in size and wealth have also been found to have an effect on policymaking.**

Russia's vast territory provides it with sufficient natural resources to compensate for the pollution in its global agreements. In the past, this has been an argument for Russian politicians to call environmental pollution a problem of the West, which is valid from local perspectives. However, damage from local environmental pollution has been far more significant in Russia than in the EU. Examples are certain industrial cities where the average number of deaths has increased threefold.

Concerning wealth, because of the developing / transitional status of Russia, budgets are by definition limited and environmental concerns compete with more prioritized issues. This can be a valid argument to focus on economical development first before looking at sustainable development. The EU environmental movement did not seem to lack financial resources, which proves that it might be easier for the EU to take environmental action.

However, the extent to which the EU's better performance (than Russia) on environmental policymaking can be attributed to its more democratic approach remains a difficult question, which this report will leave unanswered.

2) Which variations of environmental policy **strategies** on corporate responsibility can be found between Russia and the EU?

**The distance between policy strategy and implementation of policy regulations is a major challenge for Russia, while in the EU the 'shared competence' to which environment policies are subordinated is a political choice. In this comparison, Russia is maintaining a centralized strategy to control implementation, while the EU uses competitive governance frameworks as an approach of democratic experimentalism. Both the Federation and the Union have ambitious long-term goals for environment policies and corporate responsibility.**

In Russia, strategies are a top-down command from the political elite, usually even from the President or Prime minister himself. Despite announcements from the Russian federal government emphasizing the importance of both environment and (recently) CSR policies, improvement is slow. Either the federal government lacks the power to control regional implementation, or it is careless in turning strategies into practice. In the latter case, the environmental strategies serve the goal of increasing national popularity, or they are outcomes of international negotiations (such as with becoming a member of the World Trade Organization).

In the EU, strategies are produced in unanimity by all heads of state (European Council), or in the ordinary legislative procedure by the EC, EP and Council. There could be the same issues between strategy and practice as in Russia, because of specific freedoms in implementation at the national level. However, as a result of their ambitious strategies, the EU has the international status of taking a leading role in environmental issues, increasingly concerning the role of corporate responsibility in this. The EU both gives and takes support from international actors, and together with decades of stable development of environment policies, EU strategy-making is a reliable mechanism for political action.

3) Which variations of environmental policy **regulations** on corporate responsibility can be found between Russia and the EU?

**The EU is moderately competent in implementing environment policy programmes, to which corporate responsibility policies significantly contribute. Russian environment policy implementation is weak below the federal level, and although regional implementation improves, pollution increases stronger. Russian corporate responsibility provides excellent opportunities for supporting or replacing regional governance, however these practices support extensive corruption as well.**

The EU has policy programmes such as the ECCP, EAP and EU SDS, mainstreaming sustainable development in a wide range of different policies fields, and its attention should now turn to specific areas that are left with unsustainable trends. Most environment policies have a *prescriptive* character, meaning that member states are obligated to implement them, which creates resistance. Pollution for which no EU policy exists is legal if the member states desires to. Main environmental issues, however, are successfully covered in EU regulation and do not allow for much abuse.

In Russia, the focus is on (lacking) implementation of regulation on industrial pollution in which the Russian concept of CSR plays an important role. Big enterprises have created large isolated *company towns* in which pollution is high and regional governance is weak. By tradition, enterprises take governmental responsibilities for the local population and environment, either voluntarily or by force. This relieves the regional governments from control measures, but it creates new opportunities for corruption in both business and government. As a result, environment and CSR policies perform inconsistent in many regions.

4) Which of the policy variations of sub-questions 2 and 3 appear to be more **effective** measures for implementation than others, belonging to which policy conditions, according to expert opinions?

This question is difficult to answer, as expected. Compared to Russia, European policy measures are superior in aspects of institutes, procedures, policy implementation and performance. This implies that policies, which in the EU are more advanced than in Russia, are responsible for environmental performance, which in the EU shows more progress than in Russia. However, this is not necessarily the case, because other cultural and economical factors also play crucial roles in (environmental) performance. In addition, better performance in the EU certainly does not mean that European policies would do any good in Russia, in advance to the next research question that will be answered below. Consequently, this research builds on a partial relation of policy strategies and regulation as a cause to the state's overall environmental and/or corporate responsibility

performance. The fact that this question cannot be fully answered is a consequence from the choice to maintain a broad perspective on policy strategies and policy regulation, rather than narrowing down on a specific policy's performance. This choice has been made clear in the introduction of chapter 1.

However, this report has been elaborate enough to show that the EU's ambitious strategies have an effect on the various environmental policy programmes that were created. So to a significant extent, the EU strategies are quite effective in developing EU regulation under European policy conditions, while the Russian strategies are significantly less effective in achieving their goals under Russian policy conditions.

5) *Are Russia and Europe able to converge their environmental policies on corporate responsibility any further towards **cooperative** policy implementation, considering the previous findings?*

**Large scale convergence seems to be a very intensive undertaking. Small scale cooperation for policy regulations appears most efficient, depending on the purpose it would serve.**

The following perspectives create a possible need for cooperative environment and corporate governance policies:

- From a global perspective from tackling climate change, all policies should be converged;
- From a federal and union level, convergence of policies would solve disagreements of transnational pollution, however different conditions would require complicated applications;
- From the perspective of local environmental pollution, Russian conditions can be even more 'exotic' for the implementation of EU policies, leading to unnecessary complications.
- From the perspective of corporate responsibility, any convergence awaits the strong challenge of having different definitions for the concept in different (developed or developing / transitional) countries, with different interpretations for 'voluntary' aspects 'beyond normal regulation' and different supporting beliefs as a result.

But are they *able* to? The answers to the first research question in this chapter have shown that a 'simple' fundamental difference exists in the compliance to rules, which has a variety of consequences for the system. Such consequences can be overcome, one by one, but solving the fundamental difference requires both systems to change certain cultural, economical and legislative values, which is assumed to be too much of a challenge. Working at the periphery for convergence of specific policies in the way cooperation currently happens, seems to be the most efficient option. Joint experiences in the past had some negative effects on Russia's behaviour towards the environment, but the contemporary conditions might hold new opportunities.

In addition, European interference in Russian policymaking might be unjustified because of Russia's enormous supply of nature, compared to the EU. The adoption of Russian policies to Europe seems strange because it does not appear to improve the EU performance, but it can support diplomatic agreement, for example by centralizing state responsibilities.

- *Why do environmental policies on corporate responsibility of the EU and Russia differ with variations in goals, regulations and performance?*

The following content consists of a summary of answers from the other research questions, because they cover all different aspects of this main research question.

The most important difference in the **policy conditions** of environmental policymaking between Russia and the EU appears to be the fundamental political system, that is, the extent to which all policy-makers and stakeholders (have to) behave according to the institutional rules. This seems to have strong effects on the relevance of official legislative procedures, as well as on following election rules for the rotation of government

positions, and the requirements for different types of public support. Another major difference is the contrasting perception of CSR. The EU aims for the Western use of *voluntary* corporate responsibilities *beyond normal regulation*. Russia sees a better use when corporate responsibilities are *forced* in order to fill the government's implementation gaps in *regular legislation*. Small differences in size and wealth have also been found to have an effect on environmental policymaking.

Both the federation and the union have ambitious **policy strategies** for environmental and corporate governance policies. However, an implementation gap, i.e. the deviation between policymaking and implementation, is a major challenge for Russia, while in the EU the 'shared competence' to which environment policies are subordinated is a political choice. Despite occasional opposition at the national level, the EU's overall environmental strategies appear more successful in achieving environmental and/or corporate responsibility performance.

Europe has a moderately effective environmental **policy regulation**, to which corporate responsibility policies significantly contribute. Russian environment policy implementation is weak below the federal level, and although regional implementation improves, pollution increases stronger. Russian corporate responsibility provides excellent opportunities for supporting or replacing regional governance, however these practices support extensive corruption as well. To a significant extent, the EU policies **perform** quite well under European conditions, while the Russian policies are significantly less effective in achieving their goals under Russian conditions.

A large scale **convergence of policies** between Russia and the EU seems to be a very intensive undertaking because of differences in authoritarian responsibilities, priorities in policy core beliefs, implementation gaps and the multilateral definition of CSR. Small scale cooperation for policy regulations appears most efficient, depending on the purpose for those joint policies. The different perspectives on whether to converge policies are in conflict with each other, so the higher the aim, the higher the challenge for diplomatic agreement and cultural adjustment.

## Verification of hypotheses

The hypotheses of chapter 1 can now be verified or falsified below.

- 1) *Russian policy conditions show a fundamental contrast with European conditions on legislative procedures (e.g. for corporate governance), resource availability/allocation and diplomatic roles;*

This hypothesis is **confirmed** on all aspects: legislation has very different balances of power, resources play a crucial role in Russia while in Europe they are not a core issue, and the diplomatic roles put the EU as a global leader, and Russia as an unsuccessful follower. They are different to such an extent that they are considered fundamental contrasts.

- 2) *On an ideological level, Russian environmental and CSR policy strategies are mostly in accordance with EU policy strategies, as they both aim for preventing/mitigating climate change and protection of the environment;*

This hypothesis is **confirmed**, simply because the latest strategies of both Russia and the EU focus on national and global sustainability with the contribution of corporate responsibility. However, two significant differences have been found: first, the EU takes a leading role in global development, while Russia only aims to solve these issues within its own borders. Second, Russia follows a non-voluntary approach to CSR in order to cover any legislative gaps, while the EU only stimulates business to take social and environmental action.

- 3) *European environment and corporate responsibility policy regulations are more elaborated and more advanced than the Russian regulations, due to being a higher priority and supported with better resources;*

This hypothesis is **confirmed**, due to the number of environmental programmes in the EU, with even higher budgetary ambitions, compared to the Russian environmental policymaking being combined with responsibilities for the exploitation of resources. Policy regulations of both the Union and the Federation, however, use international guidelines as support, and experience improving trends of their policies.

- 4) *The developed policies of the EU have had a longer history of testing and fraud control than the Russian policies, and thus appear to be a more valuable contribution to the environment;*

This hypothesis remains **unchecked**. Whether the history of European policymaking has an effect on the quality of the policies, and whether these improved policies are (fully) responsible for the successful environmental performance, might seem obvious, but in fact these are assumptions that have not been verified in this research.

- 5) *Compared to other policy fields, Russian and European policy regulations require relatively small adaptations in order to integrate them towards a joint effort, both in the fields of environment policies and corporate governance policies.*

This hypothesis is **rejected**. It became very clear that the strong fundamental differences will create problems for cooperative policymaking. Russia deals with implementation gaps and informal legislative procedures to which EU policies must first adapt, will they have any effect in Russia. These major differences require specific adjustments for all low level policies, making cooperation more efficient when focussed on small topics, which is currently the case with transnational pollution prevention initiatives.

In addition to the hypotheses previously formulated for this research, the first hypothesis of the Advocacy Coalition Framework (Sabatier, Theories of the policy process, 2007) from appendix A can be verified.

1. *On major controversies within a policy subsystem when policy core beliefs are in dispute, the lineup of allies and opponents tends to be rather stable over periods of a decade or so.*

This hypothesis can be **partially confirmed** for the fact that the coalitions are *rather* stable, although shifts occur in the EU's changing composition of member states' support, and in Russia because of frequent reorganization of the environment institutes. In addition, corporations play a double role in polluting and protecting the environment.

Last, the conclusions of this report partially contradict the comparative conclusion of Ney & Thompson's (2003) summarized work, in which they falsify the ACF's claim that policy movement takes place within 10 years of the identification of the problem, i.e. the 'global climate change' problem. According to Ney & Thompson, global emission still increases despite all political action, indicating a difference between achieved *policy output* and lacking *policy outcomes*. The authors claim that this is supposed to be a consequence of the high plural demands of *discourse* in policymaking: social behaviour is only maintained if cooperating actors keep suppressing their self-interests. On the one hand, this report contrastingly shows that absolute progress is being made in the EU-15 (although helped by the economic crisis of 2009). On the other, Russia *does* follow Ney & Thompson's claim of growing emission rates against its political intentions, which indeed must be attributed to the severe *implementation gap* between policy output and policy outcome, taking place in a political system lacking plural discourse. Stemming from Ney & Thompson, the prediction was made that Russia does not fit Sabatier's ACF model, following in the final hypothesis below.



- I. *The ACF is not fully applicable to a non-Western, non-developed state such as the Russian Federation.*

However, all of Russia's deviating aspects fit very well in the ACF model. In defence of Sabatier, the only adaptation the ACF might need for non-Western application is to change the 10-year time frame for *policy outcomes*. Note that this delay might be explained by Russia's *transitional* status, which provides any (environment) opposing coalition with a more justified belief in deviating financial priorities. Hence, the hypothesis is considered **falsified** to the extent that the analysis covers Russia.

## Relevance for future research

This research has an explorative character and is executed independent from any clients, which undermines its theoretical and practical use (compared to explanatory and specified assignments). However, this report might still be useful for other research in various disciplines:

- Any research which evaluates **environment or corporate governance policies** of either the EU or Russia, can use this work as a starting point, i.e. to identify causes of particular problems and to relate them with comparisons.
- The same applies to research which wants to compare a similar topic between **developed and developing /transitional countries**.
- Although this report had a focus on environment and corporate responsibility policies, it revealed the importance of the political system's fundamentals for policymaking practice. We expect **similar relations to work for many other policy-area's** as well, especially those that were briefly introduced in this report. Possible examples are Russia's energy strategies or the EU's cooperative environment policies.
- Researchers or politicians who want to analyse the opportunities for environment or corporate responsibility **policy cooperation** probably have a great use of this report because of the identification of major challenges.
- Overall, this is a **contribution to the concept of the Advocacy Coalition Framework (ACF)**, which was initially designed for developed countries.

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## Appendix A

Hypotheses of the Advocacy Coalition Framework (Sabatier, Theories of the policy process, 2007, p. 220).

### ***Hypotheses Concerning Advocacy Coalitions:***

- I. On major controversies within a policy subsystem when policy core beliefs are in dispute, the lineup of allies and opponents tends to be rather stable over periods of a decade or so.
- II. Actors within an advocacy coalition will show substantial consensus on issues pertaining to the policy core, although less so on secondary aspects.
- III. An actor (or coalition) will give up secondary aspects of his (its) belief system before acknowledging weaknesses in the policy core.
- IV. Elites of purposive groups are more constrained in their expression of beliefs and policy positions than elites from material groups.
- V. Within a coalition, administrative agencies will usually advocate more moderate positions than their interest-group allies.

### ***Hypotheses Concerning Policy Change:***

- VI. The policy core attributes of a governmental program in a specific jurisdiction will not be significantly revised as long as the subsystem advocacy coalition that instituted the program remains in power within that jurisdiction – except when the change is imposed by a hierarchically superior jurisdiction.
- VII. The policy core attributes of a governmental action program are unlikely to be changed in the absence of significant perturbations external to the subsystem.

### ***Hypotheses Concerning Learning Across Coalitions:***

- VIII. Policy-oriented learning across belief systems is most likely when there is an intermediate level of informed conflict between the two coalitions.
- IX. Problems for which accepted quantitative data and theory exist are more conducive to policy-oriented learning across belief systems than those in which data and theory are generally qualitative, quite subjective, or altogether lacking.
- X. Problems involving natural systems are more conducive to policy-oriented learning across belief systems than those involving purely social or political systems because, in the former, many of the critical variables are not themselves active strategies and because controlled experimentation is more feasible.
- XI. Policy oriented learning across belief systems is most likely when there exists a forum that is:
  - (1) prestigious enough to force professionals from different coalitions to participate;
  - (2) dominated by professional norms.
- XII. Even when the accumulation of technical information does not change the views of the opposing coalition, it can have important effects on policy -at least in the short run- by altering the views of policy brokers.

## Appendix B

From the webpage 'Corporate Social Responsibility' (European Union, 2009)

*"The EU's so-called Lisbon Strategy for Growth and Jobs aims to create a business-friendly environment, so EU CSR policy is consequently compatible with this. In the area of employment and social policy, the March 2006 Communication highlighted more integrated labour markets and higher levels of social inclusion as key elements of CSR."*

### **How are companies working on CSR?**

*The Commission has noticed a steady increase in CSR activity over recent years, not least through the number of CSR reports that many companies regularly publish.*

*At European level, the Commission has given support to a business-led European Alliance for CSR. This Alliance has created a number of "laboratories" (long-term workshops) focusing on specific themes, ranging from employment and social policy, supply chain issues, reporting, environmental issues, to creativity and innovation in CSR. The laboratories have just come to the end of their first phase of work, resulting in a "toolbox" of CSR solutions to address the issues raised by each of them. In the next stage, the Commission will encourage dissemination of the results and reflect on new issues to address.*

### **What are the advantages of CSR for companies?**

*Companies work on CSR for a number of reasons:*

- **There is often a direct benefit to profitability.** *Companies who pay attention to training opportunities, well-being in the workplace, or work-life balance are more likely to command loyalty from their employees. This helps productivity and product quality. In addition, many companies are seriously addressing environmental challenges, whether through reducing emissions from a polluting process, or through reducing the carbon footprint created by the offices they occupy. On the one hand, this is good for the environment, and on the other, it can cut costs. Finally, it stimulates training and new skills in technologies of the future.*
- **There is a benefit to company image and reputation.** *Good corporate citizens command more respect than ever before, not least because the behaviour of companies is more visible than it has been in the past. Where consumers are attracted by responsible behaviour (through attention to fair trade issues for example), companies' profitability is likely to benefit. The perception of a company in the eyes of its stakeholders should also be of concern to a company. So a good image of a company among trade unions, non-governmental organisations, investors, the education world, local communities, and the public sector can only enhance its standing and influence.*
- **Companies choose to act out their corporate values through CSR.** *Corporate governance has come under scrutiny recently and company ethics have consequently become more prominent. CSR and ethics are closely linked.*

### **What is the role of the EU in CSR?**

*The EU's main role is to raise awareness of CSR, facilitate exchange of best practice across Europe, and organise discussion of topical CSR issues leading to further debate and action. Examples of concrete activities include:*

- **A European Multi-Stakeholder Forum for CSR** *bringing together employers, employees, NGOs, academics and socially-responsible investors every two years to update each other on their CSR activities and to discuss further steps for the EU in encouraging more CSR take-up. The most recent session took place in February 2009 and tackled issues such as how to report on CSR practices, how to deal with unethical conditions in supplier companies and should CSR should be included in education curricula.*
- **A High-Level Group of Member States' representatives** *which meets every six months to share different approaches to CSR and encourage peer learning. The high-level group is a mechanism for the Commission to sound out Member States on its own initiatives. The group is also a focus of major dissemination events.*

*In October 2008, the Commission jointly organised with the French Presidency of the EU, and the European Economic and Social Committee a conference on transparency and partnership. In November 2009, the future Swedish Presidency of the EU plans to organise a conference related to the work of UN Special Representative on business and human rights John Ruggie.*

- **A Commission inter-service group on CSR** to ensure a coherent approach across the different Commission services concerned. CSR is increasingly a cross-cutting issue, reflecting a trend by companies towards a greater mainstreaming of their CSR activities. It involves the following policy areas: environment; justice, liberty and security; internal market; health and consumer affairs; and external affairs (external relations, trade, aid and cooperation, and development).
- **A study on how CSR can contribute to local employment development**, meaning initiatives to improve local economies and jobs. This study focused on companies' activities which aim to benefit employees, the market (i.e. clients, suppliers, business partners) and/or the physical environment in local communities.
- **A guide on social considerations in public procurement** to clarify how EU rules allow authorities to take account of social aspects in public purchasing. This is an important initiative as some 16% of EU GDP is generated through public procurement. The possible CSR leverage on private contractors is consequently significant.
- **Funding for cross-European research and information-sharing** on themes where project partners have a particular expertise and which fit in with the Commission's CSR agenda.

#### **Is CSR still relevant during this time of economic crisis?**

*CSR remains a priority for the European Commission. It is part of a long-term strategy and is about quality of life, which is something that should not be put to one side in an economic downturn. Although there might be pressure on companies to reduce their CSR in the short-term, we hope that they will think about the longer term as well.*

*The Commission would also advocate that companies - especially in the financial sector - pay more attention to ethics and responsibility generally in the light of recent events.*

*Overall, considerations of short-term social needs and longer-term competitiveness should, we would argue, persuade companies to keep to their CSR strategies through this downturn.*

#### **What about the international aspect?**

*Vladimír Špidla, Commissioner for Employment, Social Affairs and Equal Opportunities, will participate in a joint Asia-Europe conference on Corporate Social Responsibility taking place on 16-17 March 2009 in Potsdam.*

*For the past 12 years, the Asia-Europe Meeting (ASEM) has been the main multilateral channel for communication between Asia and Europe, strengthening interaction and mutual understanding between the two regions through dialogue. As one of the "coordinators" of ASEM, the European Commission underpins the process.*

*The First ASEM Labour and Employment Ministers Conference in Potsdam 2006 created a new central platform for an employment and social policy dialogue between Asia and Europe to help shape the social dimension of globalisation. The 45 ASEM member states met again in Bali in October 2008 and committed themselves to exchange good practices, notably on CSR.*

*This ongoing dialogue on labour and employment aims to support fair globalisation and make the goals of decent work and good governance key elements of our policies. The collaboration between Europe and Asia is even more important to address the challenges in the labour market and social dimension of the current economic crisis."*

## Appendix C

### Interview questions

Name \_\_\_\_\_

Date \_\_\_\_\_

Function & relevant expertise \_\_\_\_\_

Please only respond to questions within your field(s) of expertise(s).

What is your relevant field of expertise for EU and Russian environment policies?

	environmental policies	CSR policies	SD policies
EU member state level			
EU level			
Russian level			
international level			

How would you judge the current [ EU / Russian ] willingness to adopt environmental policies compared to other policies?

- ☐ strong, prioritized ☐ weak, symbolic
- ☐ average, opportunistic ☐ \_\_\_\_\_

How would you consider the diplomatic attitude of EU and/or Russia towards their own environmental policies?

	Russia	EU
Taking a leading role		
Attempts to prevent internal damage		
Attempts to prevent transboundary damage		
Attempts to prevent global climate change		
Acquiring foreign financial support		
Aiming for influence and power		
Cooperating for other diplomatic purposes		
Abusing foreign interests		
...		

What are currently the main legislative difficulties for [ EU / Russian ] environment policymaking?

- ☐ [ much / little ] from financial constraints
- ☐ [ much / little ] delay from bureaucratic procedures or scientific consensus
- ☐ [ much / little ] lack of support from dominant political powers
- ☐ [ much / little ] support issues with community organizations (public, NGO's, etc.)
- ☐ [ much / little ] conflict with other policy interests
- ☐ \_\_\_\_\_

What should be the focus for internally improving [ EU / Russian ] environmental policies?

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Which conditions ask for different strategic approaches for environmental policies when comparing Russia and the EU?  
Which of these cause problems for cooperate EU-Russian environmental policies?

- ☐ different scientific acknowledgements, i.e. \_\_\_\_\_
- ☐ different political goals, i.e. \_\_\_\_\_
- ☐ different legislative procedures, i.e. \_\_\_\_\_
- ☐ \_\_\_\_\_

Is [ EU / Russian ] CSR achieving expected results?

- ☐ obtains [ more / less ] NGO support than expected
- ☐ stimulates [ more / less ] business cooperation than expected
- ☐ contributes [ significantly / insignificantly ] to the environment
- ☐ demands for [ more / less ] governmental concern
- ☐ \_\_\_\_\_

What is the future potential of [ EU / Russian ] CSR?

- ☐ CSR is the future of environment policy
- ☐ CSR has nearly reached its effective limits as a voluntary measure
- ☐ CSR has proven a waste of effort
- ☐ \_\_\_\_\_

Additional comments:

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## Appendix C.I

Interview questions

Name Theo de Bruijn

Date 27-01-2012

Function Professor at the University of Twente, department of CSTM, with expertise in non-regular environmental covenants between national/international governments and private (industrial) companies

What is your relevant field of expertise for EU and Russian CER policies?

	environmental policies	CSR policies	SD policies
private level		X	X
EU member state level		X	X
EU level		X	X
Russian level			
international level		X	X

How would you judge the current [ EU / Russian ] willingness to adopt [ environmental / SD / CSR ] policies compared to other policies?

☐ strong, prioritized

☒ weak, symbolic

☐ average, opportunistic

☐ \_\_\_\_\_

How would you consider the diplomatic attitude of EU and/or Russia towards their own environmental policies?

	Russia	EU
Taking a leading role		
Attempts to prevent internal damage		
Attempts to prevent transboundary damage		
Attempts to prevent global climate change		
Acquiring foreign financial support		
Aiming for influence and power		
Cooperating for other diplomatic purposes		
Abusing foreign interests		
...		

Does [ EU / Russian ] environment policymaking get excessively obstructed by its own legislative procedures?

☐ [ much / little ] from financial constraints

☐ [ much / little ] delay from bureaucratic procedures or scientific consensus

☐ [ much / little ] lack of support from dominant political powers

☐ [ much / little ] support issues with community organizations (public, NGO's, etc.)

☐ [ much / little ] conflict with other policy interests

☐ \_\_\_\_\_

What should be the focus for internally improving [ EU / Russian ] environmental policies?

\_\_\_\_\_

\_\_\_\_\_

Which conditions ask for different strategic approaches for environmental policies when comparing Russia and the EU?  
Which of these cause problems for cooperate EU-Russian environmental policies?

- ☐ different scientific acknowledgements, i.e. \_\_\_\_\_
- ☐ different political goals, i.e. \_\_\_\_\_
- ☐ different legislative procedures, i.e. \_\_\_\_\_
- ☐ \_\_\_\_\_

Is [ EU / ~~Russian~~ ] CSR achieving expected results and how can this be improved?

- ☐ obtains [ more / less ] NGO support than expected
- ☐ stimulates [ more / less ] business cooperation than expected
- ☒ contributes [ **significantly** / ~~insignificantly~~ ] to the environment
- ☐ demands for [ more / less ] governmental concern

☐ *The corporate sector rapidly evolves by implementing environmental regulations, while (EU) governments repeat their old story. Society appears to be represented by NGO's more than by governments. As long as the EU will consider these environmental aspects as voluntary goals, it simply is not seriously concerned with the outcomes. Besides this, although they cannot be missed for CSR, the EU overestimates its importance.*

What is the future potential of [ EU / ~~Russian~~ ] CSR?

- ☐ CSR is the future of environment policy
- ☒ **CSR has nearly reached its effective governmental limits as a voluntary measure**
- ☐ CSR has proven a waste of effort

☒ *CSR has promising possibilities allowing for growth, yet more governmental influence would not contribute to more success. Governmental CSR can be improved with more direct regulation, i.e. SD instead of CSR. Most important would be obligated recording and publication of environmental statistics for corporations.*

\_\_\_\_\_ *How would you assess the latest developments in European CSR* \_\_\_\_\_?

*The EU last CSR paper put the emphasis on the voluntary nature of CSR (again), not on obligatory constraints. This way, the EU avoids taking full responsibility for the effects on the environment, and remains too obscure on its role in the CSR domain, yet considers itself as a vital player. Frequently though, it appears that corporations take their own CSR initiatives by having an individual interest, or stimulated by NGO's.*

## Appendix C.II

Interview responses

Name Jaime Reynolds

Date 27-1-2012

Function Policy Officer for Canada, Greenland, Russia, USA & Northern Issues, DG Environment, European Commission

What is your relevant field of expertise for EU and Russian CER policies?

	environmental policies	CSR policies	SD policies
member state level			
EU level	x		
Russian level			
international level			

How would you judge the current [ EU / ~~Russian~~ ] willingness to adopt environmental policies compared to other policies?

☐ strong, prioritized

☐ weak, symbolic

☒ average, opportunistic

☐ \_\_\_\_\_

How would you consider the diplomatic attitude of EU and/or Russia towards their own environmental policies?

	Russia	EU
Taking a leading role		x
Attempts to prevent internal damage	x	x
Attempts to prevent transboundary damage	x	x
Attempts to prevent global climate change	x	x
Acquiring foreign financial support		
Aiming for influence and power		
Cooperating for other diplomatic purposes		
Abusing foreign interests		
...		

Does [ EU / ~~Russian~~ ] environment policymaking get excessively obstructed by its own legislative procedures?

☐ [ much / little ] from financial constraints

☐ [ much / little ] delay from bureaucratic procedures or scientific consensus

☐ [ much / little ] lack of support from dominant political powers

☐ [ much / little ] support issues with community organizations (public, NGO's, etc.)

☐ [ much / little ] conflict with other policy interests

☐ \_\_\_\_\_

What should be the focus for internally improving [ EU / ~~Russian~~ ] environmental policies?

Link to resource efficiency agenda; focus on improving implementation



Which conditions ask for different strategic approaches for environmental policies when comparing Russia and the EU?  
Which of these cause problems for cooperate EU-Russian environmental policies?

- ☒ different scientific acknowledgements, i.e. \_\_\_\_\_
- ☒ different political goals, i.e. \_\_\_\_\_
- ☒ different legislative procedures, i.e. \_\_\_\_\_
- ☒ institutional capacity constraints, i.e. on the Russian side a lack of financial resources is part of the problem, but it goes wider: it has long been recognised that there is an 'implementation gap' between policies/legislation and action on the ground. See, e.g. OECD (2001) which goes into this in detail.

Is [ EU / ~~Russian~~ ] CSR achieving expected results and how can this be improved?

- ☐ obtains [ more / less ] NGO support than expected
- ☐ stimulates [ more / less ] business cooperation than expected
- ☐ contributes [ significantly / insignificantly ] to the environment
- ☐ demands for [ more / less ] governmental concern
- ☐ \_\_\_\_\_

What is the future potential of [ EU / ~~Russian~~ ] CSR?

- ☐ CSR is the future of environment policy
- ☐ CSR has nearly reached its effective limits as a voluntary measure
- ☐ CSR has proven a waste of effort
- ☐ \_\_\_\_\_

\_\_\_\_\_?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Appendix C.III

Interview responses

Name Marina A. Ignatskaya

Date 04-20-2012

Function Professor of Public Administration Department RPFU

Please only respond to questions within your field(s) of expertise(s).

What is your relevant field of expertise for EU and Russian environment policies?

	environmental policies	CSR policies	SD policies
EU member state level			
EU level			
Russian level		+	
international level	+	+	

How would you judge the current [ EU / Russian ] willingness to adopt environmental policies compared to other policies?

☐ strong, prioritized

☒ weak, symbolic

☐ average, opportunistic

☐ \_\_\_\_\_

How would you consider the diplomatic attitude of EU and/or Russia towards their own environmental policies?

	Russia	EU
Taking a leading role		
Attempts to prevent internal damage		
Attempts to prevent transboundary damage		
Attempts to prevent global climate change		
Acquiring foreign financial support	+	
Aiming for influence and power		
Cooperating for other diplomatic purposes		
Abusing foreign interests		
...		

What are currently the main legislative difficulties for [ EU / Russian ] environment policymaking?

☒ [ much / little ] from financial constraints

☐ [ much / little ] delay from bureaucratic procedures or scientific consensus

☒ [ much / little ] lack of support from dominant political powers

☒ [ much / little ] support issues with community organizations (public, NGO's, etc.)

☐ [ much / little ] conflict with other policy interests

☐ \_\_\_\_\_

What should be the focus for internally improving [ EU / Russian ] environmental policies?

The basic fundamental focus should be how to stop destruction of

Russia's internal environment

Which conditions ask for different strategic approaches for environmental policies when comparing Russia and the EU?  
Which of these cause problems for cooperate EU-Russian environmental policies?

☒ different scientific acknowledgements, i.e. socially oriented policies of Russian state

☐ different political goals, i.e. \_\_\_\_\_

☒ different legislative procedures, i.e. acknowledgement of

environmental destruction as felony

Is [ ~~EU~~ / Russian ] CSR achieving expected results?

☒ obtains [ ~~more~~ / **less** ] NGO support than expected

☒ stimulates [ ~~more~~ / **less** ] business cooperation than expected

☐ contributes [ ~~significantly~~ / **insignificantly** ] to the environment

☒ demands for [ **more** / ~~less~~ ] governmental concern

☒ \_\_\_\_\_

What is the future potential of [ ~~EU~~ / Russian ] CSR?

☐ **CSR is the future of environment policy**



☐ CSR has nearly reached its effective limits as a voluntary measure

☐ CSR has proven a waste of effort

☐ \_\_\_\_\_

\_\_\_\_\_?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Appendix C.IV

Interview responses

Name Maxim

Date 09-06-12

Function & relevant expertise RUSAL environmental manager (World's largest aluminium company)

Please only respond to questions within your field(s) of expertise(s).

What is your relevant field of expertise for EU and Russian environment policies?

	environmental policies	CSR policies	SD policies
EU member state level			
EU level	X		
Russian level	X	X	
international level	X	x	

How would you judge the current [ EU / Russian ] willingness to adopt environmental policies compared to other policies?

☐ strong, prioritized

☐ weak, symbolic

☒ average, opportunistic

☐ \_\_\_\_\_

How would you consider the diplomatic attitude of EU and/or Russia towards their own environmental policies?

	Russia	EU
Taking a leading role		
Attempts to prevent internal damage	X	
Attempts to prevent transboundary damage		
Attempts to prevent global climate change	X	
Acquiring foreign financial support	X	
Aiming for influence and power		
Cooperating for other diplomatic purposes	X	
Abusing foreign interests		
<i>is changing its attitude towards Kyoto obligations</i>	x	

What are currently the main legislative difficulties for [ EU / Russian ] environment policymaking?

☒ [ much / little ] from financial constraints

☒ [ much / little ] delay from bureaucratic procedures or scientific consensus (*very much!*)

☐ [ much / little ] lack of support from dominant political powers

☐ [ much / little ] support issues with community organizations (public, NGO's, etc.)

☒ [ much / little ] conflict with other policy interests

☒ *Difficulties in harmonization of environmental policies of Russia with*

*EU or others (due to entering the WTO)*

What should be the focus for internally improving [ EU / Russian ] environmental policies?

Implementing Best Available Technologies (BAT) and switch to technical regulation

Which conditions ask for different strategic approaches for environmental policies when comparing Russia and the EU?  
Which of these cause problems for cooperate EU-Russian environmental policies?

- ☐ different scientific acknowledgements, i.e. \_\_\_\_\_
- ☒ **different political goals**, i.e. Russia is still a natural resource supplier, not the producer.
- ☒ **different legislative procedures**, i.e. different pollutant norms, fines etc.
- ☐ \_\_\_\_\_

Is [ EU / Russian ] CSR achieving expected results?

☒ obtains [ **more** / ~~less~~ ] NGO support than expected - *NGOs such as the WWF are very influential on the governmental level (they have made the trunk oil pipe line route changed by the Baykal lake), plus they have very big influence on public opinion in the regions.*

☒ stimulates [ ~~more~~ / **less** ] business cooperation than expected (*not at all!!!*)

☒ contributes [ **significantly** / ~~insignificantly~~ ] to the environment (*partly*)

☒ demands for [ **more** / ~~less~~ ] governmental concern

☐ \_\_\_\_\_

What is the future potential of [ EU / Russian ] CSR?

☒ **CSR is the future of environment policy**

☐ CSR has nearly reached its effective limits as a voluntary measure

☐ CSR has proven a waste of effort

☐ \_\_\_\_\_

Additional comments:

Holland rocks! :) \_\_\_\_\_?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Appendix D

Environmental policy fields of EU institutions.

The *ENVI Committee* of the European Parliament is, apart from public health and food safety, responsible for considering environmental policies and protection measures, particularly:

- Air, soil and water pollution, waste management and recycling, dangerous substances and preparations, noise levels, climate change, protection of biodiversity
- Sustainable development
- International and regional measures and agreements aimed at protecting the environment;
- Restoration of environmental damage
- Civil protection
- The European Environment Agency
- The European Chemicals Agency

The *DG Environment* of the European Commission recognizes the following policy subfields:

- |                                          |                           |
|------------------------------------------|---------------------------|
| • Air                                    | • Land use                |
| • Biotechnology                          | • Nature and biodiversity |
| • Chemicals                              | • Noise                   |
| • Environmental economics                | • Soil                    |
| • Enlargement and neighbouring countries | • Sustainable development |
| • Industry and technology                | • Waste                   |
| • International issues                   | • Water and marine        |

The *Environment Council* of the Council of the European Union aims to preserve the quality of the environment, human health and the utilisation of natural resources, and promotes international research on local and global environmental issues, without further specifying any relevant policy areas.

## Appendix E

Statistics obtained from Eurobarometer (European Union, 2012) on the 11<sup>th</sup> September 2012.

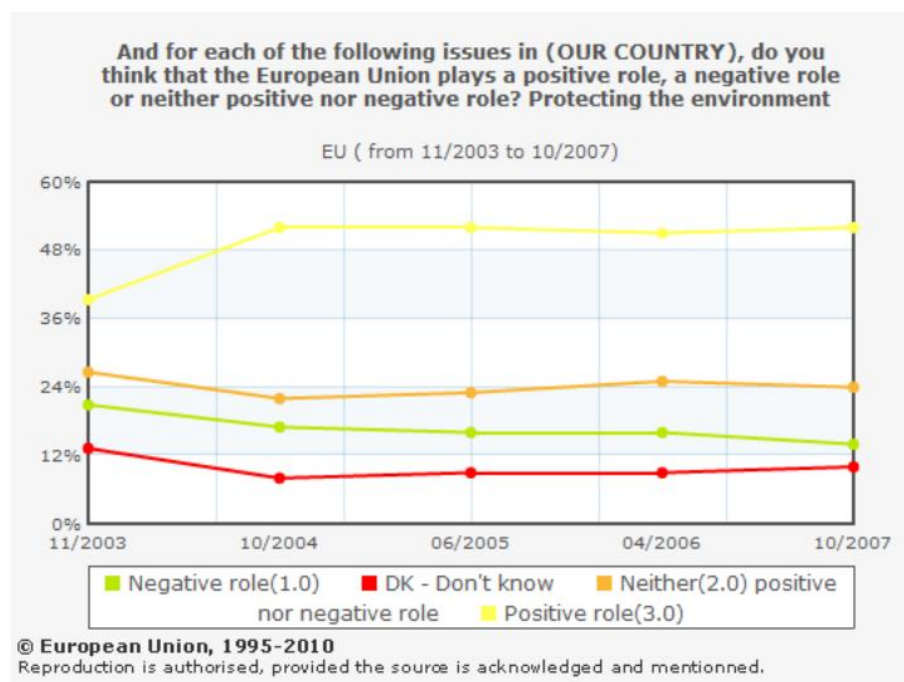


Figure E.1 Citizens judging the EU's contribution to protecting the environment in their own country.

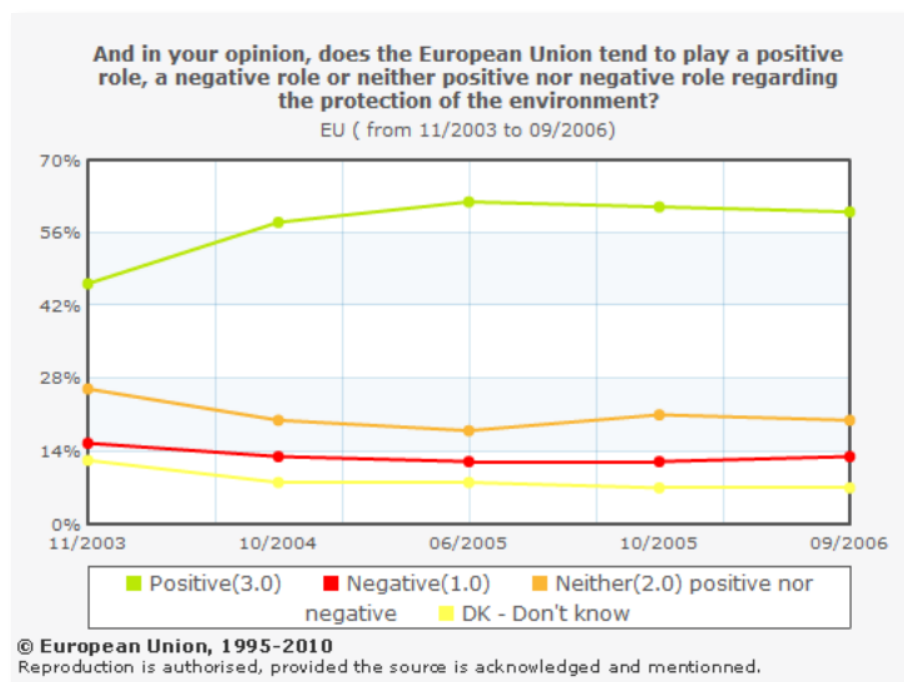


Figure E.2 Citizens judging the EU's role in protecting the environment.

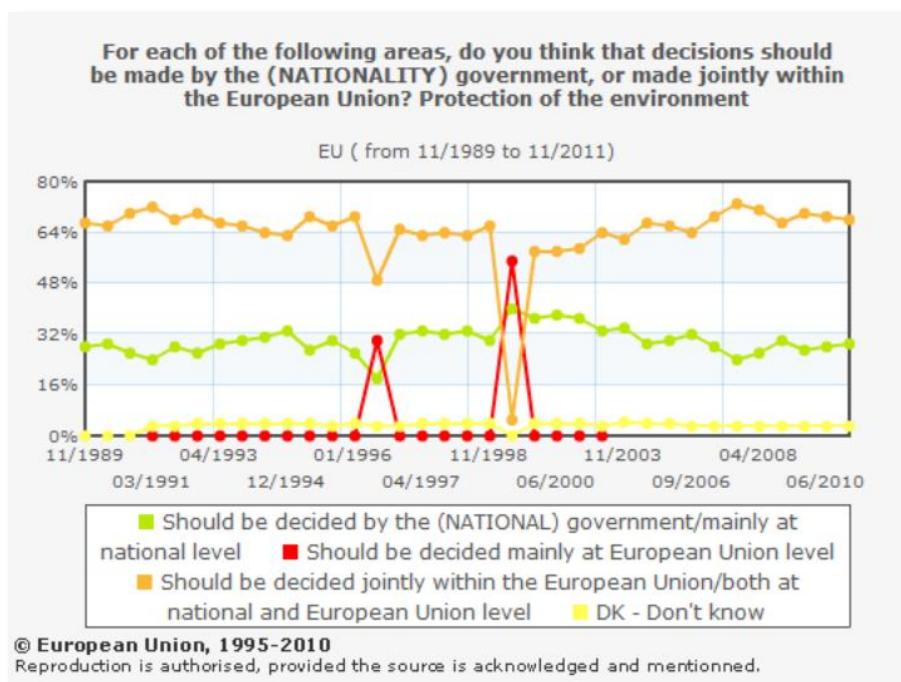


Figure E.3 Citizens judging whether decision-making for protecting the environment should be made at the national level, the EU level, or jointly.

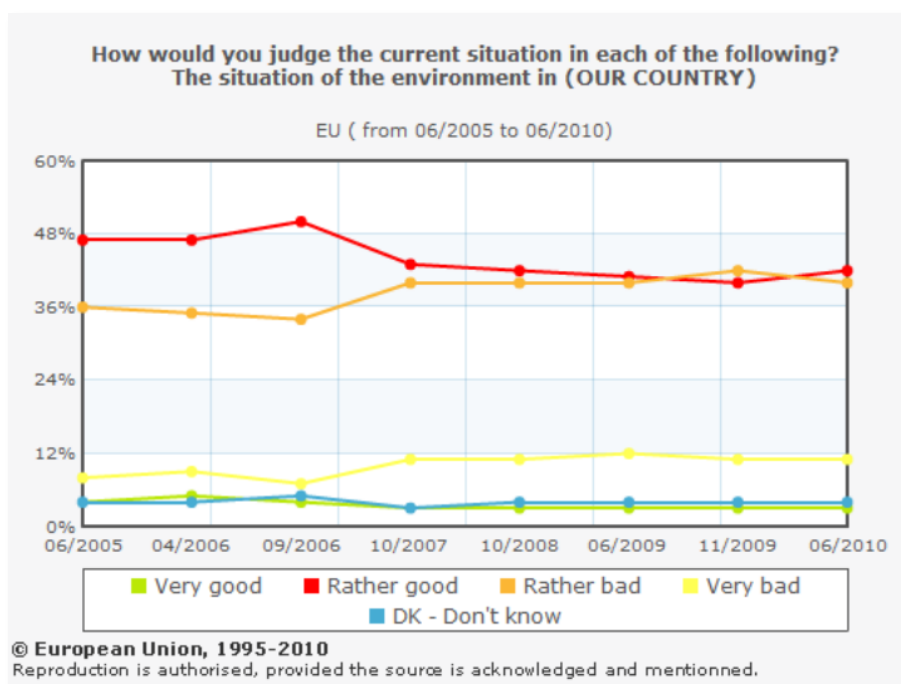


Figure E.4 Citizens judging the environmental situation in their own country.



## Appendix F

This set of principles act as the EC's strategy for promoting CSR (European Commission, 2002b, p. 8):

- recognition of the voluntary nature of CSR;
- need for credibility and transparency of CSR practices;
- focus on activities where Community involvement adds value;
- balanced and all-encompassing approach to CSR, including economic, social and environmental issues as well as consumer interests;
- attention to the needs and characteristics of SMEs;
- support and compatibility with existing international agreements and instruments (ILO core labour standards, OECD guidelines for multinational enterprises).

The strategy will be focussed on the following areas:

- Increasing knowledge about the positive impact of CSR on business and societies in Europe and abroad, in particular in developing countries;
- Developing the exchange of experience and good practice on CSR between enterprises;
- Promoting the development of CSR management skills;
- Fostering CSR among SMEs;
- Facilitating convergence and transparency of CSR practices and tools;
- Launching a Multi-Stakeholder Forum on CSR at EU level;
- Integrating CSR into Community policies.

## Appendix G

List of 16 socio-economic goals as strategic objectives for Russian State policy in the area of environmental development, for the period from 2012 until 2020 (Douma & Ratsiborinskaya, 2012, p. 2). Translated into English.

*"The implementation of these principles shall be carried out in accordance with the following principles:*

- a) respect for the human right to a favourable environment;*
- b) creating an enabling environment for human life;*
- c) a scientific sound combination of environmental, economic and social interests of (a -?) human, society and the State, with a view to sustainable development and to a healthy environment and environmental safety;*
- d) protection, reproduction and rational use of natural resources as necessary conditions for ensuring a favourable state of the environment and environmental safety;*
- e) priority conservation of natural ecosystems, natural landscapes and natural complexes;*
- f) the responsibility of the federal authorities, authorities of federal subjects of the Russian Federation and of local authorities (hereinafter referred to as the public authorities) to ensure a favourable state of the environment and environmental safety in the relevant territories;*
- g) the presumption of environmental hazards of proposed economic or other activities;*
- h) a compulsory environmental impact assessment of the proposed decisions relating to the implementation of economic and other activities;*
- i) the prohibition of economic and other activities with unpredictable effects on the environment, as well as prohibition of projects, which can lead to a degradation of natural ecosystems, change and/or destruction of the genetic reserve of plants, animals and other organisms, depletion of natural resources and other negative environmental change;*
- j) to ensure that economic and other activities meet standards and requirements in the field of environmental protection and environmental safety;*
- k) respect of the right of every person to receive reliable information on the state of the environment;*
- l) citizen participation in decision-making affecting their rights to a favourable environment;*
- m) liability for violation of the legislation of the Russian Federation on environmental protection;*
- n) full compensation for environmental harm;*
- o) participation of citizens, the public and other non-profit organisations in solving problems in the field of environmental protection and environmental security, taking into consideration their position in decision-making related to the planning and implementation of economic and other activities which may have a negative impact on the environment;*
- p) promotion of international cooperation in addressing global environmental problems and the application of international standards in the field of environmental protection and environmental safety."*

## Appendix H

List of 39 Russian environmental companies and NGO's and 24 environmental government agencies (United States Environmental Directories, 2012).

### Environmental and conservation organizations in Russia

- Baikal informational center - <http://gran.baikal.net>
- Baikal wave - <http://baikalwave.blogspot.com>
- Bellona - [www.bellona.org](http://www.bellona.org)
- Bgci (botanic gardens conservation international) Russia - [www.bgci.org/russia\\_en/index/](http://www.bgci.org/russia_en/index/)
- Biodat - [www.biodat.ru/index\\_e.htm](http://www.biodat.ru/index_e.htm)
- Biodiversity conservation center (bcc) - [www.biodiversity.ru/eng/](http://www.biodiversity.ru/eng/)
- Biointensive for Russia (bfr) - <http://biointensiveforrussia.igc.org>
- Center for animal rights protection (vita) - [www.vita.org.ru/english/english.htm](http://www.vita.org.ru/english/english.htm)
- Center for energy efficiency (cenef) - [www.cenef.ru](http://www.cenef.ru)
- Center for Russian nature conservation (crnc) - [www.wild-russia.org/html/crnc.htm](http://www.wild-russia.org/html/crnc.htm)
- Center for Russian environmental policy - [www.ecopolicy.ru](http://www.ecopolicy.ru)
- Ecodefense - [www.ecodefense.ru](http://www.ecodefense.ru)
- Ecoline - [www.ecoline.ru](http://www.ecoline.ru)
- Ecological travel center - [www.ecotravel.ru/eng/](http://www.ecotravel.ru/eng/)
- Ecora – integrated ecosystem approach to conserve biodiversity and minimize habitat fragmentation in the Russian arctic - [www.grida.no/ecora](http://www.grida.no/ecora)
- Ecotourism development fund, dersu uzala - [www.ecotours.ru/english/](http://www.ecotours.ru/english/)
- Ecotours Russia - [www.ecotours.ru](http://www.ecotours.ru)
- Environmental watch on north Caucasus - [www.facebook.com/pages/environmental-watch-on-north-caucasus/347791944433](https://www.facebook.com/pages/environmental-watch-on-north-caucasus/347791944433)
- Eurasian association of youth environmental groups (association ecosystem) - [www.ecosystema.ru/eng/index.htm](http://www.ecosystema.ru/eng/index.htm)
- Forest.ru - [www.forest.ru/eng](http://www.forest.ru/eng)
- Green cross Russia (gcr) - [www.green-cross.ru/index\\_eng.htm](http://www.green-cross.ru/index_eng.htm)
- Greenpeace Russia - [www.greenpeace.org/russia/en/](http://www.greenpeace.org/russia/en/)
- International independent university of environmental and political sciences (iiues) - [www.mnepu.ru](http://www.mnepu.ru)
- National information – Russian federation, division for sustainable development, un department of economic & social affairs - [www.un.org/esa/agenda21/natlinfo/countr/russia/](http://www.un.org/esa/agenda21/natlinfo/countr/russia/)
- Northwest Russia renewable energy forum - [www.bellona.org/subjects/energy\\_forum/](http://www.bellona.org/subjects/energy_forum/)
- Russia: initiatives, global forest watch - [www.globalforestwatch.org/english/russia/](http://www.globalforestwatch.org/english/russia/)
- Russian animal rights news - [www.animalrights.ru/node/50](http://www.animalrights.ru/node/50)
- Russian bird conservation union - [www.rbcu.ru](http://www.rbcu.ru)
- Russian ecology party – “the greens” - [www.greenparty.ru/main\\_en.php](http://www.greenparty.ru/main_en.php)
- Russian geographical society (RGO) - [www.rgo.org.ru](http://www.rgo.org.ru)
- Russian journal of ecology - [www.maik.rssi.ru/cgi-perl/journal.pl?name=ecol&page=main](http://www.maik.rssi.ru/cgi-perl/journal.pl?name=ecol&page=main)
- Russian society for ecological economics (RSEE) - <http://rsee.org>
- Socio-ecological union (SEU) - [www.seu.ru/index.en.htm](http://www.seu.ru/index.en.htm)
- Traffic Europe – Russia - [www.wwf.ru/traffic](http://www.wwf.ru/traffic)
- U.S. – Russia botanical exchange program - [www.usrubep.org](http://www.usrubep.org)
- U.S. – Russia climate change policy working group - [www.state.gov/g/oes/climate/c22939.htm](http://www.state.gov/g/oes/climate/c22939.htm)
- Wild Russia, center for Russian nature conservation - [www.wild-russia.org](http://www.wild-russia.org)
- WWF Russia - [www.wwf.ru/eng](http://www.wwf.ru/eng)

- Zoos of Russia - [www.zoo.ru](http://www.zoo.ru)

#### Russian national government agencies and government institutes with environmental concerns

- Ministry of natural resources and the environment of the Russian Federation - [www.mnr.gov.ru/english](http://www.mnr.gov.ru/english)
- N. Severtson institute of ecology and evolution, Russian academy of sciences - [www.sevin.ru/indexl.html](http://www.sevin.ru/indexl.html)
- Arctic and Antarctic research institute - [www.aari.nw.ru](http://www.aari.nw.ru)
- Botanical garden – institute, Russian academy of sciences, far east branch - [www.fegi.ru/prim/range/sad.htm](http://www.fegi.ru/prim/range/sad.htm) and [www.fegi.ru/prim/viz\\_sad.htm](http://www.fegi.ru/prim/viz_sad.htm)
- Federal centre for animal health (FGI Arriah) - [www.arriah.ru/portal/en/index.html](http://www.arriah.ru/portal/en/index.html)
- Federal forestry agency, ministry of agriculture - [www.rosleshoz.gov.ru/english/agency](http://www.rosleshoz.gov.ru/english/agency)
- Federal institute of fisheries and oceanography (VNIRO) - [www.vniro.ru](http://www.vniro.ru)
- Federal service for environmental, technological and nuclear oversight - [www.gosnadzor.ru](http://www.gosnadzor.ru)
- Federal service for hydrometeorology and environmental monitoring (Roshydromet) - [www.meteorf.ru](http://www.meteorf.ru)
- Federal service for veterinary and phytosanitary surveillance - [www.fsvps.ru](http://www.fsvps.ru)
- Federal supervisory natural resources management service, ministry of natural resources - [www.mnr.gov.ru/english/fsnrms.php](http://www.mnr.gov.ru/english/fsnrms.php) and <http://rpn.gov.ru>
- Federal water resources agency, ministry of natural resources - [www.mnr.gov.ru/english/fwra.php](http://www.mnr.gov.ru/english/fwra.php) and <http://voda.mnr.gov.ru>
- Hydro meteorological centre of Russia - <http://wmc.meteoinfo.ru>
- Information on the ministry of agriculture of the Russian federation - [www.arriah.ru/portal/en/about/mcx.html](http://www.arriah.ru/portal/en/about/mcx.html)
- Institute of global climate and ecology (IGCE), Russian academy of sciences - [www.igce.ru](http://www.igce.ru)
- Limnology institute, Russian academy of sciences - [www.lin.irk.ru/eng/about.htm](http://www.lin.irk.ru/eng/about.htm)
- Ministry of agriculture - [www.mcx.ru](http://www.mcx.ru)
- Ministry of natural resources and the environment - [www.mnr.gov.ru](http://www.mnr.gov.ru)
- Nuclear safety institute (IBRAE), Russian academy of sciences - [www.ibrae.ac.ru](http://www.ibrae.ac.ru)
- P. P. Shirshov institute of oceanography, Russian academy of sciences - [www.ocean.ru/eng/](http://www.ocean.ru/eng/)
- Research center for interdisciplinary environmental cooperation, Russian academy of sciences - [www.inenco.org](http://www.inenco.org)
- Siberian center for environmental research and training (SCERT), Russian academy of sciences - <http://scert.ru/en>
- Solar energy center - [www.intersolar.ru](http://www.intersolar.ru)
- Zoological institute of Russian academy of sciences - [http://www.zin.ru/mus\\_e.htm](http://www.zin.ru/mus_e.htm)