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Cultural Differences and Corporate
Sustainability and Responsibility in Norwegian-
Russian Business Relations – the Case of Oil and
Gas Industry

Susan Johnsen
Kjell Stokvik

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Susan Johnsen & Kjell Stokvik

2 Abstract

In this thesis we investigate which implications cultural differences have for strategies and implementation of corporate sustainability and responsibility (CSR) in Norwegian-Russian business relations. We have conducted interviews with Norwegian companies operating in Russia and Russian companies operating in Norway, all within the oil and gas industry. The context for our interest is the development in the High North within the oil and gas industry, both on the Norwegian and the Russian side of the Barents Sea. We apply well-established theories within cross-cultural differences applicable for business, as well as some of the most recent theories within CSR. We anticipate that the national cultural contexts in Norway and Russia differ from each other on a significant level, and by combining the two theoretical fields of cross-cultural business theory and CSR, we hope to contribute to a better understanding of what happens to corporate responsibility when businesses internationalise.

We apply a holistic and transformative understanding of CSR as a conceptual framework when analysing our case study companies' approach to CSR. Further, we look for cultural differences in the expectations to CSR that companies face in Norway and Russia, as this can differ with different cultural values in each of the countries. We investigate whether or not the companies adapt their strategies for CSR to the host culture in any way and lastly how the companies think cultural differences impact on their performance of CSR. The more integrated CSR is with core business, the more holistic approach they have to CSR, the harder it is to separate it from the overall business performance. This has implications for our thesis with regard to defining what our informants consider to be CSR. However, this is a conscious choice we made, as we let the informants themselves define the concept as part of our search for cultural traits in their answers.

We found partial support for our anticipation that cultural differences have an impact on CSR, however the findings are not as significant as we would have thought. The largest gap between Norway and Russia regarding CSR is perhaps the expectations towards the companies in society. As one of our Russian informants, working in a Norwegian company in Russia, asked us: "Is CSR really needed in Norway?"

3 Foreword

This thesis is the product of our studies in Master of Business Administration – Business in Russia at the University of Nordland, as far as we know one of very few business degrees in Norway with a specific focus on Norwegian-Russian business relations as an integral part of the studies. When we started out, we were not sure what to expect, and since it was the first time that the university offered this degree, they were probably not quite sure what to expect from their students either. We, Kjell Stokvik and Susan Johnsen, have quite different educational backgrounds and professional experience; Kjell is educated within economy and works in the capacity as administration manager within an international aid organisation and Susan is a philologist in Russian language working primarily with cross-cultural training, internationalisation and corporate communication, training employees within the oil and gas industry, among other things. Quite early on, after we started this MBA journey in August 2011, we realised that we wanted to write a thesis that had something to do with corporate responsibility and cultural differences. We had both experience from working with international relations and are engaged in sustainable development and corporate responsibility. We were intrigued by the fact that nearly all the businesses that lectured for us, were focused on the cultural obstacles that they had experienced in relation to crossing the border between Norway and Russia, no matter if they were Norwegian or Russian. We decided to take a closer look on what actually happens with regard to CSR when businesses cross the Norwegian-Russian border, with a specific focus on their thoughts, ideas and strategies connected to corporate sustainability and responsibility. Our focus has been on the oil and gas industry, which is also seen as the locomotive in the development in the High North. The development in the Barents Sea serves as a central perspective in our thesis.

4 Introduction

“One of the reasons why so many solutions do not work or cannot be implemented is that the differences in thinking among partners have been ignored” (Hofstede & Hofstede 2005).

“When strategy and culture crash, culture always wins” – (Hampden-Turner 2014)

Comparative cross-national CSR research strongly supports that CSR performance varies across countries, and that a company’s nationality matters to its ways of conducting CSR. Moreover, comparative CSR normally explains cross-national differences in CSR performance as a function of difference in political-economic institutions, such as the welfare state, labour unions, educational systems, financial systems and the like. These institutions represent a country-specific framework for companies that impacts on the implementation of CSR in a manner that makes firms “gravitate towards those strategies that take advantage of the opportunities provided by their societies’ political-economic institutions” (Gjølberg 2013). If we add that political-economic institutions are strongly influenced by national cultural values, it would be plausible to claim that the overarching force impacting CSR performance is actually culture itself.

The scope of comparative CSR is rather wide, but it may serve as a relevant backdrop when we in the following chapters outline our subject of research. We also present our chosen theoretical framework within which we will explore how *cultural differences impact on CSR performance* in our cross-national micro-universe of five chosen companies that operate in Norway and Russia.

4.1 Subject of research

The topic for this MBA thesis is to investigate challenges that occur in the intersection between culture and corporate sustainability and responsibility (CSR)¹ in Norwegian-Russian business relations. We are interested in the practical implications for companies entering international markets and how cultural dimensions affect the companies’ strategies for and implementation of CSR.

¹ The most common definition of CSR is corporate *social* responsibility, however the definitions are many and have changed over the last decade. CSR has currently a wider scope than the somewhat narrow focus on social responsibility. We will return to definitions of CSR later in the thesis.

By looking in to the case of Norwegian-Russian business relations we expect to uncover some interesting findings. Based on the knowledge we gained through lectures given by Norwegian and Russian companies during our time as MBA students, our own experiences and available research literature in the field, we would anticipate that there are some challenges connected to managing CSR when crossing over from an emerging market economy, such as the Russian market, into a developed, mixed market economy, such as the Norwegian.

Our focus will be on CSR strategies and implementation of these, whether or not the companies do adjustments to their strategies to mitigate cross-cultural challenges, and whether or not there are identifiable consequences, positive or negative, of doing such adjustments. Moreover, we are interested in understanding whether or not the Norwegian and Russian companies are prepared for the challenges connected to differences in culture.

Neither of our research subjects, culture and CSR, are new. However, crossing culture with CSR in a Norwegian-Russian business context seems to be an area that has not been given the attention it may deserve, given that CSR is a field that is gaining importance in international business and in many cases has even become key to success. The establishment of Norwegian companies in Russia over the last twenty years, more or less successfully, and now the recent establishment of Russian companies in Norway serve as the backdrop for our thesis.

We believe that there is a need for a deeper understanding of what happens to the strategies and implementation of CSR when a company enters a market in a different culture than its own. We also anticipate that knowledge on how international standards for CSR get interpreted differently depending on national and/or corporate cultural frameworks, will play an increasingly important role for gaining success in cross-cultural business relations, and we hence hope that our thesis could form a small contribution to a better understanding of this subject. Hopefully our case study can shed a light over challenges connected to CSR in cross-cultural business relations in general, in addition to the more specific Norwegian-Russian context of our study.

4.2 Background

The context for our choice of subject is the outlook for the development of new oil and gas fields in the High North, more specifically in the Barents Sea. After the halt of the development of Shtokman, which has been developed over the last decade on the Russian side

of the border, we are now witnessing a sliding movement from the Russian side towards the Norwegian side of the delimitation line². After the development of Shtokman came to a preliminary halt, seismic investigation along the Norwegian side of the Barents Sea has been conducted, and the findings seem to be very promising. Two Russian oil companies, Lukoil and Rosneft, have established subsidiaries in Norway recently, and the likelihood that Norwegian and Russian companies will collaborate in this geographical area is higher than ever before. While there is already cross-border collaboration within the oil and gas industry, we anticipate that Russian and Norwegian companies will engage in even more partnerships to explore the Arctic and the Barents Sea, as the Norwegian companies have extensive experience with offshore activities as compared to their Russian counterparts' lack of the same. Thus, our focus will be on Norwegian and Russian oil and gas companies and supply companies that work across Norwegian-Russian borders.

In a global business context we observe a rising demand towards corporations to take broader responsibility in society. The concepts of 'triple bottom line'³ and corporate social responsiveness has since the 1990s gained increasingly stronger grounds. Today it is very unlikely to find a global corporation without any strategies for CSR. The increasing focus on strategies, measurements and reporting on transparency, accountability, business ethics, environmental issues, sustainability, value chain control and social responsibility for businesses of all kinds has led to a development of common international standards, such as the UN Global Compact, Global Reporting Initiative (GRI) and ISO 26000 for social responsibility just to mention but a few. However, the definitions of CSR are still ambiguous.

We as authors expect Russian case companies studied in this thesis to comply with minimum standard requirements for prequalification as operators and suppliers, which will enable them for operations in the Norwegian parts of the Barents Sea. By standards we think of i.e. requirements found in Achilles procurement system⁴ and different ISO certification standards for social and environmental issues, HSE, accounting and CSR as well. We expect Norwegian companies to follow the same requirements in Russia, in addition to any applicable Russian standards.

² Norway and Russia reached an agreement on the bilateral maritime delimitation of the continental shelf and the exclusive economic zone in the Barents Sea and the Arctic Ocean in 2010.

³ We will return to definitions different concepts within the field of CSR in the following chapter.

⁴ A supplier pre-qualification service for Norway's oil and gas industry, with international scope and customers.

What CSR actually means to different companies and corporations varies by industry, national and corporate culture as well as with individual business objectives. What seems to make the definitions and hence, the implementation of CSR even more complicated is the cross-cultural aspects that come from businesses working across national borders in the global market economy.

Based on our own experiences with working across the Norwegian-Russian borders together with lectures given by Norwegian and Russian companies during our MBA studies, research literature from our curriculum and general theory on corporate culture, cross-cultural business, strategy and CSR, we find the question about how national and corporate cultures are affecting the actual performance of CSR intriguing. Our general impression is that one of the biggest impediments to success in doing business in Russia for foreign companies is the underestimation of cultural differences. We also know that the barriers for entering the Norwegian market in some respects can be quite high to some foreign companies, and the failure of establishment of the food chain Lidl may serve as an example of such. As we witness that Russian companies within the oil and gas industry, such as Lukoil and Rosneft, now are establishing subsidiaries in Norway, we find it even more interesting and relevant to investigate this topic.

With the preconception that there are cultural barriers both ways between Norway and Russia as a general backdrop, we would like to narrow our perspective down to investigate if and how cultural differences can become a hurdle for successful implementation of CSR. According to Hofstede's Six Dimensions Model (Hofstede 2013) and Trompenaars & Hampden-Turner (2012), the cultural dimensions, values and preferences in Norway and Russia are characterised by quite large gaps. CSR as part of business strategy has gone through radical changes and evolved into a key indicator for international business performance both for local, national and global corporations and businesses the latest years (Visser 2014). We presume that the knowledge of how to manage and overcome cultural differences would be an essential aspect of Norwegian-Russian business strategies, also for succeeding within CSR. Not managing CSR is no longer a viable alternative in international business.

4.3 Purpose

The purpose of our thesis is to investigate what kind of challenges businesses encounter while implementing CSR when entering international markets. By looking into five cases of companies that have crossed the Norwegian-Russian border, we aim to understand how cultural differences are affecting the strategies and implementation of corporate social responsibility. We will examine the intersection between culture and CSR by doing a case study of three Norwegian companies that are present in Russia, and two Russian companies that are present in Norway. The Norwegian companies we have interviewed in Russia are Statoil, Aker Solutions and FMC Technologies⁵, and the Russian companies we have interviewed in Norway are the subsidiaries of Rosneft, RN Nordic Oil, and Lukoil, Lukoil North Shelf.

4.4 Research question

Our research question is: How does national and corporate culture affect the performance of CSR-strategies in Norwegian-Russian business relations? We also developed three sub-questions:

- What are the challenges for Russian businesses in the Norwegian market with regard to CSR?
- What are the challenges for Norwegian businesses in the Russian market with regard to CSR?
- What do Norwegian and Russian companies do to manage and mitigate these challenges with regard to CSR?

4.5 Limitations

CSR is a field in rapid development and it covers a range of different topics and aspects, such as environmental and social issues, ethics and transparency, sustainability and corruption. In a student thesis our available resources are limited, and we need to narrow our scope down to a manageable size. We cannot cover all the dimensions of CSR, and will have to make a choice based on feasibility and relevance.

⁵ FMC Technologies is not a Norwegian company. However, their subsea division became part of the company by acquisition of a Norwegian company and the head quarter for the subsea division is in Kongsberg, Norway. The subsea operations in Russia are managed from head quarters in Norway.

Moreover, the research field of cross-cultural business relations is wide, and we need to define within which dimensions we would focus our thesis. Our limitations are crucial for being able to present a manageable theoretical framework, as well as for the more practical sides with regard to developing a relevant interview guide.

Combining such different research fields as business and cultural anthropology, organisational psychology, management and strategy theory and even intercultural communication is challenging, and we admit it. However, our professional experience as well educational background made this experiment appear as a natural choice; one of us is working within an aid organisation and is an economist by education, whereas the other works within cross-cultural consulting (training employees in a Norwegian oil company) and is educated a philologist within Russian language. Both have experience with living and working in Russia. Our main challenge in the thesis is to stitch the mentioned research fields together in a seamless way, and hopefully not get lost on our way, so it eventually appears as an interesting fusion of ideas that can shed new light on a small corner of the world of corporate business.

In the next section we present the theoretical framework for our thesis.

5 Theoretical framework and literature

5.1 National culture and corporate culture

5.1.1 Cross-cultural dimensions and cultural values

Over the past decades there has been established different theoretical frameworks for the understanding of cultural differences represented in various national and organisational cultures. As we are investigating Norwegian-Russian business relations it seems most relevant to keep to corporate culture as a theoretical framework for our thesis. However, corporate cultures do not exist in a vacuum. National culture⁶ and history play an important role in forming and impacting corporate cultures within a specific nation, country or region.

To make sure that we have a consistent understanding of the term ‘culture’, we would like to review a couple of definitions. According to the culture anthropologist Edward T. Hall (1977), a culture can be compared to an iceberg, where the tip displays the ‘visible’ parts of a culture; language, arts and crafts, customs, food, etc., whereas the part of the iceberg beneath the waterline represents the ‘hidden’ parts of a culture; values and beliefs, assumptions, historical roots, etc. Hall’s metaphor of *the cultural iceberg* has had a huge impact, and is still a model with widespread application in both professional and academic settings.

The Oxford Dictionary⁷ defines culture as 1: “the arts and other manifestations of human intellectual achievement regarded collectively” and 2: “the ideas, customs, and social behaviour of a particular people or society”. As we can see Hall’s cultural iceberg made a distinction between *external* (visible) and *internal* (invisible) notions of culture that the Oxford definitions do not, as both definitions consist of internal (‘human intellectual achievement’ in number 1 and ‘ideas’ in number 2) and external dimension (‘arts’ in number 1 and ‘customs’ and behaviour in number 2) of culture.

⁶ What we here generalise and maybe even simplify as ‘national cultures’ often consist of a range of regional cultures, sub cultures, ethnic minority cultures, indigenous people’s cultures and so on. In diverse societies as for instance the US or Russia, it is hard to even imagine that a survey on national cultural dimensions would give a viable picture of anything. It is therefore necessary to work with cultural dimensions cautiously and never forget that they are models for initial discussions about cultural differences, but never represent neither the whole truth nor a complete picture of any given culture.

⁷ Source: <http://www.oxforddictionaries.com/definition/english/culture> (retrieved December 2nd 2013)

A more *instrumental* definition of culture is provided by Trompenaars and Hampden-Turner (2012, p.8): “Culture is the way in which a group of people solves problems and reconciles dilemmas”. In their definition, culture is something that comes to existence whenever people act in groups, and it is therefor closely related to human interaction.

A similar understanding is found in Hofstede’s definition: “Culture consists of the unwritten rules of the social game. It is the *collective programming* of the mind that distinguishes the members of one group or category of people from others” (2010, p.174). Hofstede’s analogy to programming of computers describes how (external) cultures impact the human (internal) mind. From a very early age this programming of patterns starts, and Hofstede continues: “Culture is learned, not innate. It derives from one’s social environment rather than from one’s genes” (Ibid.).

Our understanding of cultural values, sometimes also labelled dimensions, orientations, patterns, features or traits, will in the following be closely linked to Hall’s *internal* cultural values, Trompenaars’ & Hampden-Turner’s *interaction* between people across cultures and Hofstede’s *collective programming*.

Before we present the relevant cultural dimensions, it is worth taking a step back to discuss the interpretation of cultural dimensional models in general. The prevailing standard in tools developed for measurement of cultural values applied in the corporate world, are based on dimensions which normally are organised as dichotomies representing the extreme ends of a continuum, as is the case in both the models we have chosen to apply as our framework of reference. By putting up contrasting values in surveys researchers are forcing informants to make a choice of preference. However, the result is not to be interpreted as definitive answers. It is important to keep in mind that informants are in an artificial setting when answering surveys; they are most probably not in the actual cultural setting they are asked to answer questions about.

Hofstede makes a distinction between *desirable* and *desired*: what people ideally think the world should be like versus what people want for themselves (2010).

It goes without saying that when aggregating data up to organisational or national levels, the problematic aspects mentioned above implies that we are talking about *dynamic* trends, tendencies and traits, rather than a *static* imaging of organisational or national cultural values.

One last aspect with importance to all our definitions and analysis in the following is that there are no right or wrong answers or good or bad end of the spectrum. Applying cultural dimensions as an analytical framework is a way of systematising cultural differences in a *non-judgemental, unbiased* way. But we admit that it can be hard to keep unbiased when talking about cultural values, and in our analysis of interviews, we will reflect upon whether or not our informants manage to keep to a non-judgemental discussion about cultural differences.

5.1.1.1 Cultural dimensions according to Hofstede

Geert Hofstede pioneered the cross-cultural research through his empirical research in the 1970s by conducting a survey with IBM employees across the 50 countries. His model shows how dominant national and regional cultural preferences (the collective programming) influence on behaviour in groups, organisations and societies (interaction between people). Hofstede's model of *six cultural dimensions*⁸ presented in *Cultures and Organizations: Software for the Mind* (2010) is a fruitful theoretical framework for our data analysis, as well as a key reference to the introduction of recent research in the field of cross-cultural organisational research.

However, the model is being increasingly criticised due to its relatively old data collection. Keeping in mind that cultures are dynamic and constantly developing, and with the on-going globalisation taken into account, it seems reasonable to approach the model with a critical eye. Having said that, there is no doubt that the Hofstede model still is representing valuable insights into existing patterns in different cultures, and that it has served as an important framework for fruitful discussion helping organisations and companies to understand and overcome cross-cultural issues. It is in this respect we have chosen to apply his model to our thesis – as a starting point for discussion, both with our informants while conducting interviews and in the following analysis of our findings.

⁸ In 2010 a sixth dimension, subjective well-being, was added to the model.

For later reference in our analysis of interview data, it is necessary with a short outline of Hofstede's six dimensions: *Power-distance* (PDI), *Individualism* (IDV), *Masculinity-femininity* (MAS), *Uncertainty-avoidance* (UAI), *Long-term orientation* (LTO) and *Subjective well-being* (SWB). SWB is of less relevance to our thesis.

PDI is defined by to what extent people accept that power is distributed unequally in hierarchies. In 'small-power-distance' cultures (flat structures) there is a preference for *consultation* between managers and subordinates. The manager's role is to coordinate and lead competent subordinates, and *mandating* of subordinates is important. In 'large-power-distance' cultures, the manager takes decisions alone with less involvement from subordinates, and *micro-management* is normal. Norwegian corporate cultures are often relatively flat, whereas Russian culture tends to be more hierarchical.

IDV is the dimension that measures the importance of relationships. In strong relationship oriented cultures, *relationships* override *tasks*; in order to get the job done, you need to have established the right relationships. And building relationships is time consuming. At the extreme ends of the continuum for this dimension we find *individualism* (personal achievement) and *collectivism* (group orientation, preserving group harmony). Norwegian culture often scores closer to task, whereas Russian culture is characterised as being strongly relationship oriented.

MAS deals with a somewhat more biased⁹ category; *feminine* versus *masculine* traits of culture, or the *relative social* roles of gender¹⁰. Cultures with strong masculine preferences tend to value traits such as assertiveness, competitiveness, material success and toughness. At the opposite end of the continuum, we find feminine traits such as modesty, tenderness, caring for others and the importance of quality of life. Norwegian culture tends to be more feminine, whereas Russian culture tends to be more masculine.

UAI defines to what extent people are able to deal with *ambiguous situations* in life and the need for *predictability*. The need for avoidance of uncertainty, is accordingly, linked to the level of *anxiety* in society. As the Hofstedes put it: "Some cultures are more anxious than

⁹ A potential problem with this dimension is that when asked about feminine and masculine values, people tend to be judgemental and opinionated in their answers. The discussion is prone to turn into debates on gender un/equality, rather than serving as a non-judgmental, unbiased framework for discussions on cultural traits.

¹⁰ This implies that males could have feminine preferences and vice versa.

others. Anxious cultures tend to be expressive cultures” (2010, p. 2165)¹¹. Anxiety is linked to expression by *communication style*, and how people prefer to display their emotions whenever they are under stress or feel threatened by unknown situations. Norwegians seem to not feel as threatened by uncertainty as Russians do.

LTO has to do with perception of time. A major concern in short-term cultures is the bottom line, and it often materialises through a strong focus on reporting of monthly, quarterly and annual results (American corporate culture is often used as the prototype). Long-term orientation is often quite strongly related to relationship orientation and building long-lasting relationships. *Merits* and credentials serve as important traits in short-term cultures, whereas a *network* of acquaintances is important for success in long-term oriented cultures. Another feature in long-term cultures is that the notions of right and wrong, are more *relative* to each situation (particularist) than in short-term cultures where rules are more *universal*. Norway is a quite short-term oriented culture, whereas Russia seem to be more long-term, at least when it comes to relationship building.

SWB is the last of Hofstede’s six dimensions and is defined by the level of happiness, or the subjective well-being in society. This dimension is based on the Worlds Value Survey (WVS) (2014) that measures the relationship between trust, civil society, religion, civil rights, economy (GDP) and subjective well-being (happiness). It is commonplace that the level of trust in society is fundamental and forms, together with the development and good prospects for the middle class, the backbone in every stable society. Hence, SWB will serve as the wider context for our thesis, and the backdrop for our interest in CSR and cultural differences between Norway and Russia at large. However, we do not ask our informants about SWB, as we do with the other dimensions mentioned above.

5.1.1.2 Cultural dimensions according to Trompenaars and Hampden-Turner

As mentioned earlier, many hold Hofstede as one of the pioneers within the field of cross-cultural business research. Another approach to the understanding of global business relations is represented in *Riding the Waves of Culture: Understanding Diversity in Global Business* by Trompenaars and Hampden-Turner (2012). The Trompenaars’ *seven dimension model of*

¹¹ The page number refers to the location in the Kindle edition of the book.

national cultural differences serves as valuable second, and more recent theoretical framework for our thesis.

Trompenaars' seven dimensions have a lot in common with Hofstede's six dimensions, so our approach to presenting Trompenaars & Hampden-Turner is to look at how the dimensions differ from each other rather than defining all of them separately. Figure 1 gives an overview of the seven dimensions.

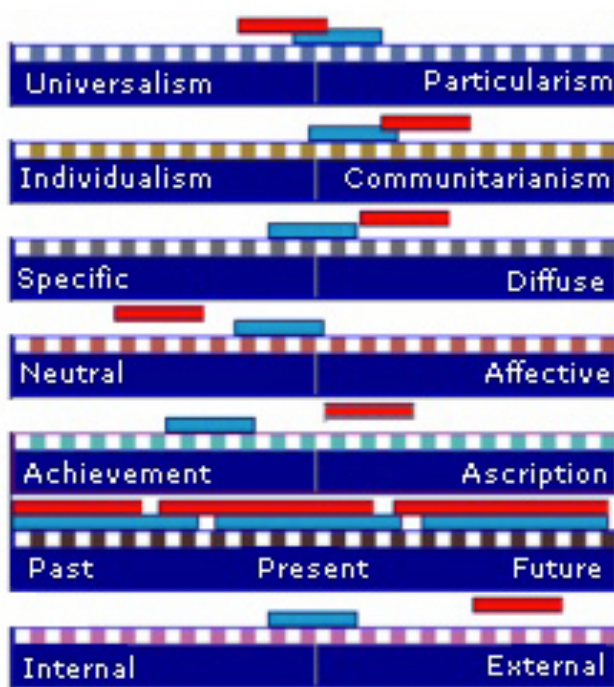


Figure 1. Trompenaars' & Hampden-Turner's seven cultural dimensions. Source:

<http://www2.thtconsulting.com/resources/databases/#crossculturaldatabase> (retrieved December 2nd 2013)

Universalism-particularism is the dimension in which rules versus relationships is placed. It overlaps with Hofstede's Long-term orientation, where the importance of long-term relationships overrules short-term gains and universal rules.

Individualism-communitarianism is corresponding directly to Hofstede's Individualism. The *Specific-diffuse* dimension is a fusion between distribution of power (Power-distance) and importance of relationships and how far we get involved. In addition it adds a layer of *communication style* and whether the situation plays out in a *high or low context* culture (Hall 1977), a concept we will return to later. If the manager's role is specific, it implies that a person is perceived as the *role* of a manager at work, however at the Christmas party or

summer party it is the private person who acts. The professional and private role is insulated from each other. The authority and status that comes with the professional role does not transcend into the private life. Exactly the opposite happens if people engage diffusely: “in some countries every life space and every level of personality tends to permeate all others. *Monsieur le directeur* is a formidable authority wherever you encounter him” (Trompenaars 2012, p. 101). The blurred line between the roles can be very confusing to people coming from more specific cultures, and corruption seem to thrive in such cultures as well, however one should be careful with drawing such conclusions too quickly. Norway is considered a specific culture, whereas in Russia people engage with each other more diffusely.

Achievement-ascription is also interrelated to relationship-task orientation, and deals with how status is accorded. Again it is relevant to refer to Hall’s understanding of the importance of context, as achievement cultures are concerned with credentials as basis for status (low-context), whereas ascription cultures are more concerned about innate or inherited traits as basis for status, such as gender, age and social connections, education, and hence in many cases the context is defining for who you are (high-context). Russia is normally considered as a much more high-context culture than Norway.

Past-present-future is defined by perception of time and correlates to Hofstede’s LTO dimension. In addition Trompenaars and Hampden-Turner ascribe to concepts or understandings of time: *sequential* and *synchronic*. In strong relationship-oriented cultures, such as Russian culture, synchronic time management is more dominant, and accordingly sequential time management is dominating in task-oriented cultures.

The last dimension *internal-external* relates to people’s perception of destiny and whether you are in control of your own destiny or if external forces are in control. Related to business, the idea is that companies either take control over nature or the company needs to act according to the forces of nature. Both the perspective of nature and society is of relevance to our thesis, since oil and gas companies deal with both nature and society.

5.1.1.3 High and low context cultures

As already mentioned above, another classic reference with relevance to understanding cultural dimensions is Hall’s theory of high (HC) and low context (LC) cultures (1959; 1966; 1977; 1990). Hall is often called ‘the father of intercultural communication’, and with good

reason: His iceberg and HC/LC models have withstood the test of time, as both models still have strong and relevant explanatory powers when dealing with cross-cultural affairs, also within business. Hall's notion of context seems to transcend almost every of the cultural dimensions presented in the previous chapters, as he defines it as the *underlying structures of culture*. Since his theories have been of such ground breaking character, we will present his ideas briefly.

According to Hall, culture *is* communication and communication *is* culture. Hall's understanding of the importance of context is essentially as follows: In HC cultures the conveying of a message happens not only through the words that are spoken or written, but also through the context in which the message is carried. This means that age, gender, family background, education, position, venue, dialect/sociolect, status, title, dress etc. *is part of the message*. Interpreting the context of the message is necessary. At the opposite end of the continuum we find low-context cultures, in which the message is conveyed through the words (spoken or written), and nowhere else: 'what I say is what I mean, what I mean is what I say'. In between HC and LC, we will find nuances and mixes of the two extremes. The nuances can be very subtle and thus, can lead to a range of misunderstandings when communicating. According to surveys done across countries, Scandinavian countries are normally placed at the LC end of the scale, whereas Russia is normally considered a far more HC culture.

5.1.1.4 Developing intercultural sensitivity in business

The last and more recent contribution on intercultural communication came through Milton J. Bennett, a researcher and co-founder of Intercultural Communication Institute, who developed the *Development Model for Intercultural Sensitivity* (DMIS) (Hammer et.al. 2003), which serves as a relevant framework for the understanding of how people react to cultural differences. The model describes the cognitive process which individuals undergo while dealing with cultures different from their own. Thus, the model measures *preparedness for dealing with other cultures*. In our case study, which is based on individual interviews, we are interested in uncovering how people inside different organisations interpret and implement CSR strategies in a cultural context different from their "home" culture or in a "imported" corporate culture, thus DMIS is of relevance.

5.2 *Corporate sustainability and responsibility*

The different approaches to national or organisational cultures outlined above, indicate that everything in a company, including CSR-strategies are under influence by national cultural dimensions, corporate cultural dimensions or both. At the same time one could argue that the doctrine about businesses responsibilities in society, CSR, has developed into a global megatrend, as Middtun puts it (2013) which overarches national cultures. The notions of civilised capitalism or conscious capitalism are gaining grounds. However, the concept of CSR is still disputed and criticised, the definitions and last but not least the application and implementation of the concept seems to be as diverse as there are companies in the world. In order to tie cultural differences and CSR together, we need to take a closer look at some definitions of CSR.

5.2.1 *Business ethics*

CSR seems to be an inherently *normative* discipline, and a natural place to start when defining CSR would be *business ethics*. Definitions of business ethics with relevance to our thesis, which focuses on cross-cultural challenges to implementation of CSR for oil and gas companies (extracting natural resources), could be *virtue ethics*, *deontological ethics*, *consequentialist ethics* and *cultural relativism*. Without entering a deep philosophical discussion, we will quickly outline these four understandings of business ethics and point to why they might be fruitful in the discussion about how cultural differences can cause challenges to cross-cultural businesses in relation to CSR.

Virtue ethics derives from each individual's traits of character and refers to how each individual's notions of 'the good life' influence his or her behaviour. 'Good actions come from good persons' as Crane and Matten (2010) put it. Virtues can be such traits as modesty, honesty, patience, loyalty or fairness, just to mention but a few. However, virtues may be valued differently as well as can be differently prioritised within different cultures and can therefore cause challenges or even conflicts for businesses with a cross-cultural or international scope (Benn & Bolton 2011).

Juxtaposed to the more *particularist* virtue ethics is the *deontological ethics*, which emphasise duty to rules and 'is concerned with the *universal* moral nature of an action, regardless of the preferences or desires of the actor [...]' (Benn & Bolton 2011, p.15). Defining universal rules

may however represent several challenges: Who is to decide the rules, based on what? Universal ethics ties right in with Trompenaars' and Hampden-Turner's cultural dimension *universalism vs. particularism*.

Consequentialist ethics or *utilitarianism* represent a pragmatic approach to ethics: 'An action is right if it generates the greatest good for the greatest number of people' (Ibid., p.15). What constitutes 'good' could, as we discussed above, be dependent on different cultural values. In addition, the inclination to take risks could also be a factor when businesses calculate consequences: Is it worth taking short-term risk, with temporary 'bad' consequences, in order to gain long-term 'good' achievements? Or is it worth taking higher risks, maybe with bad consequences either socially (for the workers) or environmentally, to achieve higher profits and as a result being able to employ more people in the long run?

Cultural relativism is picking up on the ethical dilemma presented above, and is of particular interest to us. 'Different cultural values inherent in different cultures can only be understood relative to those cultures' (Ibid., p.16). This understanding of culture constitutes the framework for Hofstede's theories as well as for Trompenaars' & Hampden-Turner's approach to conducting business across cultures. Ethics is relative to the dominant cultural values in each culture, something that can form the basis for challenges or conflicts. Cultural relativism is also referring back to DMIS scale and the ethnorelative stage outlined in chapter 5.1.1.4.

Different understandings of ethics can impact on the understanding of corporate responsibility. In the following we will look into a few definitions of CSR.

5.2.2 Definitions of CSR

5.2.2.1 CSR 2.0 and the failure of CSR

Wayne Visser, the founder of the think tank CSR International and a renowned scholar and consultant within the field of CSR, has given an overview over the evolution of CSR in *CSR 2.0: Transforming Corporate Sustainability and Responsibility* (2014). Visser's ideas may serve as a practical guidance to the field of CSR as well as a theoretical framework in our analysis of interviews.

Visser's definition of CSR is as follows:

“CSR is the way in which business consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement. [...] CSR is an integrated, systematic approach by business that builds, rather than erodes or destroys, economic, social, human and natural capital.” (2014, p.1)

As we can see, Visser bases his definition on a more utilitarian understanding of ethics; businesses should create the greatest good for the greatest number of people as well as the environment. Moreover he seems to have a universalist approach by advocating “shared value in society”.

Let us just quickly proceed to Visser's central question: Why has CSR so far failed? Judging from an environmental point of view the “patient”, our planet, is getting sicker day by day, to paraphrase Visser. Also social standards, in terms of ethics, human rights, working conditions and so forth, still are violated against. Visser sets out to investigate where it all went wrong, and launches a preliminary model for the future concept of CSR, which he labels “CSR 2.0”¹³.

According to Visser, there are five stages¹⁴ in the evolution of CSR: 1) The *defensive* stage or the age of greed, the need to defend the company from attacks from media and pressure groups targeting unsustainable business activity gave this stage its name. 2) The *charitable* stage or the age of philanthropy is when companies/philanthropists ‘pay back’ through charity. 3) *Promotional* or the age of marketing is very much attached to ‘greenwashing’, PR, reputation management and promotional activities, thus CSR activities serve a means to reach other primary goals. The first three stages are hardly connected to core business, if connected at all. 4) The *strategic* stage or the age of management is when CSR becomes a part of the overall business strategy and 5) the *transformative* stage or the age of responsibility is the

¹³ CSR 2.0 is a reference to the “Web 2.0” in which social media platforms made the impact of ordinary people's virtual actions towards businesses, as well as the public's general voicing of opinions, sharing of information etc., a massive turnaround. It literally altered the power balance between, not only businesses and consumers, but also the balance between open and hidden information and the control over the flow of news in media. The ‘revolution’ created by social media may also play a key role in altering the understanding of businesses' role in society - it is getting increasingly difficult to keep less environmentally or socially sustainable business activities from the public eye.

¹⁴ Again the notion of stages might not be the most accurate term to use. However, for our purpose, we take as a premise that the stages are not mutually exclusive and that it is possible to be at several stages at one time, dependent on different parts of the business activities.

stage where the core business is in itself sustainable, both in terms of economy, social rights and environmental issues.

The four first stages are *reactive*; CSR activities are means that companies implement as a reaction to responses from the surroundings. Moreover, according to Visser, CSR as a concept has been failing in all of the four first stages, and one of the main causes is closely linked to motives; employing CSR to business has not been responsibility *per se*, but rather it has been serving as a means to reach other goals, such as higher profits for shareholders, goodwill, a better reputation or the like. In our analysis we will assign each of the informants to one or more of Visser's five stages to get an indication on their approach to CSR in general.

Visser's ideas may seem as a rather radical but according to the author, it is the only viable path for our common future in terms of environmental and social sustainability. He may be right. The idea of this transformative, holistic CSR has led Visser to redefine what the abbreviation of CSR stands for; it is no longer corporate *social* responsibility (a notion which Visser claims has been narrowing to the scope and understanding of CSR), rather it is corporate (C) *sustainability* (S) and responsibility (R). We will keep to the latter understanding of CSR in our further analysis.

Midttun (2013) outlines corresponding stages or modes of CSR to Visser's. But as opposed to Visser, he claims that the highly differentiated CSR practices are caused by a variation in business models and thus market positioning, and not difference in motivation as such. The potential for value creation connected to CSR varies from low to high, at the same time as type of engagement in CSR varies from limited to extensive. Midttun labels the different modes of CSR *defensive*, *reactive*, *proactive*, *CSR as part of the core strategy* and *core strategy built around CSR* (2013, p.26). Thus, his view corresponds more or less exactly with those of Visser, with one exception: Visser defines all of his first four stages as reactive, whereas Midttun has a more narrow definition of the notion reactive.

Porter & Kramer seem to be supporting some of Visser's ideas about the failure of CSR and offer two reasons why:

“Many companies have already done much to improve the social and environmental consequences of their activities, yet these efforts have not been nearly as productive as they could be – for two reasons. First, they pit business against society, when clearly the two are

interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of in the way most appropriate to each firm's strategy." (2006, p.1)

The 'they' which Porter and Kramer refer to are international rankings of companies according to international standards for CSR done by "a myriad of organizations" as they put it. Moreover, they claim that these standards have made CSR into a concept that basically is disconnected from businesses and their strategies and that they 'have obscured many of the greatest opportunities for companies to benefit society' (Ibid., p.2). The impact of the article referred to, 'Strategy & Society, the Link Between Competitive Advantage and Corporate Social Responsibility' has been rather significant. Linking CSR activities to business strategy and core activity has now become a common refrain throughout the CSR community as well as for larger corporations. And moreover, Porter and Kramer's thesis that CSR activities could add value as competitive advantage to companies is increasingly gaining territory as well. According to their view, business is a constant struggle for advantage through competition with other companies, and CSR seems to be an open spot yet to be filled with value for future sustainable and lasting advantage and new innovations that can help achieve it. We would like to take Porter and Kramer a step further by adding that insight into cultural differences may increasingly enhance the competitive advantage of CSR.

One of the reasons for this ties in with Visser's concept of CSR 2.0 – the increasing demand for transparency in society and the fact that people want to purchase sustainable, 'green' products or work for a responsible and sustainable employer is getting more and more important. In order to attract valuable and qualified workers, companies need to *be* sustainable and responsible, genuinely. Porter & Kramer's notions corresponds directly with Visser's strategic stage, where companies turn away from the 'old fashioned' promotional and charitable stages, and instead implement CSR activities that actually are linked directly to their core business activities. Hence, improvements start from within the company.

However, even if it seems like Porter and Kramer's idea has had a huge impact on businesses *reasoning* about CSR, there might be reasons to claim that this new idea of strategic CSR can put companies in a more vulnerable position. Drawing attention towards your own performance on CSR instead of activities implemented in other external organisations (charity, NGOs, orphanages in poor countries, donations to sustain rain forests, etc.) has the potential of creating dangerous reputational pitfalls for the company. If the company is not consistent in its own performance on CSR, if they do one mistake, the public crowd will

immediately spread the word and the reputation is at stake, a situation of which we have numerous examples over the last decade. For this particular reason many corporations never communicate their ‘strategic CSR’, they rather spend their PR budget on ‘storytelling’ of ‘harmless’ philanthropy.

But let us take a step back. If Visser claims that “CSR 1.0” has failed, to keep to his web allegory, and Porter and Kramer seem to be very critical to the way CSR has developed, we need to take a look at earlier definitions of the concept. We will not go into detail on every definition, but just touch upon the contributions with more relevance to our thesis.

5.2.2.2 From profit maximisation to holistic corporate responsibility

What both Visser, Porter and Kramer and other modern CSR thinkers base their ideas on is the historic discourse of corporate responsibility. In the 1970s the economist Milton Friedman was strongly advocating that businesses’ responsibilities is not something that can exceed the doctrine of profit maximisation. In his famous New York Times article called ‘The Social Responsibility of Business is to Increase Profits’ (1970), Friedman claimed that only people can take social responsibility, whereas companies cannot: “the social responsibility of business is to increase its profits”. The only reward for good economic governance and high profits should be creating more jobs and to increase competitiveness. Friedman’s understanding of CSR is very closely connected to *social* responsibility (in terms of creating jobs), not the overall notion of a company’s contribution to sustainability in a larger context, such as the natural environment.

Archie Carroll, on the other hand started to see a connection between different organisational silos. Carroll’s notion of corporate responsibility, presented for the first time in ‘A Three-Dimensional Conceptual Model of Corporate Performance’ (1979) is a compilation of four different categories, which all are intertwined with each other: *economic responsibilities*, *legal responsibilities*, *ethical responsibilities* and *discretionary responsibilities*. Later this conceptual framework was labelled ‘The Pyramid of Corporate Social Responsibility’ (1991), a model which has had huge impact on the understanding of CSR. Carroll placed the economic responsibilities at the bottom of the pyramid, followed by legal, ethical and discretionary responsibilities accordingly. As opposed to Friedman, Carroll is arguing that the companies’ responsibilities cannot be separated from each other.

Elkington (1998) takes Carroll's understanding a step further and introduces the concept 'triple bottom line' (3BL) as an even more holistic approach to corporate responsibility in society. Elkington argues that businesses' responsibilities are not *either* the economic, environmental *or* social responsibility, but rather all three aspects co-exist side by side as *equally* important. As opposed to Carroll, who in his pyramid of CSR argued for a more hierarchical structure of responsibilities, with the economy as a forming foundation, Elkington aligns the three areas of responsibility as three equally important pillars in any business. The idea with 3BL is to create a harmonious relationship between economy on the one side and the environment and social/ethical aspects of the business on the other side. Businesses should do accounting for the three pillars on an equal basis, not only measure the financial state of the business.

As for our research purpose, we will apply Visser's framework in our analysis, which encompasses all the aspects mentioned above.

5.2.2.3 Stakeholder theory

Another major contribution to the conceptual framework of CSR is 'stakeholder theory', first introduced by Emshoff and Freeman (1978) in a seminal paper and later further investigated by Freeman in his book *Strategic Management: a Stakeholder Approach* (1984). Today it seems almost impossible to talk about corporate responsibility and sustainability without pulling in perspectives on stakeholder management, and the theory is also of high relevance to our research question; how informants define, manage and engage with stakeholders in different cultural contexts is a central question in our interviews.

As argued for in *Stakeholder Theory: The State of the Art* (Freeman et.al. 2010) the history has led to a variety of interpretations of stakeholder theory, from 'seeing it as a new way of understanding business to a more sophisticated way of understanding corporate social responsibility'. Stakeholder theory seems to be offering the missing link between business and CSR, as it sees "business as an important actor responsible for building the good society" (Midttun' ed. 2013). A company does not exist in a vacuum, and different actors in society can at various stages of a business lifecycle become its stakeholders of which the company is dependent. The definition of stakeholders is as follows:

“People engaged in value creation and trade are responsible exactly to ‘those groups and individuals who can affect or be affected by their actions’ [...] For most businesses, as we currently understand it today, this means paying attention at least to customers, employees, suppliers, communities, and financiers.” (Freeman et.al, p.9)

If we look at Visser’s vision of transformative CSR, the more holistic approaches to CSR (Carroll and Elkington) and Porter and Kramer’s competitive advantage through the glasses of stakeholder theory, the very *raison d’être* for businesses *is* to take responsibility. Freeman himself thinks of CSR as corporate *stakeholder* responsibility, an interpretation that underlines this notion. Profit comes from being responsible in society, and the notion of CSR as a ‘sidekick’ to business is increasingly outplaying its role. The practical implications of modern CSR for businesses operating internationally, with all the cultural hurdles they may encounter along their way, are however not yet fully discovered. In the next two chapters we will take a brief look on how the concept of CSR is interpreted in the Norwegian and Russian context in general today.

5.2.2.4 CSR in a Nordic and Norwegian perspective

The overall good condition of the Norwegian society is proven in several indexes measuring quality of life. OECD Better Life Index, Quality of Life Index and UN Human Development Index all rates Norway among top ten countries in the world, in the latter Norway holds 1st place for 2013. Moreover, the level of trust in the Norwegian society is high. This is also reflected in Norwegian people’s confidence that Norwegian businesses do take responsibility, they actually seem to believe in their CSR agenda. However the confidence is limited to small, local companies, whereas they have less confidence in the CSR agenda of large multinationals (Midttun ed. 2013).

Norway is also known for its high quality of life and egalitarianism throughout society. One of our Russian informants asked the rhetoric question: “Is CSR really needed in Norway?” The question is probably based on the assumption that CSR activities are supposed to transcend government failure and fill in the gaps left open in society. The strong democratic welfare state of Norway (the Scandinavian model) has played a central role in the formation of the high level of trust through its high ambitions for social and environmental issues. On the other hand, the foundation for the successful Norwegian welfare state is the oil and gas industry, which in terms of environmental sustainability might come across as a paradox.

One other reason why people trust Norwegian (SME) companies might have to do with another important factor in Norwegian society: transparency and low degree of corruption. Norwegians seem to have good reasons for their confidence: In 2013 Norway held the 5th place of Transparency International's Corruption Perceptions Index. And according to Gjølborg (2013, p.287), Nordic companies in general seem to be in a good condition when it comes to CSR performance: "Nordic companies are overrepresented in independent, international CSR rankings, and are commonly used as best practice examples in the academic CSR literature." It is commonplace to argue that in social democratic economies such as Norway, the corporate responsibility is embedded in the economy through legislation and collective agreements. Nordic countries are early adopters of current CSR trends. Norway has just recently been accepted as a full member, as the first OECD country, in the Extractive Industries Transparency Initiative (EITI). The EITI is a global standard that promotes revenue transparency in countries that are rich in natural resources. The standard requires companies to publish what they pay and governments to publish what they receive. Moreover, in 2012 the Norwegian government implemented changes in the Norwegian accounting act, which requires corporations (not small enterprises) to report on their CSR performance annually as part of their financial reporting (Finansdepartementet 2012). The Government recommends applying the Global Reporting Initiative (GRI) as reporting scheme.

As mentioned in the introduction chapter, there is strong empirical evidence that the nationality of a company influences the performance of CSR. The political-economic institutions in a society have an impact on each business' strategy by taking responsibility for the general framework and conditions for business in the country (Gjølborg 2013). Researchers seem to agree to this premise for CSR, however they disagree on the effect of the impact of institutions, a discussion that is very interesting but unfortunately exceeds the scope and purpose of our thesis.

If we tie this discussion on Norwegian premises for CSR back to the definitions of culture, and recollect Hall's notion of *external* and *internal* cultural traits and values, Trompenaars' and Hampden-Turner's idea about culture as *interaction* between people and lastly Hofstede's *collective programming* of the mind, it is easy to draw a line from the understanding of CSR we find in the cross-national comparative school, to the school of cross-cultural business relations. The context for Russian companies doing business in Norway is of course very different from the Russian context, and vice versa. In general the typical Norwegian cultural

values, which would be reflected in our political-economic institutions, civil society, educational system, media and in the general public, would be traits as *consensus*, *egalitarianism*, *modesty*, *honesty*, *focus on a healthy work-life balance*, *gender equality*, *democracy* and a *strong civil society*. According to Hall's iceberg theory these are the Norwegian internal values that would permeate more or less every Norwegian institution, and hence also form the framework for expectations to any foreign company entering the Norwegian market. These are the values that Russian companies will encounter in Norway.

5.2.2.5 *CSR in a Russian perspective*

Polishchuk (2009) argues that one of the prominent features of CSR in Russia is its abnormality in scale and that companies can be characterised by their "hyper socially responsible behaviour". Moreover, social investments by Russian firms, measured as percentage of business profits far exceed that of Western companies, and could range from six to up to as much as 17 per cent (as opposed to the average US corporation that donates one per cent to charity or European companies that invest even less). The reason for this points right back at the understanding found in the school of comparative CSR and of the Russian institutional setup: businesses fill the social gaps where the government cannot fulfil its responsibility. According to Polishchuk (2009) CSR can be understood as a bargain between (state) institutional capacity and private initiative: "The more complex regulatory issues are and the poorer the regulatory capacity, the better, all else equal, are the chances of CSR to present a viable alternative". In emerging economies such as the Russian, or countries with weaker social embedding of their economies, CSR "functions as an institutional substitute for a strong welfare state and corporatist system" (Gjølberg 2013). After the collapse of the soviet welfare system, the need for someone to provide for social security was pressing.

An interesting addition to this argument is the survey of Trompenaars and Hampden-Turner measuring cultural dimensions. When measuring the dimension diffuse versus specific, where diffuse cultures represent a mind-set where borders between private and official life are blurred, they ask respondents to agree or disagree to the following statement: "Some people think a company is usually responsible for the housing of its employees. Therefore, a company has to assist an employee in finding housing". The lower score (which means they agree to the statement), the more diffuse culture and the more blurred lines. 22 per cent of the Russian managers disagree, leaving 78 per cent that agree. In comparison, 77 per cent of Norwegian managers disagree to the same statement (Trompenaars 2012, p.115). This finding probably

reflects some of the same aspects of responsibility observed by Polishchuk, however seen from a very different angle.

In Russia one can argue that expectations to CSR comes as a direct result of the extensive privatisation that has taken place over the last two decades. Historically, in the Soviet Union, large state owned corporations provided not only jobs, but infrastructure, schools, kindergartens, hospitals and the like, especially in the extractive industries where whole cities were established in remote areas for the sole reason of the activities of the very industry. As one of our Russian informants pointed out: Large corporations (private and state owned) still provide for a whole range of social services for their employees, the only difference being that the companies now have outsourced the services to the private sector. Working for a large corporation as Gazprom (state owned) or Lukoil (private) in Russia implies a lot of social welfare, hence the hyper socially responsible behaviour. If we take into account the diffuse lines between private and official roles as mentioned above, we get a more differentiated picture of the drivers behind the relatively high expectations.

The context that Norwegian businesses enter when coming to Russia is quite different from the social democratic and highly socially embedded economy of Norway. First of all Russia is an extremely centralised federal state, where the president has strong constitutional powers. A common expression for the Russian concentration of power on top is the *power vertical*. This is a notion that describes how political and economic power often is merged in Russia, also reflecting the diffuse line between the public and private spheres. Russian economy, as also Norway, is closely tied to the extraction of natural resources, and the fluctuation in oil and gas prices has a major impact on Russian state economy.

If we compare Russia and Norway in the rankings mentioned in the previous section, the OECD Better Life Index, the Quality of Life Index and the UN Human Development Index, Russia scores low compared to Norway. Russia is still characterised as a country in democratic transition (although the direction of transition currently seems uncertain: towards or away from democracy?) with an emerging economy. According to the OECD Better Life Index the top 20 per cent of the Russian population earns nine times more than the bottom 20 per cent, whereas the top 20 earns only four times as much as bottom 20 in Norway. However, the gap between rich and poor is decreasing by the growth of the middle class, something that might be reflected in the UN Human development index for 2013 where

Russia climbed from 66th place in 2011 to 55th place in 2013. In a business context however, the mentioned indexes most of all indicates the condition and potential of the market. And the Russian market still is considered as very promising especially within health technology, energy and environmental technology, tourism and maritime and offshore technology according to Innovation Norway’s Russia division, although they emphasise that the Russian market is not for beginners (Innovation Norway 2014). So despite the promising market potential, the threshold for foreign companies when entering Russia is still high when it comes to bureaucracy and general regulatory conditions. According to OECD’s Foreign Direct Investment Regulatory Restrictiveness Index for 2012 (which is the most recent index, see Fig. 3), it is still almost twice as hard to do foreign investments in Russia as compared to Norway, which is placed on the OECD average. Not surprisingly, more open economies receive more foreign investments (OECD 2014).

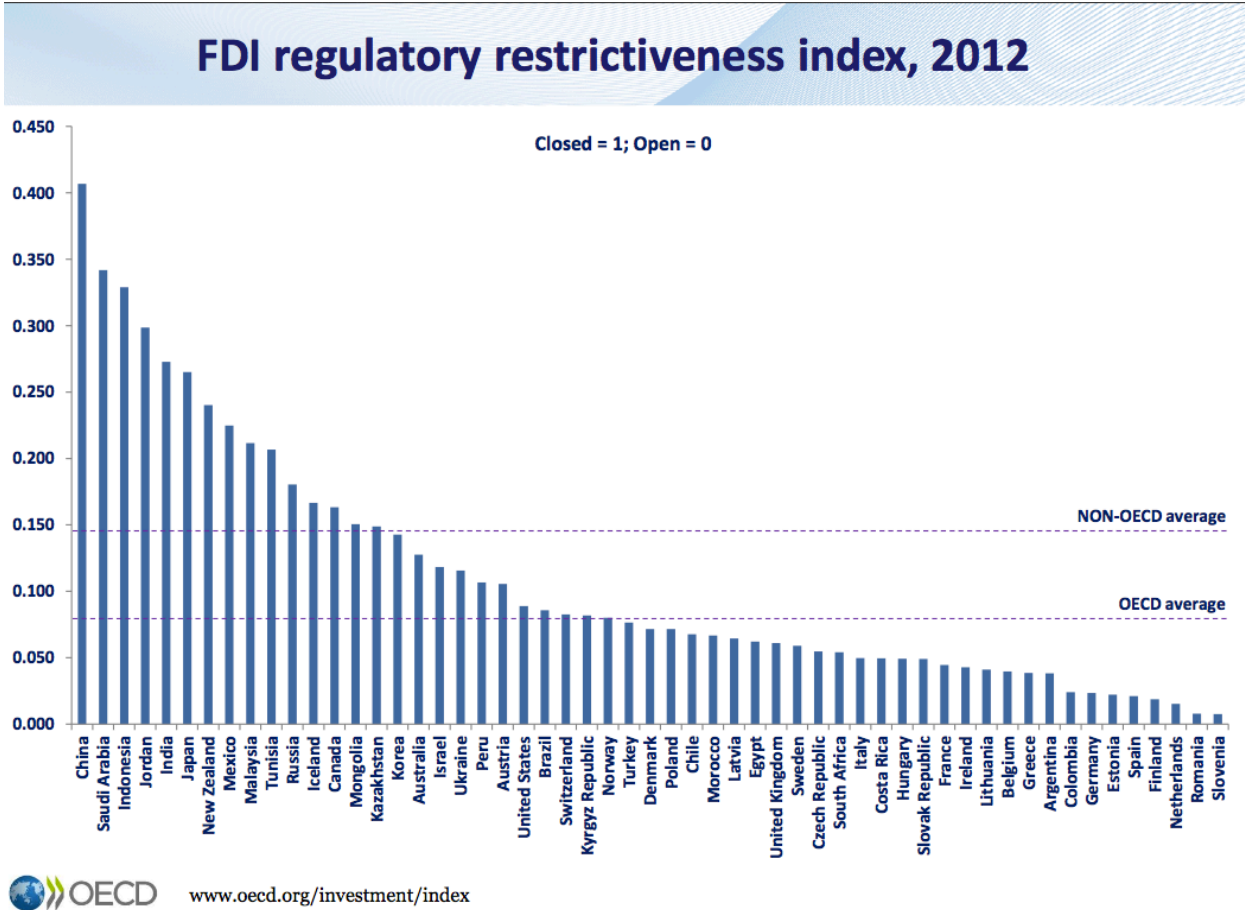


Figure 3: OECD FDI regulatory restrictiveness index, 2012. Source: www.oecd.org/investment/index (retrieved January 2nd 2014)

Another index worth paying attention to is Transparency International’s Corruption Perceptions Index where Russia holds place 127 of 177 and scores only 28 out of 100 points

(Transparency International 2013), see Fig. 4. This is perhaps the most challenging hurdle to foreign companies with operations in Russia and something which demands a high level of knowledge about Russian culture to mitigate properly, a discussion we will return to in our analysis.

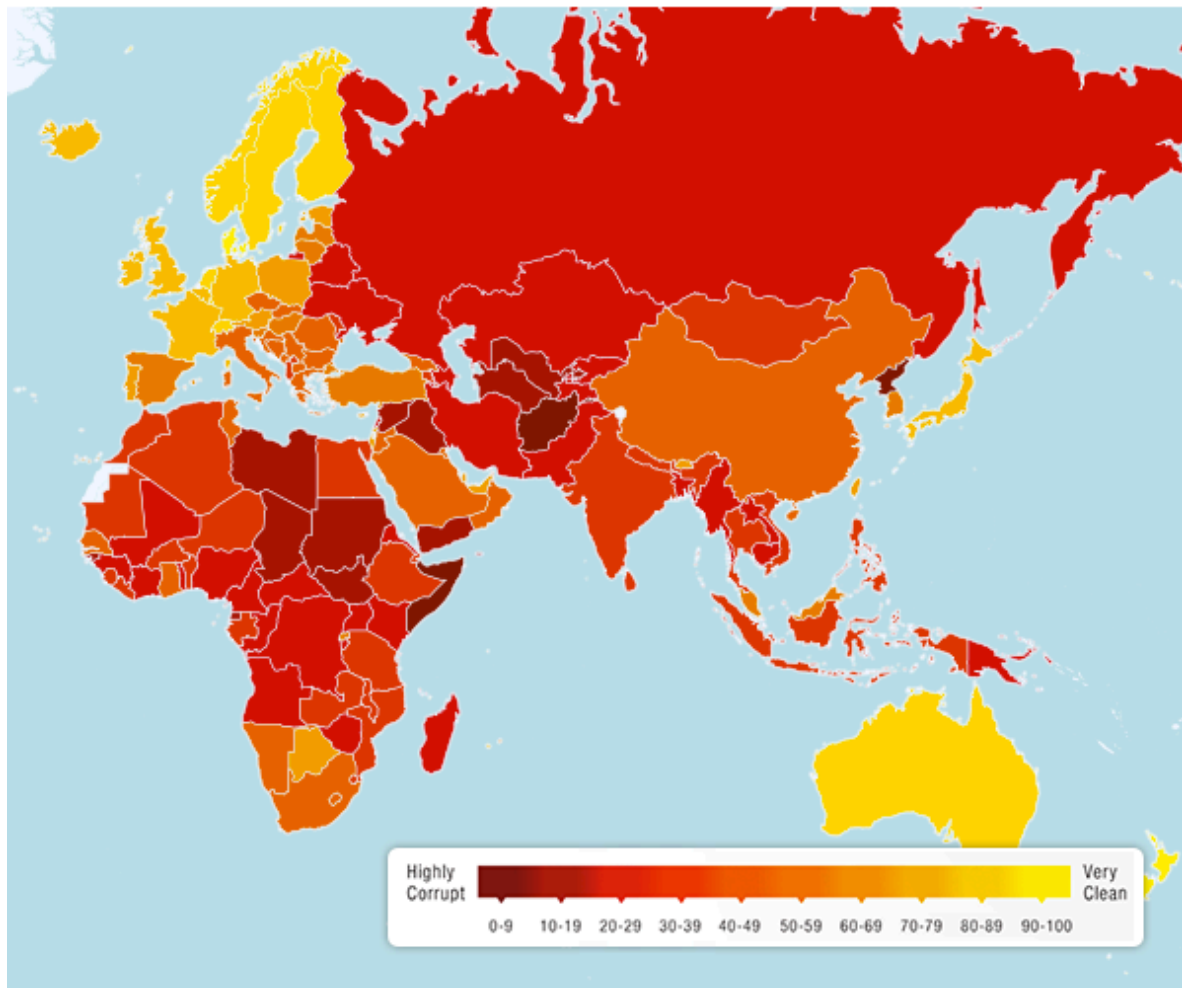


Figure 4: Transparency International’s Corruption Perceptions Index 2013. Source: <http://cpi.transparency.org/cpi2013/results/> (retrieved January 2nd 2014).

The most prominent cultural feature in the Russian society of today is perhaps the strong relationship orientation. Even though some of our informants are biased and seem to interpret relationship as equal to corruption, the dimension in cross-cultural surveys does not measure corruption as such. Quite the contrary, it measures whether or not it is important to build relationships in order to get down to business. However, with regard to the corruption index, it might be justifiable that at least foreigners are biased when asked about the relationship dimension. But in emerging economies or nations in transitions, where political-economic institutions are under development, the only reliable aspect of society is often people you trust. Friends, family and extended family are the safety net, and you simply cannot manage

without them in turbulent times. The relationship dimension is therefore closely related to the high context communications style: who you are matters. And further, this is strongly connected with another important feature of Russian culture, namely strong hierarchy.

One of our informants told us an anecdote which can serve as an illustration to this: a Russian governor was invited to an oil and gas fair in Stavanger, Norway and was told that he was going to have lunch with the Norwegian King. What they did not inform the governor about was that he was having lunch with the king together with a couple of hundred other VIPs coming from all over the world. The governor was prepared for a royal reception and a private meal with the king, which would not be completely unlikely for a Russian governor who normally is a highly respected authority in Russia, only outranked by the president. The Norwegians, on the other hand, did not think of a Russian governor as a person of such a high rank, in Norway he would probably be compared to a mayor, who in the egalitarian Norwegian society appears as an “ordinary” person who is democratically elected to lead a city council and represent the community at official events (to exaggerate a little). The Norwegian egalitarianism decreases the distance to authorities and softens rank, something which makes even our king approachable to ordinary people, often illustrated through the iconic pictures of King Olav taking the tram or pictures of the cross-country ski athlete Therese Johaug hugging and kissing King Harald after she had won the World Championship in Oslo in 2011. The disappointment when the Russian governor discovered he was just one in the crowd having lunch with the king, could potentially destroy the very Norwegian-Russian business relations that the lunch was supposed to strengthen.

In July 2012, a new law that obliges NGOs who receive support from abroad to register as “foreign agents” was passed by the Duma. The law went into effect in November 2012 (State Duma 2012) and was passed as a means to prevent foreign ‘interference’ in internal affairs (Winning 2013). An additional law that penalises Russians who take part in unauthorised protests later complemented it. NGOs can risk getting fines ranging up to 1 million roubles for not registering as foreign agents. These two bills are considered as a major setback to the free civil society in Russia, and it limits the possibilities for interaction with NGOs as stakeholders for foreign companies in Russia substantially.

We will get into more detail about cultural dimensions in our analysis section. In the next section we elaborate on choice of methodology for our thesis.

6 Methodology

The purpose of research methodology is to collect research data in such a manner that it serves to help us find relevant answers to our research questions. To accomplish this, we need to collect empirical data systematically and with focus, and to process, analyse and interpret data within a theoretical framework with relevance to our research questions. In this chapter we will describe how we conducted the research process for this thesis and explain our choices.

We divide the chapter into the following:

1. Research philosophy (qualitative vs. quantitative)
2. Research design (explorative vs. descriptive)
3. Research methodology (induction vs. abduction)
4. Case and informants
5. Data collection (interview)
6. Data analysis (coding)

6.1 *Research philosophy*

Research philosophy can be divided into two main directions; *qualitative* and *quantitative*. Since our thesis is based on a case study and our data collection is based on interviews, we chose to apply *qualitative methodology* in an *explorative research design*. Here the researcher often does not have a clear preconception of what the answer to the research question might be, and hence it is difficult to form hypothesis. In our case, we needed to *explore* our research phenomenon more thoroughly in order to establish a clearer picture of it by gradually getting closer to the subject, and thus the question of *cause* and *effect*, which is normally the approach in *qualitative research*, is not relevant.

To gain more knowledge it has been necessary to observe our phenomenon (CSR/cultural differences) by *interviewing* people that are working closely with it. The collected data is not quantifiable and requires individual *interpretation* rather than statistical analysis. If the field of research is new or has been subject to few investigations, such as our cross-cultural CSR

study, the qualitative methodology is therefore more likely to be relevant, because the researcher does not have access to substantial knowledge about the phenomenon to set up hypothesis on cause and effects. In such cases there is a need to explore the subject of research further, and try to establish a core of knowledge and a fundament for further understanding.

Hence, the nature of the collected data is crucial to decide whether or not the researcher chooses qualitative or quantitative research methods. In quantitative research, as opposed to our qualitative method, the researcher conducts his/her research based on the idea that causal relations and “laws of nature” do exist – a phenomenon can be *predicted* or *explained* by the relation between *cause* and *effects*. The researcher collects data that is *quantifiable*, which means it is a series of data that can be further investigated and analysed through statistical software programmes or the like. The researcher has often formed one or more *hypothesis*, which he/she wants to test through the means of a hypothetic-deductive method, often by conducting *experiments*. For our purpose, the quantitative method is therefore not applicable.

6.1.1 Positivism versus interpretative philosophy

The quantifiable objective reality has been the research norm and ideal within the natural sciences. If a phenomenon cannot be measured and counted objectively, it is not interesting as subject for research. The criterion of *falsification*, which refers to a requirement for a research hypothesis to be either verified or rejected in order to achieve empirical evidence, is central to this *positivist* philosophical standpoint (Jacobsen 2005).

In our thesis, on the other hand, we have a more subjective approach to our field of research, and thus we are closer related to the standpoint of *phenomenology* and the school of *hermeneutics*, which questions whether it is possible for human beings to gain objective knowledge at all. From this point of view, reality is a relative concept, and cannot be measured or counted, only interpreted or understood through the language in which we are constructing our own concepts of understanding. This critical approach has developed into a school of its own - *critical theory* founded by the Frankfurter school (Bohman 2013) - and is representing the reflective assessment and critique of society and culture often found in the social sciences and humanities, a category in which our thesis would fall.

Our approach for this thesis is therefore inspired by the hermeneutic point of view. As we plan to study how culture impacts strategy, we presume that it is difficult to find an objective, measurable truth in the strict understanding of the word. Moreover, we believe that a reflective interpretation of theory connected to the context of the phenomenon we want to investigate might be a fruitful approach.

There has been done quite a lot of research both in the field of cultural influence on business strategy and performance and on CSR respectively. However, the two fields rarely cross each other, and as far as we know the contributions to research on how different cultural preferences in Norway and Russia affect corporate strategies for CSR are few. We are aiming at broadening the access to information about this particular field, and the best way to achieve that end seems to be to study the phenomenon empirically by talking to employees in relevant companies.

By contributing to closing this knowledge gap, we can get a little closer to an accurate description of our chosen field of research. We find support for such an idea in the concept of *intersubjectivity* first proposed by the philosopher Edmund Husserl (Beyer 2011) and later further developed by the science philosopher Thomas Kuhn. The idea, in brief terms, is that the more researchers (or the public in general) agree on how a phenomenon “looks like” and how it can be described, the more we increase the probability that our findings represent a correct or true description. This constitutes a conception of an idea or subject to which scholars within a group agree. Inspired by the idea of accumulated knowledge through intersubjectivity, we hope that by interviewing several informants we will reach a level of “mutual understanding” of how culture may affect strategies for CSR.

Moreover, it may be fruitful to put our research question into the context of *holism* versus *individualism* (Jacobsen 2005). These approaches are related to the debate of ontology and epistemology, and deal with the question of how a social phenomenon, in our case the national culture or business culture, should be understood. Would it be interesting to understand the phenomenon by looking at the individual cognitive behaviour and motives by measuring a series of data from individuals through a positivist approach? Or should we rather investigate the complex interaction between individuals and their context through a more holistic *social constructivist* approach (Jacobsen 2005), wherein groups form cultures in which individuals live and construct knowledge? From an ontological point of view the more

fruitful approach would be the holistic, hermeneutic approach and not the individualist, positivist approach. We would claim that in order to gain new knowledge in our chosen field of research we cannot separate the world and the individual. The cultural context in which individuals live could be understood as a construct of a collective group. And ultimately, CSR is a social construct of a large group – the conscious and responsible world or business community.

In Table 1, the two philosophical standpoints and their most important features are listed. As we can see, our research question clearly leans towards the hermeneutic side:

	Positivist	Hermeneutic
View on reality	Objective/tangible	Socially constructed
View on humanity	Behaviour/cognitivist	Carriers of meaning
Research purpose	Explanation/prediction by laws	Understanding
Knowledge	Cumulative/not time limited	Context dependent/temporary
View on causality	Real causes	Several formed incidents
Research situation	Objectivity/ gap between researcher and object	Interactive: Researcher is part of the context that is studied

Table 1: Comparison of positivist and hermeneutic philosophy of science [our translation] (Nyeng 2004, p.67)

6.2 Research design

The choice of research design is dependent on the research question. If the researcher knows little or nothing about the subject and needs to explore the field, as would be the case for us, the approach is called *explorative* design (Johannessen et al. 2011a). The most common division of research designs is however *descriptive* and *causal* designs (Jacobsen 2005). A descriptive design would answer the questions ‘what’, ‘who’, ‘how’ and ‘why’, where the purpose is to describe the research data and its characteristics, but not to reveal what causes it. If the researcher wants to investigate the relation between cause and effect, we call it a causal design.

Since our starting point is an assertion that there has been done little research within our chosen field, firstly we need to explore the territory to gain more knowledge. Our subject of study is related to how culture affects CSR strategies in Norwegian or Russian businesses that work across each other’s national borders. By reading theory and literature about culture and

CSR, we can gain knowledge up to a certain level. But there may be specific conditions that occur only when Norwegian businesses encounter Russian culture and vice versa, or specific cultural features that are not described in scholarly literature that need to be revealed. We need to keep an open mind and stay loyal to our hermeneutic heritage, so to speak, in the sense that we as researchers explore the subject with a set of preconceptions when interviewing our informants. We start out by outlining our preliminary understanding of the subject and continue by exploring this field together with our informants, and neither them nor we have exact answers to the questions we pose. Our ultimate goal is to gain new and better knowledge about our research questions.

6.3 Choice of method

As quantitative studies need a basis of knowledge from which to form falsifiable hypothesis and try to predict what will happen if *a* happens to *b*, this approach does not seem relevant to our research question. There have been surveys conducted posing questions such as “What do Middle Eastern leaders think about CSR”, measuring how CEOs within a specific culture think about CSR. However, this kind of approach would fit into the *descriptive* design, as it tries to describe one variable (CSR) in relation to another (Middle East culture). Moreover, our subjects of research, businesses with Norwegian origin established in Russia and businesses with Russian origin established in Norway, does not represent a very high number. If we wanted to do a quantitative study, we would probably get in the situation where our data did not comply with the criteria of reliability and/or validity.

We want to get down to the core – we want to establish an understanding that does more than describing that there actually is a difference. We would rather know more about why and how the differences play out and materialise. By digging deeper down, we may reveal where the challenges lie and in the end we might be able to outline possible solutions to the challenges as well.

A qualitative or interpretive study with an explorative design seems appropriate to serve our end, and there are different possible methods within this design. We need a method that makes it possible to do focused studies within a limited field, where we can lean on our theoretical framework. In the following we will outline our approach within a qualitative explorative design.

6.3.1 Abduction vs. induction

As already mentioned we have access to a lot of relevant research material from which we can get a general conception outlined for our study. We will argue that we are inspired by the method of *induction*, or *grounded theory*. Here the researcher starts out ‘naked’ not relying on any theory and conduct data collection with the goal of establishing a new theory based on the findings. However, we do not start out completely blank. We already know a lot about CSR, strategy and cross-cultural theories, so in our study we are moving from a theoretical framework into the empery and back again. This way of reasoning is called *abduction*:

‘Abduction is the logic used to construct descriptions and explanations that are grounded in the everyday activities of, as well as in the language and meanings used by, social actors. Abduction refers to the process of moving from the way social actors describe their way of life to technical, social scientific descriptions of that social life.’(Blaikie 2004)

As we are aiming at uncovering tacit and open knowledge existing in business cultures, such as realised and unrealised strategies, mutual knowledge, symbolic meanings, rules and hidden motives and the like, we need to study why people act like they do. In social sciences abduction is closely related to *interpretivism*, and may therefore be a fruitful approach in our study.

A strict grounded theory method is more relevant in cases where the field of research is completely new or never has been subject to investigation before, and the theoretical basis is small or even non-existent. Your starting point is always the empirical, then you go back to consult existing theory, if any, before you carry on with data collection until you have enough information to *induce* (establish) new theory from it, hence the name *grounded theory*. You move from specific observations towards a broader basis of generalisation and ultimately new theory (Nyeng 2004).

6.3.2 Case study

A case study is a concept where we study one or a few cases in depth (Jacobsen 2005). A case study does not require a certain choice of method; it is applicable to both quantitative and qualitative studies as well as to studies of secondary data. As already mentioned there are certain limitations to our project, such as the available number of relevant informants. Moreover we have, by choosing Norwegian-Russian business relations as our research

population, limited our variety of cases geographically. A common way of collecting data in case studies is by doing interviews, as we have done.

6.4 Population and selection

Population in scientific research terms refers to the group in which you will find your subject of study. The population could in fact be a population, such as a whole nation or people living in specific a region, or it could be a group of people related to each other through social ties such a political party, a school or a company, just to mention but a few examples. In our study, the population is companies working internationally in general. Our selection is Norwegian companies working across Russian borders and vice versa. Since we are conducting a case study, we needed to find a suitable and feasible number of cases to study.

With limited resources, such as time and available working hours (human resources), we found that a manageable number of cases would be three Norwegian companies operating in Russia and two Russian companies operating in Norway. We conducted interviews with Statoil, Aker solutions and FMC Technologies in Russia and Lukoil and Rosneft in Norway. In the next section we will go into further detail on how we conducted our data collection.

6.5 Data collection

In qualitative research we can divide the data sources in two categories: *primary* and *secondary*, where the first type is collected by the researcher to serve his/her specific study, and the latter represents data collected by others to serve other studies, but that can have relevance to your own study. It might as well not be collected to research purposes at all, but still it can give the researcher important additional data to support his/her own work. In our case, secondary data may be company strategy papers, information on web pages, annual reports or reporting on CSR and the like.

6.5.1 Main approaches in data collection

In a qualitative study there are four possible ways of collecting data: *observation*, *interviews*, *documents* and *visual data*. Observation is based on the researcher's actual presence in relevant situations where he/she is observing informants in action. One way of doing it is by

participant observation where the researcher actively takes part in a group of informants' actions or practices to get an intimate understanding of the interaction in that particular group of individuals. This method is most common within cultural/social anthropology, but may also occur in other research disciplines like sociology or psychology. It is also possible to be a passive observant, where you sit in the room, either openly or hidden behind a one-way mirror (which is common within psychological observation) without taking part in the ongoing discussions or activities, for instance by observing a meeting in a company. While observing, the researcher needs to take notes or record (video/audio) conversations to be able to analyse the data for research purposes.

6.5.2 Conducting of interviews

The more relevant way of collecting data for our purpose is by interview. Interviews may be conducted either face-to-face or by telephone. We conducted six interviews face-to-face and one by telephone. Both methods require some sort of registration or recording of the conversation. We chose the perhaps easiest and most common method of registration by recording the interviews using software on our computer. This enabled us to stay focused on the informant without having to write while conducting the interviews. All but one face-to-face interview were conducted at the companies' offices; the interview with Aker Solutions took place in a cantina close to their office in Moscow.

If recording the interview, it is required to transfer the recordings from vocal audio data to written data, transcription, after the interview has taken place in order to be able to analyse it. It can be done in two ways: either the researcher transcribes word-by-word what the informant actually said during the interview. Then he/she needs to edit the text from the original oral style into a written style. The other alternative is to write a summary of the interview where the more important aspects are singled out. We chose to transcribe the interviews word-by-word.

In a case study, where the idea is to study one or a few cases, it might be fruitful to interview a few informants from each case. We interviewed two informants from two companies, two one from the remaining three companies.

Before starting the interviews, we made an interview guide. There are three different ways of making a guide:

- The researcher does not develop clearly stated questions but defines the general themes of which to talk about. The interview is set up more like a conversation where the interviewer and the informant talk about some chosen subjects. This is the *unstructured interview*.
- A *semi-structured interview* is when the researcher defines some main questions, but leave some open space in case the informant starts to talk about topics that are unknown to the researcher or in case the conversation is taking new directions.
- A *structured interview* is when the researcher has defined all questions in detail and conducts the interview by keeping to the scheme he/she put up (Miles & Huberman 1994).

We made a structured interview guide with a set of questions divided into thematic groups (see appendix for more details): *The role of business in society, the term CSR, CSR strategy, stakeholders, implementation of CSR, implementation and national culture and corporate culture*. Each category had a set of questions, the number varying with the level of depth we wanted from the answers.

While conducting our interviews we discovered that not all our questions were applicable to all our informants. Moreover, managing our informants was not all that easy and some of them just talked freely without any guidance from our prepared questions. In such situations, when we as researchers sensed that the informant preferred to talk without any interruption, we just let them talk, and at the end of the interview made sure that we had covered at least a minimum of our most important questions. This formula seemed to work out well. After conducting a couple of interviews, we added an additional question concerning cultural differences, but apart from that the interview guide stayed the same for all the interviews. However, as mentioned, the variations that occurred were connected to an adaptation of selection of relevant questions in each of the interviews, due to different context and to our informant's varying positions in the respective organisations.

6.5.3 Quality assurance; validity and reliability

After transcribing the interviews, we let the informants approve the text. Since our topic of research is quite sensitive to most companies, we offered our informants before starting the interviews to approve them. All interviews are approved, and some minor changes were done

by some of the informants. This is a way of securing the information and strengthening the *validity* of the material. According to Johannessen (2011b) validity means how accurate the data you have collected represent the phenomenon you are researching, in other words how accurate the data corresponds with reality. A strong validity requires, among other things, that our questions are suitable to our research questions and that the informants cannot misunderstand them. To maintain the validity we made sure that our questions were closely linked to theoretical terms by using the same selection of terminology as found in the research literature. The only question where we encountered a tendency to misconception was our question connected to stakeholders. The term stakeholder is possible to interpret in different ways and is sometimes confused with the term shareholder. In one particular interview we had to help the informant back on track by defining the term in order for the informant to understand it. This was however the only incident of misunderstanding throughout all our interviews.

In addition to letting the informants approve their interviews, we will keep the informant anonymous. If we do make use of quotations, they will be used only in unidentifiable ways. By promising anonymity we think we enabled a more open dialogue with more honest answers from our informants, something that serves to strengthen the *reliability* of the data as well. However reliability, which is defined by how stable and consistent the results of the researchers tool of measurement produces (Johannessen et al. 2011a), is sometimes hard to measure in qualitative research. The litmus test of reliability would be if another researcher could use the same tools for data collection and get similar results if he/she conducted the same test. Or are our results exposed to random effects deriving from our way of collecting the data? To mitigate random effects the researcher could make sure that the same tool for collecting data is used on several groups or individuals. We interviewed all in all seven informants using the same interview guide, and by that we believe that the preliminary findings, which show certain patterns, strengthen the reliability of our data. We will also read the available official documents concerning CSR for each of the companies as a way of controlling our findings.

As mentioned, we conducted all but one of our interviews face-to-face. This implies that we had to go to Moscow to meet our informants who reside there. It took some time to organise the appointments with the companies (Statoil and Aker Solutions) in Moscow, but this was mostly due to their busy schedule and not because they had reservation with talking to us. We

had in mind that as we were approaching oil and gas companies and suppliers, an industry that is known for having quite strict guidelines when it comes to sharing of information, we could experience difficulties with getting access to informants. We also anticipated and were warned that it was going to be difficult to get appointments with the Russian companies (Lukoil and Rosneft) in Norway. And we did spend a lot of time getting appointments with our representatives from the Russian companies, but again, it had more to do with their busy schedule than unwillingness to talk to us. All our interviews, including the telephone interview with FMC Technologies, lasted for approximately 1 hour, and several of them even longer. We did not experience any difficulties or that informants had restrictions on what they were aloud to talk about in the interviews at any occasion. All of our informants were working in the capacity of CEOs, as special advisers within CSR or as experts on Russia/Norway relations.

We needed to develop alternative plans to mitigate the risk of not getting access to our most wanted informants. The following is a preliminary ‘contingency plan’ if we did not get access to one or both of the Russian companies (based on the assumption that they may be more difficult to access than the Norwegian companies):

- a) Find other Russian companies than our first choices, and if not successful
- b) Use secondary data for Russian company, and if not successful
- c) Study only the Norwegian companies in Russia, and if possible, add one or two more

Fortunately we did not get in a situation where the contingency plan was needed.

Our study is prone to one more challenge worth mentioning: language issues. As we write our thesis in English, we need to translate interviews conducted in Norwegian into English. As it turned out that all our informants spoke Norwegian (both in Russian and in Norway), we conducted all of the interviews in Norwegian. The challenge related to this was first of all connected to the time consuming work of transcribing *and* translating the interviews into English. Moreover, there is always a chance of losing some nuances of information in the process of translation. However, compared to what we gain by writing our thesis in English with regard to dissemination of findings (if any) the possible loss with inaccuracy in translation is worth risking.

6.5.4 Documents

The third method of collecting data is, as mentioned, documents. By comparing statements with regard to CSR or fully developed CSR strategies as well as reports on CSR with our findings from the interviews, we can reveal aspects of the implementation process that are not reflected in either the strategy nor the reporting, which in many cases highlights an ideal world. Most of such documents are published on corporate webpages, as part of reputation management and requirements for transparency and international reporting standards. We have read the companies' available CSR strategies or reports and use them as a backdrop for analysis, however without getting into in-depth analysis of each of them, something which would possibly take another thesis to investigate sufficiently thoroughly.

6.6 Data analysis

The level of data analysis is closely related to the research question. In our study we want to uncover how and if companies' CSR strategies and implementation in general are affected by cultural differences, and the level of analysis would thus normally be on a company level. However, the individual level may also be interesting, as cross-cultural challenges often occur on a personal level (interaction level), and therefore is relevant for our study as well.

6.6.1 Coding and analysis of data

In order to enable analysis of data, we need to organise it in a way that enables us to extract relevant information. No matter what, we need to reduce the amount of information to a manageable size. In a qualitative study where data is obtained through interviews, we will have audio files and transcripts as our starting point for the analysis. In other words, the analysis is basically a text analysis, thus we need to look for relevant information in the text. In order to do that we need to develop a system of *codes* that will form a framework for the analysis. In grounded theory, where the researcher starts out with 'a blank canvas' the text is normally organised *thematically*. The idea is to search the texts in the quest for interesting *themes*, without having made a specific structure in advance. The next step is to code the text under each theme and create a hierarchy under which every code is subordinate. The analysis and interpretation of the data is therefor based on information that is systematically uncovered in the data, and does not start from a theoretical standpoint.

The other approach, which is the more relevant to our thesis, is the *structured* coding. The starting point is the theoretical framework, and the categories are made on the basis of theoretical terms and concepts that formed the baseline for our research question in the first place. We search the texts in order to organise it according to a set of defined terms, which originates from our chosen theoretical framework.

What is important to stress is that in a qualitative study, the analysis and collection of data is a continuous process. After the studying of research literature, the researcher forms an interview guide, conducts the first couple of interviews, does a preliminary analysis of the texts (audio, video, documents), make adjustments to the interview guide accordingly if necessary and conducts the next couple of interviews based on version two of the guide. This process continues until the data material reaches a level of saturation. In this kind of structured scheme, which is applicable to the abduction design in our thesis, the researcher has the ability to adapt to unexpected changes or interesting findings. Moreover, the process in itself could influence the way the researcher reads the data. A relevant question is: What is the more relevant approach - reading the texts *word by word*, *interpretative* or *reflective* (Johannessen et al. 2011a)?

An interpretative reading is relevant in our study, as we aim to show how we interpret the data by finding meaning in statements. Moreover, it could also be the case that we want to understand how our informants interpret the phenomenon that we are studying, which in our case would be the actual understanding of cultural dimensions for instance. We therefore formed some of the questions in such a manner that we asked our informants themselves to define certain terms and expressions such as CSR and stakeholders. By doing this we never imposed any of our ideas or theoretical definitions on our informants, but let the whole interview be influenced by the informants own opinions on the subject. Next, we asked our informants to point out the cultural traits they found most prominent, without telling them what the research literature claims to be the cultural traits of each country. By letting the informant have the power of definition throughout the interviews, we can analyse the texts and compare their views with the existing research in the field. Hopefully we will be able to identify gaps and deviation and reveal some 'real life' challenges by this method.

Conducting data collection and analysis of the theory at the same time might pose a challenge, as it might cause difficulties with regard to keeping the right focus. But as we got deeper into

the material and theory, and as a result developed a broader understanding, we experienced that we became more focused as we proceeded with the interviews, which in turn enabled us to identify what was important to emphasise in each interview. This issue addresses the question of *theory sensitivity* (Strauss & Corbin 1990), which is essential in a research process.

In the following chapter of analysis we will try and anchor our findings in our theoretical framework and write a conclusion that ‘stiches together’ our findings with the theory. The important question is not whether our study went as planned, but rather what changes happened to our plans as we went along, why we adjusted it, what we did find and how our findings can shed light on our research question. And if we are really fortunate, our findings can close a gap in the understanding of how to be successful with implementation of CSR in a different culture from your own, which in turn could prepare the grounds for more thorough investigation of the question in the future.

7 Case presentations

In this section we will give a brief presentation of our five cases of companies. Due to limited space in the thesis, we will not be able to get into each company's history, but we will rather focus on the context for the companies in general. The five companies we interviewed are as follows:

- Statoil, Russia
- Aker Solutions, Russia
- FMC Technologies, Russia
- Lukoil North Shelf, Norway
- RN Nordic Oil, Norway (Rosneft)

The interviews will not be attached due to anonymity reasons, however the interview guide is attached in the appendix (11.6 Interview guide). All our information about the companies is based on information given through interviews, the official information provided on company webpages or other relevant sources to information about the oil and gas industry.

7.1 Context for choice of cases

After the delimitation agreement with Russia in 2011, seismic investigations have taken place on both sides of the border, as both the Norwegian and Russian governments have opened several oil and gas fields for development. Both the Russian companies Lukoil and Rosneft as well as Norwegian Statoil are present on both sides of the Norwegian and Russian border in the Barents Sea. On the Russian side of the border Rosneft will operate jointly with Statoil as well as with Eni (Staalesen 2012).

To operate offshore in the Arctic is enormously challenging due to the harsh climate. Heavy wind, snow and ice combined with low temperatures and complete darkness during the winter season make the conditions inhumane. The natural environment is extremely vulnerable, on land as well as at sea, and an accident with an oil spill will most likely have a huge and fatal impact. The safety and rescue capacity is low in the Arctic and needs to be developed along with the investments in the oil and gas industry. The melting of the Polar ice cap opens up the north-eastern sea route but also allows for drilling further north as ice is pulling back. As of

November 2013, 71 vessels have sailed the Northern Sea Route (Northern Sea Route Information Office 2014).

Due to the extensive operations and development by the Norwegian offshore industry over the last 50 years, the Norwegian competence in offshore technology is considered very attractive to the Russians who want to get access to the technology and knowledge on the Norwegian side. On the other hand, for the Norwegians the driver for cooperation with Russia is to get access to the Russian continental shelf. Both countries have developed a policy and strategy for exploration and development of the Arctic on governmental levels. All members of the Arctic Council claim to have stakes in the development of the oil and gas extraction in the Arctic as of the need for securing their future energy demands. Member states like China, USA and Canada are monitoring the race for the land rights on the continental shelf under the North Pole closely. The members of the Arctic Council also have signed an agreement on cooperation for the protection of the environment in the Arctic and in the field of search and rescue (Arctic Council 2011).

7.2 Case: Statoil, Russia

Statoil Russia was established in the 1980's as a representative office in Moscow. Statoil Russia's only field in production is the Kharyaga field, which is located onshore in the Timan Pechora basin in Northwest Russia. The field is being developed under a production sharing agreement (PSA). Statoil Russia owns 30 per cent of the shares, whereas French Total owns 40 per cent of the shares and is also the operator on the field. Statoil Russia has today 30 people working in their office in Moscow. A reduction in number of staff has taken place during the last couple of years as a result of the pull out of Shtokman DAG.

Statoil together with Gazprom and Total established Shtokman (SDAG) with the aim of developing the vast gas and condensate field Shtokman in the Barents Sea. However, as a result of the discovery of large fields of shale gas in the US, which was reckoned as the potentially biggest market for gas deliveries from the Shtokman field, the bottom fell out of the market and the gas prices decreased to such an extent that it made the field unprofitable. Statoil Russia pulled out of SDAG in 2012, at the same time as they established a strategic agreement with Rosneft for cooperation in the Perseevsky field, which is the offshore field furthest to the north along the delimitation line on the Russian side of the border in the Barents Sea. According to the agreement Statoil Russia will conduct 2D and 3D seismic

shooting, as well as preparations for drilling by 2020 (Olaussen 2012). With the partnership with Rosneft, which will be the operator and licence owner, Statoil Russia will get access to an even more challenging area of the Barents Sea when it comes to operation, as it is situated further north closer to the ice belt as compared to Shtokman. Here they will face the same challenging conditions as in the Kara Sea, with sea ice and extreme Arctic (changing) climate. The Perseevsky license will be explored under a separate organisation, a joint venture, with Statoil Russia owning 33 per cent and Rosneft owning 66 per cent of the shares. Moreover, Statoil Russia also got access to three licenses in the Okhotsk Sea north of Sakhalin where they will enter the same ownership structure with Rosneft as for the Pereevsky license.

According to our informants, Statoil Russia has been supporting several CSR projects during the last two decades. Most of the activity was aimed at strategic development connected to Shtokman. The activities therefore included capacity building in education in Northwest Russia, where Statoil Russia contributed to the education of welders among other things, as well as to the development of local supply industry. They have also supported local culture projects and sport events or clubs, and all of the activities have taken place in Northwest Russia. But as Statoil Russia still is not acting in the capacity of operator in Russia, they argue that as a natural result the investments in CSR projects have been relatively modest. Statoil normally develops two-year strategies for CSR activities in Russia and reports on CSR according to Global Reporting Initiative standards and Global Compact. The reporting is however not broken down on each country, but is generic. Statoil has developed what they call case studies where one of the cases is focusing on Arctic exploration in general, hence not limited to Russia. In this case study they mention sustainability and responsibility in the Arctic in general terms (Statoil 2012).

7.3 Case: Aker Solutions, Russia

Aker Solutions Russia was established in Russia in the 1990's. The company is an offshore construction and engineering company and an important contributor to the construction and maintenance of offshore oil installations, primarily in Norway. They have also been involved in the development of the fields Sakhalin 1 and 2, which are located on the continental shelf in the far east of Russia. For the time being Aker Solutions is operative in the field Sakhalin 2. According to our informant the most time consuming part of the project has been to locate and establish agreements with suitable partners. Their main focus when it comes to CSR activities has been capacity building of competence in their projects. In addition all sub

contractors must comply with a strict supply chain system (SQiS) with standards and requirements to avoid corruption, among other things, in order to obtain contracts. If a contractor does not meet the requirements their bid will be rejected. Moreover, Aker Solutions has a strong focus on health, security and environment (HSE), and according to our informant they have excellent results on their measures for HSE at Sakhalin, where they have introduced generic alcohol testing to avoid dangerous situations where workers are impaired by alcohol at work. Aker Solution have corporate code of conduct, reports according to the GRI, however not broken down by country, and has signed UN's Global Compact as well.

7.4 Case: FMC Technologies, Russia

The company is a Houston based technology company with focus on supplying the oil and gas industry, established in the 1880s in USA. They acquired Kongsberg offshore in 1990 and established the headquarters for their subsea division in Kongsberg, Norway. They entered into their first agreement with Gazprom in Russia in 2010 and have just recently delivered their first subsea system for the Sakhalin 3 field. Their main office (administration and sales unit) in Russia is in Moscow, whereas the engineering office is in St. Petersburg. All together around 100 people work for FMC Technologies in Russia, mostly Russian citizens. The operations are managed from their subsea headquarters in Kongsberg.

According to our informant FMC Technologies' main focus regarding CSR in Russia is education and capacity building within offshore engineering for Russians. They have cooperation agreements with higher education institutions and have also supported new infrastructure on the institutions premises. They have not signed UN's Global Compact and do not report according to GRI globally.

7.5 Case: Lukoil North Shelf, Norway

Lukoil is the biggest privately owned energy company in Russia, and was established in 1991. The largest part of their operations is within oil and gas, both upstream and downstream, however they do develop renewable energy technology as well. Most of their activities take place onshore in Russia, but in 1997 they established Lukoil Overseas and are now represented in 15 countries globally. They have by now gained substantial experience as offshore operators.

Before applying for license in the 22nd round in Norway in 2011, they prequalify to become an operator on the Norwegian continental shelf. The prequalification is normally a requirement for smaller companies, which makes Lukoil's decision to go through the process an exceptional case in a Norwegian context, as they are such a large corporation with more than 110 000 employees. Their prequalification process was received positively by Norwegian authorities as well as within the industry.

Lukoil registered in Brønnøysundregisteret in 2012 as Lukoil North Shelf AS, a subsidiary 100 per cent owned by Lukoil Overseas, which moved their headquarters to Dubai just recently. In January 2012 they opened their office in Oslo and have by January 2014 15 members of staff, approximately half of them of Russian origin and the rest either Norwegians or of other nationalities. The company will handle all of Lukoil's upstream activity in Norway, and they consider the prospects for the discovery of oil and gas in the Norwegian Barents Sea as very good. They were awarded two production licenses in the 22nd licence round in June 2013¹⁵. While conducting the interview in November 2013 Lukoil was preparing for the 23rd round of license awarding in the Norwegian Barents Sea.

Lukoil has entered in to different kinds of partnerships globally and are present in Iraq, Brazil and USA just to mention a few locations. They are heavily represented in Central Asian countries, and in Azerbaijan Lukoil and Statoil are partners. The company has a global CRS policy, they publish GRI reports regularly and signed UN's Global Compact in 2008.

7.6 Case: RN Nordic Oil, Norway (Rosneft)

Rosneft is a Russian oil company majority owned (69,5 %) by the state with most of its activities onshore in Russia. However, they have increased their overseas activities more recently and did also establish a strategic partnership with Statoil and ENI for operations in the Barents Sea on the Russian side of the newly agreed delimitation line. They are operating offshore in the Arctic and plan to start exploration drilling in the Kara Sea in 2014 together with the more experienced partner ExxonMobil.

¹⁵ Lukoil owns 20 per cent of Block 708 in the Norwegian Sea together with the operator Centrica who holds 50 per cent and North Energy who owns 20 per cent. In addition Lukoil owns 20 per cent of Block 719 in the Barents Sea together with the operator Lundin who owns 40 per cent and Edison who owns 20 per cent.

Rosneft established the RN Nordic Oil in 2012 as a 100 per cent subsidiary owned by Rosneft Russia. Currently they consider themselves to be in a start-up phase and plan to have employed 15 staff members as well as have opened an office in Oslo by March 2014. The staff consists of a mix of Russian nationals, Norwegian nationals and people with other nationalities. The CEO is Dutch and has experience from eight years of working for Royal Dutch Shell in Russia. The company will handle the upstream activity for Rosneft in Norway.

RN Nordic Oil were awarded one license in the 22nd licensee round which gave them 20 per cent of PL713 consisting of four blocks in the Norwegian Barents Sea, where they will cooperate with the operator Statoil. When the interviews took place in November 2013 RN Nordic Oil was also preparing for the 23rd round of license awarding in the Barents Sea. RN Nordic Oil is securing their cash flow from their parent company in Russia, and thus is in the same position as Lukoil, which implies they will have a limited operation budget until they get a positive return on investment (ROI) in Norway. Rosneft has a global CSR policy and publishes GRI reports annually.

8 Analysis of interviews

In order to be able to extract information from our interviews, we have systematised them by setting up categories that correspond with our chosen theoretical framework regarding CSR and culture. We used excel forms and transferred only text, words or whole sentences with relevance to our research question to the forms. We made an intersection form (see Table 1), where answers concerning CSR were listed vertically and categories concerning cultural dimensions were listed horizontally. This form was applied to all informants separately. In addition we made several summarising forms that we applied to all informants at once (see Table 2 for example). In the following we will refer to the informants by calling them informant A, B, C, D, E, F and G, where A and B represent the same company as well as E and F. Since we are not interested in any particular company's challenges but rather to obtain general information about the subject matter, keeping the informants anonymous should not reduce the quality of potential findings.

The CSR table

	Text from interview	Culture							
CSR		Hierarchy vs. shared power/flat structure (consensus)	Individual vs. Collectivism	Relationship vs. Task orientation	Risk taking vs. Uncertainty avoidance/risk avoiding	Masculine vs. Feminine	Short term vs. Long term	Particularism vs. Universalism	High vs. Low context
Perception of corporate responsibility in society in Norway/Russia	Text from interview								
Definition of CSR	Text from interview								
Age of CSR/stages	Blank								
Defensive	Text from interview		X						
Charitable	Text from interview								
Promotional	Text from interview				X				
Strategic	Text from interview								
Transformative	Text from interview								
Adaptation of strategy	Text from interview								
Definition of stakeholders	Text from interview								
Primary	Text from			X					

stakeholders	interview								
Secondary stakeholder	Text from interview								
Implementation	Blank								
How valuable is CSR for business achievement	Text from interview								
Measurement of CSR	Text from interview								
CSR activities	Text from interview								

Table 2: This table was used to extract answers connected to CSR, and all the answers were rated according to cultural dimensions, if possible. One form was allocated to each of the informants. Here the x-marking is just used as examples, and are not the actual result.

As we can see in Table 2, we listed out the different CSR categories found in our interview guide, which are all based on our chosen research literature. Firstly, we asked our informants to define CSR, whether or not they have a separate strategy for CSR, we asked them to define stakeholders and list out their primary and secondary stakeholders, and lastly we asked them about implementation of CSR. The category called “Age of CSR/stages” refers to Visser’s cataloguing of the developmental stages of CSR. We never asked any of the informants explicitly to place their company according to Visser’s stages; rather we assigned the answers according to Visser to identify the stage(s) in which each of the informants/companies would be. Likewise with the cultural dimensions listed out horizontally: We never asked the informants explicitly to place their answers according to the dimensions, rather we have assigned their answers according to the dimensions. By applying this method, we hope to reveal any ‘hidden’ cultural dimensions in their answers, and get down under Hall’s water line to explore how cultural values impact the informants views on CSR.

The cultural differences table

Cultural differences and sensitivity	Informants						
	A	B	C	D	E	F	G
What are the major differences between N and R culture							
Norway	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview
Russia	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview
Clearly defined corporate culture	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview
National culture impacts corporate culture	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview	Text from interview

Intercultural sensitivity							
Denial							
Defensive							
Minimisation	X					X	
Acceptance		X	X	X			
Adaptation			X		X		X
Integration							

Table 3: This table was used to summarise the cultural differences and place the informants on Bennetts scale for intercultural sensitivity. The markings are just illustrations, not the actual answers.

In Table 3 we extracted and listed out the answers to questions about cultural differences. We figured that if we made a comparison of the answers where informants *implicitly* base their answers on cultural values (when answering questions about CSR) with answers where we *explicitly* ask the informants to talk about and define cultural dimensions, we could see if there is any variation between *subconscious* and *conscious* cultural values. This approach is based on the assumption that businesses that acknowledge cultural differences when forming their strategies and deciding their activities will increase their effectiveness and hence are more likely to succeed, and also ties in with identifying competitive advantages according to Porter and Kramer (2006).

Again we rated the informants answers without asking them directly, this time according to Bennett’s scale for development of intercultural sensitivity. By doing this we can get a better picture of the informant’s preparedness to work across cultures. The findings from this table can function as a general empirical framework when analysing the answers in the CSR tables because they can give us important leads to the differences between Norwegian and Russian cultural traits according to the informants. In the following sections we will outline our findings and analyse them according to the theoretical framework.

8.1 Cultural differences

When we reached the point where cultural differences were at display (which we waited with until the very end of the interview for reasons we will explain later) during our interview with informant E/F, informant E protested mildly and said: “Can we avoid these kind of questions? I know what you expect; ‘Norway is flat, Russia is hierarchical’. It is a simplification.”

And yes, the informant is right, it is for many reasons a simplification or at least a generalisation. Sometimes talking about cultural differences is like trying to fit a square peg

into a round hole. On the other hand, one could argue that all of science or scientific models are a way of simplifying a complex world. But the motivation for reducing complexity through generalisations is honourable after all – we do it, ironically, in order to obtain a more comprehensive understanding of the world we live in. To understand the nuances, it is very helpful to understand the broader picture first. That is exactly what researching cultural differences is all about – providing a framework in which to better understand the complex and nuanced world of cultural preferences. To heal the patient, you need to get a picture of the general health condition and interpret the symptoms first. As we already discussed the nature of cultural dimensional models in section 5.1.1, we leave further discussions out of the analysis. However, we bring along the slight scepticism towards simplifications that we encountered during the interviews as a reminder to try and look for nuances in our further analysis of cultural differences.

Let us start by taking a look at Hofstede’s survey and compare Norway and Russia, illustrated in Fig. 5 (2013):

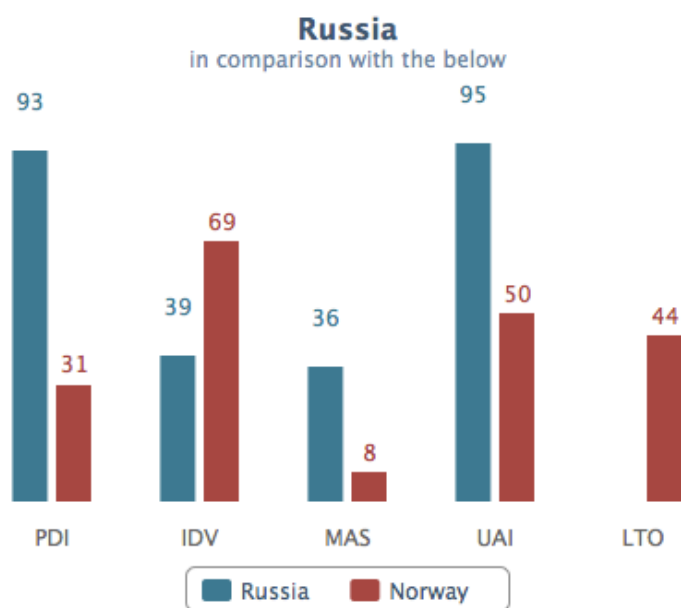


Figure 5: Hofstede’s 5 dimensional model, the 6th dimension is not applied in the model, source: <http://geert-hofstede.com/russia.html> , (retrieved January 7th 2014).

The two dimensions with the largest gaps are Power distance (PDI) and Uncertainty avoidance (UAI), so let us explain them starting with PDI: “Russia, scoring 93, is among the 10% of the most power distant societies in the world. This is underlined by the fact that the

largest country in the world is extremely centralized: 2/3 of all foreign investments go into Moscow where also 80% of all financial potential is concentrated” (Hofstede 2013).

This strong hierarchical preference is confirmed in Trompenaars’ and Hampden-Turner’s survey as well: When asked about the role of the manager and whether employees “saw their leaders ‘as a kind of father’ as opposed to someone who ‘got the job done’” (2012, p.198–199) only half the Russian respondents were opting to be left alone in order to get the job done, whereas 87 per cent of Norwegian respondents opted for the same. This perhaps reflects that Russians are more dependent on their leaders, and hence are more inclined to work comfortably within hierarchical structures, like the swaddling of babies (which actually happens to be a usual way to treat new-borns in Russia) to prevent free movement of limbs is comforting and calming. So far, so good, but hierarchy is not an unequivocal notion, is it? So what exactly is the nature of the Russian hierarchy? And is Norway not hierarchical? We got a more nuanced picture of this in our interviews, presented below in Table 4:

	Hierarchy vs. flat structure (consensus)	
Informant	Russia	Norway
A	Hierarchical, difficult if not impossible to get in contact with people in power.	
B	Distance to power, the boss is always right. If Putin gives an order, the whole country jumps. Important to obey orders, more fear based management style, important not to be blamed for not delivering on orders, you do not want to risk damaging the relationship. Decisions taken higher up, less mandating.	More egalitarian, more mandating, take decisions on lower levels, find best optimum and change direction if needed.
C	Do not have a culture for taking independent decisions, decisions are taken above their head and people execute orders “mechanically”. General director is a bottleneck. They work vertically. Hierarchical, distance to power (power is more concentrated).	Delegation of responsibility. Work horizontally.
D	Very hierarchical organisation structures: very difficult to say "no", difficult to bring problems to the forefront, the boss decides. Poor ability to share information. Very concerned with defining work tasks and to stick to them, very concerned with written job descriptions, do not want to be caught doing something "wrong". Invent things from scratch each time, instead of asking other for opinions on solutions.	Flat structure, Norwegians are not loyal to decisions, can walk out of a meeting and go against a decision, difficult to manage Norwegians.
E	Distance to power is dependent on the size of the company.	What is flat and what is not?
F	Distance to power: my observation is that there are no major differences with regard to hierarchy.	Distance to power: my observation is that there are no major differences with regard to hierarchy.

G	Russia is a top-down country with little degree of mandating, issues go all the way to the top because of lack of mandate, faster, easier and higher up. Protocols are important - who should sign when - and well developed, it is very demanding. If there is no defined mandate: no discussion, no decision. More hierarchical.	Empowerment, mandating, sometimes top-down, but different from Russia. In a Norwegian meeting people will small talk before meeting starts, this never happens in Russia, they wait until the leader/manager has come to open the meeting, to prevent that a spontaneous discussion or beginning of meeting occurs. In the West: more spontaneous and loose, with the risk of premature decisions.
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Table 4: Comparison of answers given to the question about cultural dimensions and asked: “Please indicate the words you would identify as typical for Russian/Norwegian culture: Hierarchy vs. flat structure (consensus), relationship/collectivism vs. task orientation/individualism, risk taking vs. uncertainty avoidance, masculine vs. feminine, short term vs. long term, particularism vs. universalism, high vs. low context”. During the interview we did never refer to any statistics on patterns, hence what research shows as typical, found in surveys (such as Hofstede and Trompenaars), but let our informants decide independently to make sure we did not influence their answers in any way.

The overarching hierarchy in Russia is the so-called *power vertical*, where Putin and his “entourage” hold the top positions. In the everyday business though, this power structure seems of less relevance although informants have observed that people tend to act according to what “Simon (Putin) says”. At the end of the day it is the micro-level hierarchies that matter, and it has very much to do with the extent of mandating and delegating or not. Micromanagement seems to be more necessary in Russia, where decisions are taken “above their heads”, as informant C puts it. Since decisions are taken on top, managers can appear as bottlenecks (because they simply cannot get everything done and tasks pile up as a result of the lack of mandating), which in turn can impede progression, as stated by informant G: “If there is no defined mandate: no discussion, no decision”.

The people that are in power are, according to Trompenaars, mostly respected for what they do and not who they are: 74 per cent of Russian respondents answer that they disagree that respect depends on family background (or so-called ascribed status). Credentials do to some extent count in Russia. In comparison, credentials and qualifications is everything in Norway: 94 per cent of the respondents disagree that respect depends of family background (Trompenaars 2012, p.130). You need to achieve your status by proving it through your ability to execute. On the other hand, mandating can cause problems as well. What appears to be consensus sometimes turns out to be disagreement after all, according to informant D:

“Norwegians are not loyal to decisions, they can walk out of a meeting and go against a decision, it is difficult to manage Norwegians.”

Informant E, the very same who showed reluctance towards (negative) stereotyping, states that the level of hierarchy (distance to power) depends on the size of the organisation, which obviously is true. Moreover, the informant poses the rhetoric question: “What is flat and what is not?”, which can be interpreted as a questioning of the level of realism in the apparently theoretical notion “flat structure”. Informant F, representing the same company, actually denies that there are any differences between Norway and Russia on this dimension (we will subsequently get back to how we rank the companies according to Bennett’s Development Model for Intercultural Sensitivity). When painting with such a broad brush and refusing to acknowledge differences companies lose the nuances that could create a more saturated picture, and may actually risk strengthening negative stereotypes. Not acknowledging cultural differences is a poor starting point when working across cultures and it decreases effectiveness.

The other large gap according to Hofstede is UAI, which has to do with how people deal with ambiguity and anxiety caused by uncertainty. The premise or underlying variable for this dimension is the level of uncertainty in society, which can be high or low. If a society, such as the Norwegian social democracy, provides firm safety nets for its citizens (among other variables), the anxiety level would predictably be lower. In Russia, most people provide for their own safety and security, in many cases without the help from reliable safety nets provided by society at large. As discussed in 5.2.2.5 the level of trust in society is another aspect closely related to this. That Russia scores 95 on the UAI dimension, can reflect both the low level of trust and security/safety in society, and the fact that people do not feel confident that the future will be prosperous: “Russians feel very much threatened by ambiguous situations” (Hofstede 2013). And there are good reasons for this scepticism or fear that seems to permeate society; upheavals and rapid as well as unforeseen changes have been occurring on a regular basis throughout Russian history, and the unrest is always lurking behind the scenes. However, we leave history out of this analysis, presuming it to be common knowledge to most readers.

Trompenaars and Hampden-Turner measure the uncertainty dimension in a slightly different way than Hofstede. They ask people whether or not they believe what happens to them is

‘their own doing’, hence whether or not they master their own destiny. A high level of uncertainty in society would probably decrease a person’s (feeling of) chances to master its own fate. 86 per cent of the Norwegian respondents answer that they do feel they are “captain of their fate”, whereas only 49 per cent of Russian respondents answer the same (Trompenaars 2012, p.176).

As a reaction to uncertainty and low level of trust, one can argue that the importance of relationships increases. Where do you turn when you need help? How did Russians survive all the turmoil they have experienced? How can people make sure that their colleagues and partners are reliable when regulatory arrangements and institutions are weak? One should be careful with advocating causal effects, but it is a general tendency that countries where social security systems and political institutions are weak (or rather too strong, which seems to be the case in Russia) the inclination towards relationships or groups is stronger. Building up a strong network, relying on family and friends, is perhaps a completely natural and logic consequence of the lack of other places to turn for help and support. The Russian culture is however not characterised by the dimension called ‘filial piety’, which means strong respect for older family members or elderly people in general, a value that is often found in Asian or Arabic cultures. The relationship orientation in Russia has more of an *instrumental* character. A quotation from informant D can illustrate this instrumentalism: “It is a personified relationship culture completely different from Norwegian culture: people do business, not companies.” We have summarised the statements from our informants in Table 5 below:

Relationship/group vs. Task/individualism		
Informants	Russia	Norway
A	Individual now, but used to be more group oriented, relationship oriented all the time.	Difficult to establish contact with Norwegians.
B	Strong division between "we": clan, family, close friends (the collective) and the others, "strangers" who we cannot trust. The "we" group does not always coincide with the organisation map. Strong relationships. As a foreigner you should not criticise Russia (the big "we").	
C	Relationship oriented.	Group oriented, task oriented, Norwegians have impact on their own destiny to a much larger extent than in Russia.
D	Personified relationship culture completely different from Norwegian culture: people do business, not companies. It requires more long-term presence. Great loyalty towards family and extended family.	

E	You cannot compete if you are not concerned with tasks. You might get the first project due to relations, but the business will die if you cannot solve the task. But relations are important, seen from a psychological point of view, and not with regard to corruption, but strictly humanitarian, of course. If you are talking about corruption and relations, the difference is big between N and R, but it is not sustainable long term.	Relations: You cannot compete if you are not concerned with tasks.
F	Russians may be more concerned about family; they may have a more long-term perspective. Friends in Russia are maybe more loyal, friendships in Russia are equally strong as in Norway. I do not know if it is typical at all, but I have observed something that might be even stronger than in Norway.	When it comes to human relations there are strikingly little differences. There is often bigger difference between east and west in Norway. My observation is that there is no major differences between N and R. Things work out much better if you have relations, but if you are asking if there any differences between N and R with regard to relations? From my point of view there are no differences.
G	Person-to-person relations are important in Russia, under the skin, not so visible, warm feeling of cohesion.	

Table 5: For description, see Table 4.

The overall impression is that relationships in business are more important in order to get the job done in Russia than in Norway. Again, informant F denies that there are any differences regarding the importance of relationships between Russian and Norway. Informant E is concerned about corruption, however we never brought corruption up as an element of relationship during the interview. The denial of importance of relationships in Russia could probably be a way of expressing that the company does not want to be associated with corruption, which they seem to understand as equal to relationship. Both the Russian companies are very concerned with their reputation as a Russian company in Norway, as in they are afraid that Russia’s somewhat bad reputation or Norwegian’s Russia apprehension is casting dark shadows over them in Norway. Maybe this can serve as an explanatory factor for the denial?

Corruption is however something everyone should be worried about, most of all in Russia, taken into consideration the very low score Russia gets on the Transparency International ranking. The line between on the one hand healthy and trust based relationships established to secure an effective, though transparent business progression and on the other hand an unhealthy relationship where people take advantage of each other or mislead acquaintances, is probably more blurred in Russia than in Norway. It is important to remember that Russians

grew up in a society where most people have been dependent on helping each other out. In the more individually oriented Norway, people take pride in being self-reliant and independent, values that are deeply rooted in the culture. It can be hard for foreigners who do not speak the native language to understand the relationship codex in any country, and to get an overview of who the 'we' are in Russia can be confusing: "The 'we' group does not always coincide with the organisation map", as informant B expresses it.

Having said this, it is commonplace that relationships are important to Norwegians as well, networks are important and knowing the right person in the right position might help people to get hired or to be awarded a contract, at least in the private sector. But relationships always co-exist with credentials and abilities; relations alone will normally not lead you anywhere, it only acts as a helping hand. The line between private and official roles is rather specific and mixing private interests with professional ones will be frowned upon. In Russia it seems that building up relations is the very foundation on which you build everything else. It is time consuming and demands a long-term perspective. More than one of the informants point to the fact that in order to succeed as a foreign company in Russia, underestimating the importance of long-term presence required to build trustworthy relationships, exemplified by expats that stay a couple of years before leaving again, is one of the biggest mistakes foreign businesses do. Trust is necessary, and when the general level of trust in society initially is low, it takes time to build.

Before proceeding to the core question of how these cultural differences can impact on CSR performance, there is one more dimension we would like to focus on: communication style. As Hall argues: culture is communication, communication is culture. We approached communication the same way as with the other dimensions and asked the informants to place Russia and Norway according to high and low context (without defining which country belongs where). We know from the research literature that Scandinavian countries normally are placed at the very low-context end of the continuum, whereas Russia is placed closer to the high-context end of the continuum. The primary purpose of high-context communication is to *nurture relationships* (from which all the politeness and niceties that is more widespread within HC can be explained) and hence context is crucial, whereas the primary purpose of low-context communication is to convey facts, information and opinions. High-context communication is often referred to as *implicit* or *indirect*, whereas low-context communication is referred to as *explicit* or *direct*.

To get a better understanding of the difference between high and low context, we made the following illustration:

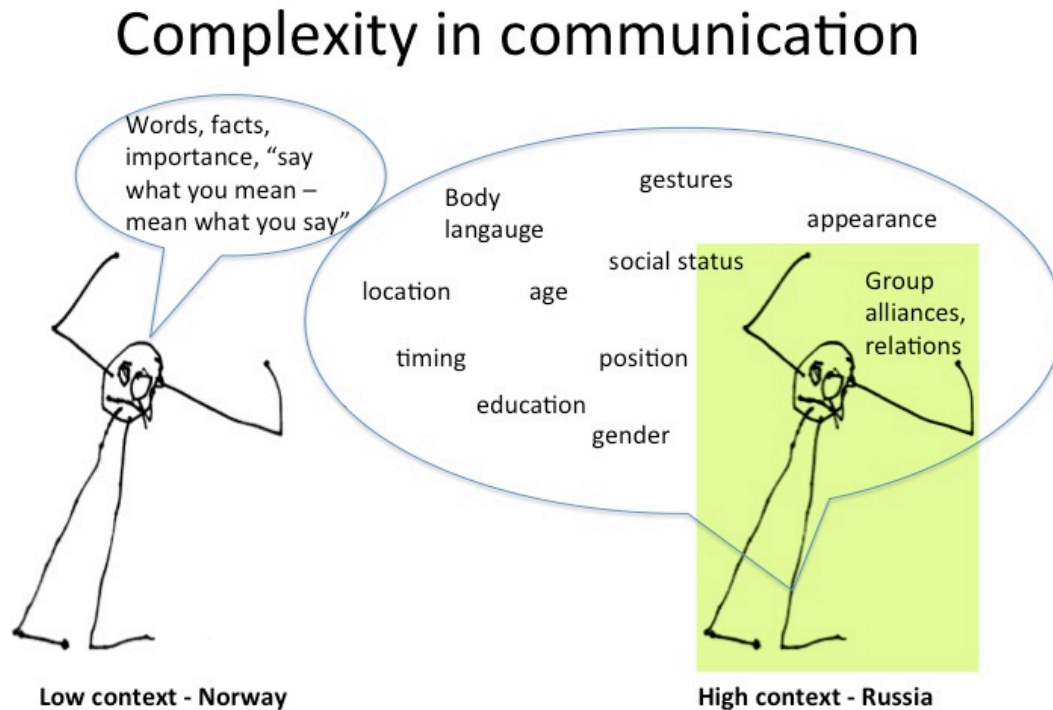


Figure 6: High and low context, different communication styles

It is however important to keep in mind that this is a generalisation, a model, and that there are of course variations within every culture regarding the amount of context in different communication situations. For instance there can be variations across professions: people working with human resources or marketing tend to be more high-context in both their internal and external communication style, whereas people working with finance and engineering normally are more low-context and more concerned with facts and numbers. In our case, all of the interviewed companies are engineering companies. This might have an impact on their corporate communication in general, but that is a discussion we leave for others to investigate. Some argue that there is even a difference between genders as well (men are from Mars, women from Venus), where women in general are more high-context than men, no matter which culture they belong to. For our purpose however, we stick to the general view that Russia is more high-context than Norway and take a look at the opinions of our informants with regard to this question in Table 6 below:

High vs. Low context communication style		
Informant	Russia	Norway
A	Indirect communications style, a lot of context.	
B	Very formal, little degree of communication and coordination across "functional silos", less informal communication, must read between the lines, much more context that needs to be interpreted.	More concerned about communication.
C	More direct than Norwegians. Sometimes difficult to understand their motives (long term vs. short term)	
D	Negotiation technique different from Norwegian: concerned with winning and to be right, no sharing of success. Indirect communication (dependent on hierarchy), subordinates are indirect because of fear of saying something wrong. Russians (in higher positions) seem to appreciate Norwegian directness. People on equal hierarchical level are more direct than lower down, can cause problems with communication. High context culture very important part of Russian behaviour, formalities in meetings, authority, seniority, even number of people on each side of the meeting table, how to address each other, meeting protocol.	Norway has exceptionally direct communication style.
E		
F		
G	Indirect communication, because of lack of mandate, to avoid aiming straight towards a goal they don't have mandate to execute. Protocols are important - who must sign when - and well developed, it is very demanding.	

Table 6: See Table 4 for explanation.

It seems that the informants confirm the overall general perception of Russian culture as high-context. The high context is connected to keeping to formalities such as meeting protocols, negotiation techniques, authority and seniority, even the number of people present in meetings can have a subtle meaning, as informant D points out (even number of people on each side of the table is important to sustain the power balance in the meeting). Regarding Norway, the informants did not have as many opinions as on Russia. Informant E and F did not answer to the questions about difference in communication style (as mentioned earlier we had a hard time getting them to talk about cultural differences in general).

To tie high-context communication style together with the aspect of nurturing of relationships, it is also from a philological point of view interesting to see how the importance of relationships is manifested in the Russian language. Many can still remember when the Norwegian journalist Hans Wilhelm Steinfeldt addressed Mikhail Gorbachev as "Misha" at the Reykjavik summit, Iceland in 1986, when the General Secretary met with Ronald Reagan. By doing this, Steinfeldt claimed he caught Gorbachev's attention and was able to pose him a

question as one of very few journalists. Why? Because the closer you know a person in Russia, the shorter the name becomes (the form is called diminutive). If someone starts to make diminutive versions of your name, it means you are accepted as a closer relationship. Did Steinfeldt have a close relationship with Gorbachev? Probably not, but he knew the “code” in the communication style that would trigger the General Secretary’s attention.

Other cultural traits emphasised by informants are that Russia is more competitive (masculine) or even aggressive; the winner takes it all and consensus is a sign of weakness. Business is short-term with a focus on short-term profits, people are more opportunistic (which has to do with the uncertainty; the chance you get today may be gone tomorrow) and Russian companies are more concerned with payback on products. The short-term focus strikes us as a contrast to the requirement for long-term engagement when it comes to relationships. Some informants also mention that rules tend to be more situation-based (particularist), although the statements are not significant enough to be characterised as a finding.

To sum up, we found support for the strong hierarchical preferences in Russia found in cross-cultural surveys (Hofstede and Trompenaars and Hampden-Turner). It is difficult to access people in power, and the local community power hierarchies are more important to businesses than the top-level power vertical. On a micro-level, within Russian organisations, the hierarchical preference manifests through lower degree of mandating and higher degree of micromanagement of subordinates accordingly. In Norwegian organisations, responsibility is distributed throughout the organisation to a much higher extent, but the Norwegian consensus culture can be challenging; Norwegians can be hard to manage because of their high level of independence and decisions can be taken prematurely.

Moreover we found support for the importance of relationships in Russia, and that it requires a long-term presence to build up the level of trust that is needed in order to build the necessary relationships. The border between private and professional roles are far more blurred in Russia than in Norway, and this diffuseness can be challenging for Norwegians who come from a culture where the line between private and professional interests is quite specific. The importance of relationships in Russian culture is also reflected in the language and in the high-context communication style, whereas Norwegians tend to be far more direct and down to business in their communication style (low-context).

8.2 Stages of CSR

Before we discuss how the cultural differences found in the previous chapter impact on CSR, we would like to take a closer look at the question of which stage(s) our case companies can be placed in regarding CSR. We have ranked the companies according to Visser's (2014) five stages of CSR, to get an idea of where in the CSR landscape the informants are. This is part of the explorative approach; we need to establish more knowledge about this before proceeding with further analysis. Making a distinction between Norwegian and Russian companies is relevant, taken into consideration the different national contexts mentioned in chapters 5.2.2.4 and 5.2.2.5.

We summarised the findings in Table 7:

Stages of CSR	Informants (Red=Norwegian companies, blue=Russian companies)						
	A	B	C	D	E	F	G
Defensive		X					
Charitable		X	X		X	X	X
Promotional	X	X	X		X		X
Strategic	X	X	X	X	X	X	X
Transformative							

Table 7: We placed our informant's answers about CSR (across all questions connected to CSR) according to Visser's stages of CSR. A and B represent the same company and E and F represent the same company.

As we can see, almost all of the companies (except informant D) are placed at different stages at the same time (as mentioned earlier, the notion stage is problematic as stages normally are considered mutually exclusive, but we have chosen to stick to Visser's term to keep consistency and prevent confusion). Not unexpectedly (Visser claims that the transformative stage is a future scenario), none of the informants give any answers that would rank their performance as transformative. However, all of the companies can be placed in the strategic stage. Only one informant, representing a Norwegian company, answers in such a manner that it is relevant to places the company in the defensive stage. This might be a random finding, and as we can see informant B has given answers that places the company in the rest of the stages as well, something that may witness of a broad perspective on CSR. One informant in a Norwegian company in Russia is concerned about is the negative response from the community and NGOs:

“If the population has a negative attitude towards us, they can complain about environmental issues, even though there are no such issues. Or they could support the rhetoric of NGOs, buy their story, even though it is not true, but they feel they can let out some anger or frustration through NGOs.”

A relevant question might be why the informant is worried that the population has a negative attitude towards the company in the first place. The informant also seems to have a quite defensive attitude towards NGOs, by insinuating that their stories are not true. All but one company is ranked as promotional, which reflects their concern with reputation and their acknowledgement of the fact that corporate responsibility is often closely linked reputation.

All the Russian informants are placed in the stage of charity, whereas only two of the Norwegian informants are placed here. This is corresponding with Polishchuk (2009) who argues that large Russian corporations still are characterised by “hyper socially responsible behaviour”, which also implies funding of charity. Though, it is worth mentioning that the Russian companies have just established themselves in Norway, and that they still are talking about CSR mostly in a Russian context, and hence Russia is still their frame of reference, not Norway. This leads us to the next step of the analysis, which is how the informants evaluate the expectations from the society with regard to corporate responsibility.

8.3 Perception of corporate responsibility in society in Norway/Russia

We asked all our informants about their opinion on expectations in society regarding corporate responsibility (CR) in Norway and Russia respectively. The reasoning behind this is the assumption that different national contexts are forming different expectations in society. As argued in chapter 5.2.2.4, in comparative CSR there is substantial empirical evidence that the national context is impacting on CSR performance, and hence it would be interesting to see if the difference also impacts expectations (Table 1 in the appendix for full overview of answers). We crossed the answers given to this question with the cultural dimensions, to see if the cultural context has any impact on perception of CR.

As far as we are concerned, there are no significant patterns revealed in the answers. However, it seems that *universalism* is a stronger feature in the answers given by Russian companies as compared to Norwegian companies. To comply with universal rules and regulations, or Norwegian standards, requirements and legislation, is very high on the agenda

for all the informants (E, F and G) representing Russian companies. In socially embedded economies, such as Norway, universalism is a fundamental trait and the very foundation in society, a dimension the Russian companies seem to have captured.

On the other hand, two of the informants in Norwegian companies mention the high expectations from the Russian government and local authorities regarding investments by foreign companies in Russia and expectations that they contribute to knowledge transfer and development of new technology (capacity building). These expectations can seem more related to core business than to CSR. The description of expectations are characterised by the underlying *masculine* dimension that Russian culture is characterised by (Hofstede 2013), as illustrated by informant B: “There is a high demand locally for contributions from companies, expectations are high, and there is a more aggressive approach to get the most out of companies.”

Another interesting statement from one of the other Norwegian informants (C), is how CSR can be regarded as naïve within the Russian business community:

“Most people are thankful for businesses' contributions, but in the business environment some think we are naïve when we spend money on activities that are not needed for our business, as decorating public space for instance”.

This attitude probably also reflects some of the same masculine traits as mentioned above; it might be regarded as *soft-hearted* to invest in activities that do not contribute directly to increased profit in a Russian context, to use Friedman’s understanding of CR.

None of the Norwegian companies mention environmental issues, whereas both Russian companies acknowledge their high responsibility for environmental issues, especially in the High North.

Summing this section up, it is clear that the Norwegian universal and embedded rules and regulations, including high standards for protection of the Arctic environment, are ringing through with the Russian companies, whereas expectations towards Norwegian companies regarding capacity building and knowledge and technology transfer are high in Russia.

8.4 Informants' approach to CSR and stakeholders

Two companies represented by the informants A, B (same company) and G have a broad and holistic perspective on CSR in their own definitions of the term, in which they include aspects of environmental responsibility, social responsibility, stakeholder engagement, reputation management and charity (Table 2 in the appendix for full overview). The rest of the informants seem to have a much narrower understanding of the concept CSR.

Informant C emphasises stakeholder engagement and charity, informant D business ethics (corruption) and the company's code of conduct and lastly informant E and F (same company) stress social engagement in their definitions of CSR. There are no significant differences that can be identified as strongly connected to national culture; the values seem to be cross-national. However, it might be worth mentioning that only Norwegian companies define CSR in ways that can be characterised as a means for mitigation of risks. Our ranking of CSR definitions according to the cultural dimensions shows that five values are repeating: Relationship/collectivism, long-term, feminine, risk avoiding and universalism.

Regarding definition of stakeholders, which seemed to be a slightly more problematic concept to the informants judging by the discussions we had during the interviews, all informants' definitions are ranked as having a long-term perspective, not depending on national cultures (see appendix, Table 3 for full overview). We asked the informants to define their primary and secondary stakeholders, to get a clearer picture of their views on the hierarchy of stakeholders. Relationship building seems to be the very essence of stakeholder management, at the same time as the overarching cultural trait is getting access to power (hierarchy), hence building relationships with people in power is important to all informants, regardless of which country they come from. And naturally, hierarchy and masculine traits also stand out as markers for the definitions of stakeholders, along with long-term perspective.

If we are looking for any national patterns, the Norwegian informants seem to be slightly more inclined with task orientation and consensus by stressing that the society in general, local people, NGOs, research communities (consensus) and partners, customers and suppliers (task orientation) are part of their stakeholders. However, the informant with the broadest and perhaps most mature (holistic) perspective on stakeholders (the answer touches all the cultural dimensions, see appendix Table 2) is informant G who represents a Russian company:

“A company can only exist based on the efforts made by employees, partners and the local community. A legal entity, people or a group that are affected by our activities, i.e local ethnic population or reindeer herders, become stakeholders instantly and have to be involved in decision-making, planning, etc. Stakeholders in Norway are: Fisheries, authorities, industry organisations like OLF¹⁶ and NGOs. For instance I think Bellona has developed knowledge about local areas, ecology as well as financial elements; they have a balanced view on sustainability and it is very important to develop good discussions with Bellona. An important question in the Barents Sea is: Is a sustainable co-existence of an active offshore and subsea oil and gas activity and the ecosystem, in which the fisheries are dependent, possible? Involvement, influence and legislation are important aspects.”

A perhaps more interesting angle to the question about definitions of CSR and stakeholders is the distinction that seemingly exists between the definitions (with the risk of stating the obvious): Our analysis shows that CSR is characterised by more *feminine* traits, such as taking care of people and the environment, whereas stakeholders seems to be more strongly connected to *masculine* traits, such as getting access to power structures. The embedded power within the hierarchical structures that seem to be important to all our informants is casting its shadow over this. In Russia it is the federal government and Putin, but most of all local authorities such as governors, local tax authorities, local immigrations authorities, local dumas (municipal parliaments) and local politicians, whereas in Norway it is representatives for the Ministry of Petroleum and Energy and Oljedirektoratet that are mentioned, and not local authorities as such. As one of the informants representing a Norwegian company in Russia said: “We are dependent on support from local administration, local dumas (municipal/regional parliament), governors and local politicians, it is very different from Norway.” The difference probably lies in the many levels (which derives from the federal system) that exist in the hierarchical power structures that companies are dependent on in Russia, whereas in Norway the hierarchical structures seem to be more transparent and easily accessible.

To sum up our findings in this section, there seem to be no visible national cultural traits reflected in the informants’ ideas about CSR and stakeholders. However, the distinction rather goes between the two concepts, as definitions of CSR seems to imply softer (feminine) values as compared to definitions of stakeholders, which imply more masculine traits. In Norway the

¹⁶ OLF is now called Norsk olje og gass.

level of local authorities (municipalities) are not mentioned as important stakeholders, whereas in Russia local authorities seem to be very important stakeholders.

In the next section we will take a closer look on whether or not the companies adapt their CSR strategies to Norwegian and Russian conditions respectively.

8.5 Adaptation of CSR strategy

Before explicitly asking the informants to define cultural differences (discussed in section 8.1), we asked them to answer a couple of questions about CSR strategy. The reason for conducting the interviews in this specific order was to try and uncover any subconscious cultural values in their answers and to make the informants talk about their official strategy without leading them into discussions on cultural differences. We were also interested in whether or not the companies have generic CSR strategies, covering all countries where they operate, or if they have country-specific strategies. The Russian companies have just about established in Norway, and did not have any (official) opinion on this question by the time of our interviews.

As we can see in Table 8 below, two of the informants, A and C, state that their CSR strategy is adapted to Russian conditions, whereas B and D state that the strategy is universal or generic. However, the answers of the two latter are quite contradictory in that they moderate the answers by adding: “what has effect varies from place to place” (B) and “but challenges related to corruption and local bureaucracy is pretty difficult in Russia” (D).

As mentioned in chapter 5.2.2.1, according to Porter and Kramer (2006) generic strategies for CSR (that often come as a result of the current international standards and rankings) are not necessarily the best approach to gain competitive advantage for businesses. In the same way as companies adapt their business strategies according to the best possible competitive advantage in a specific market, they should adapt their CSR strategy and tie it closely to the core business. Our suggestion is to take it a step further, and tie the strategy closely to the local cultural conditions as well.

Informants (only Norwegian companies)	Adaptation of CSR strategy
A	"CSR strategy for Russia 2013", fully in line with the business strategy , meant to support the strategy and contribute to make sure the company reaches its goal. It is adapted to Russian conditions , it is supposed to contribute to help and solve problems in the areas where we operate. You need to be quite diplomatic to sew it together with the overall company strategy (in Norway), it can be quite different. Everything is risk based, if we discover a great CSR risk, a social risk, it will be handled at the highest level in the organisation.
B	Universal strategic principles: to create opportunities locally for businesses and people and build competence. What has effect varies from place to place. Risk based approach. In Russia: indigenous peoples issues, preparation for offshore development, arctic issues. Arctic issues are regional, circumpolar, and international.
C	What we do in Russia is very much adapted to Russian conditions . Compared to Africa, where we also operate, Russia is an industrialised country and the need for CSR in the two countries is different. In Russia people are educated and have a lot of knowledge. That is why we invest in higher education; the Russians represent a pool of resources for us. We are very careful with helping the poor in Russia.
D	Our policy is generic. But challenges related to corruption and local bureaucracy is pretty difficult in Russia. We spend a lot of time on making sure we do things right with visas, work permits, it is important. One cannot work in Russian on tourist visa, as some companies seem to think.

Table 8: Adaptation of CSR strategy to Russian conditions.

What seems to be the case for at least informant B and D, is that the companies have a policy and strategy that in *theory* is generic, but in *reality* has to be adapted. The question is: would the performance of CSR be better if they developed country specific CSR strategies in the first place instead of acting according to “random” reality?

When we asked the informants for their opinion on how valuable CSR is for business achievement, with Porter and Visser in mind, the informants’ answers ranged from “not critical” to listing out of several areas of business for which CSR is crucial (see Table 4 in the appendix for full overview). For the Norwegian companies it seems that keeping out of trouble with authorities is an important motivation (stakeholder approach); making sure permits, approvals, licenses and requirements are in place, in addition to transparency regarding taxes. As informant D says: “If you operate transparent you do not get into trouble with tax authorities. It is simple: Federal authorities communicate with tax authorities. Behave or leave. Be careful to follow regulations.”

For the Russian companies, being able to recruit people with adequate competence and being an attractive employer with similar standards to other companies in the industry in Norway are reasons that appear as the most prominent driver for CSR (reputational approach). The concern that lies behind this reputational focus is described by one of the Russian informants

as “Russia apprehension” – the fear or scepticism against Russia/Russianness in the Norwegian society.

In this section we found that the Norwegian companies seem to comply officially with generic corporate CSR strategies, but in reality they do adaptations to mitigate specific Russian conditions. When asked about the importance of CSR to the overall business achievements, it seems the Norwegian companies’ stakeholder approach is a tool to “keep out of trouble” with Russian authorities, whereas Russian companies’ reputational approach is a means to attract adequate competence in Norway.

8.6 How cultural differences impact on CSR

We asked our informants two questions with relevance to impact: How does national culture impact corporate culture and how does cultural differences impact on the performance of CSR?

Let us take a look at the first question first. The doctrine of cross-cultural business research is that national culture overarches and affects corporate culture. If we take McKinsey’s 7-S Framework (McKinsey & Company 2014) as an illustrative example, we could easily apply the model to explain how the surrounding environment (in our case the national culture) affects the seven key areas within an organisation:

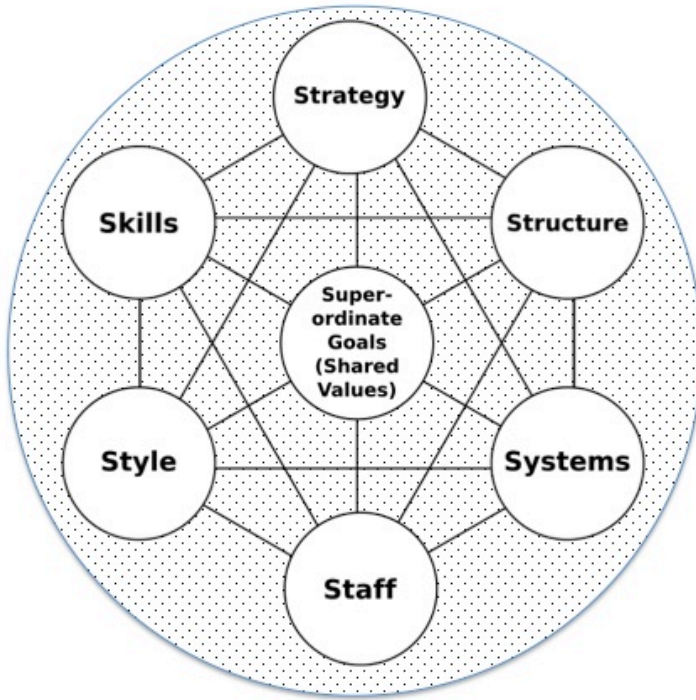


Figure 7: McKinsey's 7-S Framework, the dotted background represents the national culture.

The dotted background represents the external environment, and national cultures vary in how they define each of the seven components within the organisation. How the seven components are affected by the national culture will concurrently affect the business performance by the organisation, including CSR. We did not apply this model directly in our interviews, we only asked informants of their general views on this subject.

In Table 5 in the appendix we summarised the answers given to the above-mentioned questions, in addition to listing out the companies' CSR activities. The general impression regarding how national culture is impacting corporate culture is that there is a certain concern that the Norwegian corporate culture, hence Norwegian national culture one could argue, has too much of an impact on the organisation in Russia. As informant A puts it when asked if national (Russian) culture impacts the corporate culture:

“No, not at all. From my point of view, nothing has been done differently due to Russian culture, which I would say is a pity. But if you think strategically, in order to succeed here you need to build a strong local organisation, but now it is dominated by people who comes from the headquarters in Norway.”

At the same time the informants A and B, who represent the same Norwegian company, admit that the cultural adaptations they do to their CSR activities are accepted by the Norwegian headquarters, who also according to the informants expresses satisfaction with the CSR performance. Again, official corporate culture and generic strategies seem to be adjusted to local conditions unofficially, here emphasised by informant B: “There is an increasing awareness at HQ in Norway that it is not ‘one size fits all’, it is not the same risks here as other places, not the same rules of game and not the same dynamics.”

Trying to find a balance between parent corporate culture and “affiliate culture” when surrounded by Norwegian national culture is a concern of one of the Russian companies as well, as informant G says it: “In my ‘Norwegian’ process my experience is that the extent of parent influence is an on-going process. We have to refer to Norwegian ways of doing things, how things best work in Norway, we need to find an optimal ‘handshake’.”

Both Russian companies are concerned about their reputation, and informant E stresses that the company never has got as much media attention anywhere as they did when they established in Norway. There seems to be an on-going negotiation between which culture that should dominate the subsidiary/affiliate company: the parent company’s corporate culture or the national surrounding culture.

Regarding cultural impact on CSR, we remember from section 8.5 that there seems to exist a negotiation between generic, universal strategies for CSR and an adaptation of strategies to local conditions. When we eventually ask informants directly about how the cultural differences impact on CSR, they have at this point in the interview outlined their own experience and opinions on cultural differences. The question is therefor formulated as “based on the cultural differences you have just outlined, how would you say that these differences impact on the CSR performance?” This is to make sure the informants connect their own opinions on cultural differences to CSR performance. The Russian companies did not answer this question since they currently have not implemented any substantial CSR activity in Norway.

The most dominant finding is again attached to relationships: getting access to the right people at the right level, making sure that you can trust suppliers with regard to transparency, keeping continuity in personnel, preferably local people, and planning for long-term

engagement. There are however two informants that point to an interesting aspect that touches upon the general conditions and Russian context for corporate responsibility: politically sensitive issues. One informant expresses a concern with the new legislation on “foreign agents” (foreign funding of Russian NGOs):

“We have to be careful to interact with NGOs, we don't want to get involved with the new legislation on foreign support to Russian NGOs, we are not a political party and don't want to be caught in a political game.”

Another informant has a more subtle way of expressing a similar concern: “We need to find the right CSR activities that are not politically ‘unwise’, you need to know and understand the hidden networks that lie behind everything in Russia.” We can only speculate in what the informant means by “politically unwise” and what would be considered as politically correct in Russia. In an engineering-context, it probably has to do with whether or not the company supports projects that have high strategic priority at government level.

In the case of informant D, where the company applied the same strict HSE regulations as in Norway, and made the regulation universal across the Russian organisation with application to all levels of the hierarchy (an approach which the informant stresses as something completely new to the Russians), the conclusion is interesting: When Norwegian corporate culture (Norwegian standards for HSE) was implemented, the results improved. The informant claims they got even better results than in Norway. In contrast to the desire to adapt to Russian conditions (found in connection to strategy and corporate culture) despite generic policy or strategy, HSE seems to be in a different league. One can of course discuss if HSE can be defined as a CSR activity in the first place, but in a holistic view it is and if HSE is closely linked to core business it is arguably part of CSR. To most engineering companies, HSE is crucial.

In this section we found that there seems to be an on-going negotiation between headquarter culture and subsidiary for both Norwegian and Russian companies. The informants stress the importance of acknowledging the Russian and Norwegian “way of doing things”, and that “one size does not fill all”, however without the parent company’s full recognition of the need. In one case implementing Norwegian standards in Russia improved the CSR (HSE) performance significantly.

How prepared are the companies to work across cultures? In the next section we take a look at where on the Bennett’s Development Model for Intercultural Sensitivity (DMIS) the companies are found.

8.7 Preparedness to work across cultures

Based on all the statements by the companies and our own analysis of them, we have ranked the companies according to DMIS. Starting out with getting an idea of the patients’ general health condition, continuing with a closer look at the symptoms, we now eventually complete our examination by providing a diagnosis. As explained in section 5.1.1.4, it is possible to be at several places on the scale at the same time.

Development Model for Intercultural Sensitivity	Informants						
	A	B	C	D	E	F	G
Denial							
Defensive							
Minimisation					X	X	
Acceptance			X		X		X
Adaptation	X	X		X			X
Integration				X			

Table 9: Ranking of companies according to Bennett’s DMIS, the red colour indicates “alert”, orange is indicating “be careful”, yellow is an indication of “sufficiently prepared”, light green indicates “well prepared” and dark green indicates “excellent”. Colour indicators developed by us.

Keeping in mind that this tool does not in any way provide a sufficiently thorough measure on the state of preparedness, it is however very helpful as an indicative guide. Informant A and B, still representatives for the same Norwegian company, get ranked as to be in the adaptation state. They acknowledge the cultural differences and have adapted to the Russian culture, however without being fully integrated because the parent company in Norway keeps them from doing so. Their CSR activities are also adapted to Russian conditions.

Informant C is in a state of acceptance. To be able to adapt to a culture, you have to reside in the culture, it is not sufficient to grasp the cultural differences only cognitively. You need extensive experience in order to develop a skill-set that function in the other culture. The ranking reflects perhaps the remoteness between the management at the Norwegian headquarters and the Russian subsidiary.

Informant D is the most prepared of all the informants and shows an extensive knowledge and level of integration in some (but not all) aspects, for instance in the level of trust between the informant and Russian employees, exemplified with this statement: “I have been in Russia for many years and I am staying here. My Russian employees come to me with suspicions about suppliers, they know I can bring it further, I will not just disappear.” In relation to CSR, which can be extremely sensitive issues in certain cases, trust is very important. It is also interesting that the company made Russian employers adapt to Norwegian culture in Russia, successfully, an aspect that goes beyond Bennett’s model.

Informant E and F represent the same Russian company in Norway, and their ranking is relatively low. The reason why is their minimisation of cultural differences on several occasions during the interviews. Your first step towards cross-cultural effectiveness is to admit there are cultural differences. Being concerned about their reputation, as a Russian company in Norway, should advisably make the company think twice about the actual impact of cultural differences; when in Rome, do as Romans.

The last informant, G, is however much better prepared. The informant has already a broad knowledge of Norwegian cultural traits and shows that the knowledge about Norwegian expectations to corporate responsibility is very high. The DMIS-ranking can serve as a general backdrop to our final conclusions, which we proceed with in the next chapter.

9 Summary and conclusions

In this thesis, we wanted to get a better idea about the impact of culture on the performance of CSR, with a specific focus on Norwegian-Russian business relations within the oil and gas industry. Our research questions were:

- What are the challenges for Russian businesses in the Norwegian market with regard to CSR?
- What are the challenges for Norwegian businesses in the Russian market with regard to CSR?
- What do Norwegian and Russian companies do to manage and mitigate the challenges with regard to CSR?

Because of our backgrounds and studies we are very interested in CSR, sustainability and cross-cultural understanding, however we had not seen a study done to this degree or level of detail previously, so we based our thesis on interviews with seven informants representing Norwegian and Russian companies in Russia and Norway accordingly. We also combined two research fields that normally are kept separate, CSR and cross-cultural business performance and communication, in an attempt to get insight into how culture impacts on one specific part of corporate life; CSR. In order to do that we had to define two theoretical frameworks; one connected to cultural differences and one connected to CSR. We based our thesis first of all on the well known and widely used, but also criticised, five dimensional model of Hofstede as well as on Trompenaars' and Hampden-Turner's seven dimensional model of cultural differences. We also defined culture as something that appears in the interaction between people, as a programming of the mind and as the analogy "the cultural iceberg" where 90 per cent of culture is "invisible".

The theory of cultural dimensions functions as a prism for our understanding of CSR, as we argue that different national contexts are often claimed to have an impact on the performance of CSR. We used Visser to establish a practical framework for deciding which approach our informants have to the concept CSR, and also discussed from where Visser's holistic and transformative idea about CSR originates. We also tied Visser's strategic stage of CSR to Porter and Kramer's notion of competitive advantage and argued that knowledge about cultural differences could strengthen the competitive advantage further. According to this theory, one should rather diversify the strategy by adjusting it to Norwegian and Russian conditions instead of applying generic CSR strategies.

In our analysis we started out by unveiling our informants' opinions on cultural differences. We found support for the strong hierarchical preferences in Russia found in cross-cultural surveys. It is difficult to access people in power, and the local authorities are more important to businesses in Russia than the top-level power vertical. The hierarchical preference also manifests through lower degree of mandating and higher degree of micromanagement of subordinates accordingly. In Norwegian organisations, responsibility is distributed throughout the organisation to a much higher extent, but the Norwegian consensus culture can be challenging in that the high level of independence makes Norwegians difficult to manage.

Before looking in to how these cultural traits could impact on the performance of CSR, we analysed at which stages of CSR the informants could be found. We found that there are no significant differences connected to national culture when it comes to Russian or Norwegian informant's approach to CSR. All of the informants have a strategic approach to CSR, whereas most of them have an additional promotional approach. All of the Russian informants seemed to have a strong inclination towards charity and sponsoring, but we also found that two of the Norwegian informants expressed the same.

Regarding perception of CSR, we were interested in getting a better understanding of what the society in general would expect from a company in terms of responsibility, anticipating that there would be some differences between Norway and Russia. We found that Russian companies seem to put an emphasis on universal rules and regulations, and that it is important to comply with Norwegian regulations. On the other hand the Norwegian companies expressed that there are quite high expectations towards foreign companies when it comes to knowledge transfer and technology development, as a means of capacity building in Russia, a trait that is strongly connected to more masculine cultural traits.

Further, we investigated the informants' own definitions of CSR, to see if any cultural traits would be uncovered. We could not find any clear cultural clues in the answers, however we found that the informants' understanding of the concept of CSR is characterised by feminine features, whereas definitions of stakeholders are characterised by masculine features. This seems to be connected to the fact that stakeholder management implies relationship building with people in power, whereas CSR implies caring for people and the environment. A Norwegian company seemed to have the broadest and hence a more holistic understanding of

corporate responsibility, whereas a Russian company had the most well developed understanding of the notion of stakeholders.

When it came to whether or not the companies adapt their strategies for CSR to national cultures, our main conclusion is they have more or less generic strategies, but they do adjustments in order to meet local requirements, however the adaptation happens unofficially, so to speak. To the Norwegian companies in Russia, the stakeholder approach is emphasised; it is important to make sure they talk to the right people and follow all required procedures, to keep out of trouble with authorities. For the Russian companies in Norway, the reputation approach seems to be of highest priority to enable access to qualified and competent people. Both Russian companies are in a phase where they are employing new staff, and so far they have not implemented any CSR activities. This probably explains why they are so concerned with reputation at this stage.

When we asked our informants explicitly about cultural differences, our findings more or less confirmed what the research in the field already has found. The dimensions with the highest impact on Norwegian companies were, maybe not surprisingly, hierarchy and relationship. What we found as more interesting, however, was the on-going negotiation between parent national/corporate culture and the corporate culture in the subsidiary. For one Norwegian company, the informant stressed that there was too little impact of the local Russian culture, but that the headquarters accepted that CSR activities had to be adapted to Russian conditions, and they also recognised the positive effects of doing that. The same negotiation between parent company and subsidiary seems to exist for one of the Russian companies, where the informant expressed a wish to find “the perfect handshake” between the Russian and the Norwegian way of conducting business. One more interesting finding in this section, was that the Norwegian company that implemented Norwegian universal (for all employees) HSE measures experienced that the results improved and even surpassed Norwegian performance. Even though it crossed the typical Russian hierarchical dimension (and employees did react to it), the company succeeded with the activity.

The last we did in our analysis was to rank the companies according to DMIS. Only one company turned out to be in a difficult position; according to our findings informants E and F representing a Russian company in Norway, were ranked to be minimising and cultural

differences, which is considered to be challenging positions when it comes to working effectively across cultures.

All in all, we seem to have found some support for our general anticipation that cultural differences have an impact on the performance of CSR. As CSR becomes increasingly complex and critical and as businesses become increasingly international, the intersection between cultural differences and CSR turns out to be a potential hotspot as a key to success. From our point of view, and as this thesis may have contributed to reflect, this requires that companies develop CSR as an integral part of core business and that they acknowledge cultural differences and adapt accordingly.

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11 Appendix

11.1 Table 1: Expectations to corporate responsibility in Norway/Russia

The ranking according to cultural dimensions is conducted by us.

Informants	CSR	Text from interview	Cultural dimension						
			Hierarchy vs. flat structure (consensus)	Relationship/collectivism vs. Task orientation/individualism	Risk taking vs. Uncertainty avoidance	Masculine vs. Feminine	Short term vs. Long term	Particularism vs. Universalism	
A	Perception of corporate responsibility in society in Russia	Behave responsibly, pay wages every month, do something good for the employees, pay for vacations outside Northwest Russia. Employees expect to get a social package, donations to health, children and insurance for children. A certain difference between expectations in Norway and in Russia. We are a good partner, and wish to be even better. People expect charity, they are used to big oil companies donating money, and it is very typical Russian. For us that approach is kind of "yesterday".		Relationship		Feminine			
		The government/Putin expect foreign investment. Russian companies/oligarchs commanded by Putin to construct stadiums to Sochi Olympics. High demand locally for contributions from companies, expectations are high, more aggressive approach to get the most out of companies.	Hierarchy			Masculine			
		Russia is a hard-core capitalist society, and businesses should have solid revenue. Most people are thankful for businesses' contributions, but in the business environment some think we are naïve when we spend money on activities that are not needed for our business, decorating public space for instance.				Masculine			
		Russia wants knowledge transfer, technology transfer. They expect foreign businesses to invest and to contribute to "Russian content": 50% of investments, taxes and purchase of commodities has to happen in Russia throughout the project.					Long term		
	Perception of corporate responsibility in society in Norway	E	Sustainability with regard to the environment, keep high level of responsibility towards the environment in the High North. The public and the society have high demands towards companies. Not only in Norway, but in Russia as well.			Risk avoiding		Long term	Universalism
		F	Follow Norwegian legislation. Engage in development of technology and within the cultural sector. Be active in the local business community, create jobs, and promote the link between Norway and Russia. Russian companies concerned with what is required to be successful in Norway, how to adapt.		Relationship			Long term	Universalism

G		To operate within the legal framework, to pay taxes according to regulations, employ people according to current regulations. A good reputation/PR in Norway is the main responsibility; need to prove that we operate exactly like Norwegian companies. There is always a certain need in society that requires our contribution. Sponsorship of sport clubs. Profit is our purpose.					Masculine	Universalism
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11.2 Table 2: Definition of CSR

The keywords represent our interpretation of the most important features/notions of the informant's definition of CSR, our ranking of statements according to cultural dimensions.

Informants	CSR	Keywords	Cultural dimension				
			Relationship/coll ectivism vs. Task orientation/indivi dualism	Risk taking vs. Uncertainty avoidance/risk avoiding	Masculine vs. Feminine	Short term vs. Long term	Particularism vs. Universalism
A	Definition of CSR	Environment, social engagement, charity			Feminine		
B		Capacity building, environment, stakeholder engagement	Relationship	Risk avoiding		Long term	
C		Stakeholder engagement, charity			Feminine		
D		Business ethics (corruption), code of conduct		Risk avoiding			Universalism
E		Social engagement	Collectivism			Feminine	
F		See E					
G		Stakeholder engagement, social engagement, reputation,	Relationship			Feminine	Universalism

11.3 Table 3: Definition of stakeholders.

Our ranking of answers according to cultural dimension.

Informants	Definition of stakeholders	Keywords	Cultural dimension						
			Hierarchy vs. shared power/flat structure (consensus)	Task/individual orientation	Relationship/collectivism vs. Task/individual orientation	Risk taking vs. Uncertainty avoidance/risk avoiding	Masculine vs. Feminine	Short term vs. Long term	Particularism vs. Universalism
A	Primary	Local and federal authorities, (Norwegian) media	Hierarchy	Relationship		Uncertainty avoidance	Masculine	Long term	
	Secondary	Society in general and those who are affected	Flat structure/consensus				Feminine		Universalism
B	Primary	Local and federal authorities, the industry	Hierarchy	Relationship and task			Masculine	Long term	
	Secondary	NGOs, power elites, research communities, local people	Flat structure/consensus				Feminine	Long term	
C	Primary	Customers and education/research communities	Flat structure/consensus	Task and relationship			Masculine	Long term	
	Secondary	Local authorities	Hierarchy				Masculine	Long term	
D	Primary	Partners and suppliers	Flat structure/consensus	Task			Masculine	Long term	
	Secondary	Local and federal authorities, industry org.	Hierarchy				Masculine	Long term	
E	Primary	Shareholders, authorities, research communities	Hierarchy	Relationship			Masculine	Long term	Universalism
	Secondary	(Did not make distinction between primary/secondary)							

F	Primary	Authorities, industry organisations	Hierarchy	Relationship		Masculine	Long term	
	Secondary	(Did not make distinction between primary/secondary)						
G	Primary	A legal entity, people or group affected by company's activities, authorities, industry org., NGOs.	Flat structure/consensus	Relationship	Uncertainty avoidance	Feminine	Long term	Universalism
	Secondary	(Did not make distinction between primary/secondary)						

11.4 Table 4: How valuable is CSR to achieve business goals in general?

Ranking according to cultural dimensions made by us. We did not ask informant A, but A and B represent the same company. E and F were interviewed together, only E gave an answer.

Informants	How valuable is CSR for business achievement	Cultural dimensions					
		Hierarchy vs. flat structure (consensus)	Relationship/collectivism vs. Task orientation/Individualism	Risk taking vs. Uncertainty avoidance/risk avoiding	Masculine vs. Feminine	Short term vs. Long term	Particularism vs. Universalism
A	See B						
B	Valuable on a long-term basis. Stakeholder management towards partner and regional administration important in order to get in to projects. Important for execution, permits and approvals, contact with regional government	Hierarchy	Relationship			Long term	
C	It is not critical/decisive						

D	<p>Suppliers: We have an obligation to investigate that suppliers actually are "white", according to Russian law we have a duty to investigate whether suppliers pay taxes. That has been a challenge. Suppliers need to have all required licenses, a requirement that has become much stronger in Russia. They have formed guilds to ensure qualification of engineers. Russia also introduced new regulations in August 2013 for work permits and residence permits: if companies employ engineers without the right permits, they will get thrown out of the guilds.</p> <p>Taxes and transparency: If you operate transparent you do not get into trouble with tax authorities. It is simple: Federal authorities communicate with tax authorities. "Behave or leave". Be careful to follow regulations. Alco-testing: through implementation of new routines for alco-testing of all employees (cross-hierarchical), we have much better results on the project, it is clearly profitable.</p>	Flat structure		Risk avoiding	Feminine		Universalism
E	Important for employees that we do not operate isolated from the society, we have to compete to get good, qualified workers, we need to recruit experienced experts. You need to have the same level and standards as other oil and gas companies in Norway and be an equally good employer.		Task		Feminine		Universalism
F	See E						
G	It is important. The company and the stakeholders/local community need to have a sense of interdependency, they contribute to each other. If we do not take CSR seriously, we will meet resistance from society, risking that people do not want to work for us, we will have a hard time getting supplies/services, which are dependent on support from the local community as well.	Flat structure/consensus	Relationship	Uncertainty avoidance		Long term	

11.5 Table 5: Cultural impact on corporate culture and CSR

Informants	Does national culture impact corporate culture?	Do cultural differences impact on CSR performance?	CSR activities
A	No adaptation to Russian culture, which is a pity. Strategically, to succeed you need to build a strong local organisation. Currently people from the HQ in Norway are dominating.	HQ is mostly satisfied with our CSR activity, we try to implement it fully aligned with company strategy, they accept the need to adapt our activity to Russian conditions and agree that it is better. Our partners adjust their projects according to our guidelines. Need to be careful to interact with NGOs, we don't want to get involved with the new legislation on foreign support to Russian NGOs, we are not a political party and don't want to be caught in a political game.	12 social investment projects (from simple contracts to big projects). Local capacity building through education projects: cooperation with Norwegian and Russian universities. Contribute to vocational training of welders in Murmansk, bought equipment/welding machines, helped establish certification of welders. Currently establishing a linguistic centre for language training

		Distance to power is mitigated by signing agreements with local authorities, between the governor and the company's country president. Subsequently it is easier to call colleagues on our own level. Manager-to-manager contact needed. Long-term presence needed, if they know you things will go smoother. Locals need to do the relationship building. Expats who come and go destroy a lot. But it helps to bring a blue-eyed, blond, tall Norwegian as a door-opener, Russians love Norwegians.	in Norwegian, English as well as Russian for Norwegian students. Our current focus: qualify enough workers for the upcoming activity in the Barents Sea for the industry, contribute to development of local (Norwegian/Russian) work force in the High north.
B	Be aware of the "two faces" of social and business culture: The tough business culture vs. Russian hospitality. Be aware of hidden agendas, ambitions and non-acceptable intentions. Need to be tough business wise, authority requires ability to take decisions. Increasing awareness at HQ in Norway that it is not "one size fits all", not the same risks, not same rules of game and not the same dynamics here. It is important that CSR activities can mitigate risks.	Agreement for cooperation anchored at the governors office - gives us an arena to keep in touch with our primary stakeholder in the region.	Sponsorship. Support to symphony orchestra. Support talented children. Grants to talented students.
C	Completely different regulatory requirements in Russia, i.e. travel regulations: HR department needs to issue documents and a lot of other things. Our organisation in Russia is managed from Norway, so I don't see any implications of cultural differences.	Relationships are important; they impact on our strategy and performance on long-term basis. Keep continuity in personnel working with Russia. Need to find politically "wise" CSR activities, need to understand the hidden networks, always an extra dimension in everything we do. We allocate quite large resources to retrieving information, which needs to be analysed.	Cooperate with universities to educate people within our field through post-Master education, let them work for a period in Norway. Invested in facilities (buildings) at the university, training of teachers.
D	Different negotiation technique: concerned with winning, no sharing of success. Personified relationship culture completely different from Norwegian culture: people do business, not companies, requires more long-term presence. Very short-term business culture, "become rich tomorrow", and quick decisions, concerned with payback on products. Russians (in higher positions) seem to appreciate Norwegian directness. High context culture very important part of Russian behaviour, formalities in meetings, authority, seniority, equal number of people on each side of the meeting table, how to address each other, meeting protocol.	With new routines for alco-testing of all employees, no matter which position, we got much better results on the project, clearly profitable. The same rules (as in Norway) apply for all employees, something completely new to the Russians, contributed to good HSE results. Contracts challenging due to lack of transparency and hidden agendas/relationships. Need local employees you can trust. Complete deliveries are more secure than being dependent on Russian partners. Our policy is clear: report immediately if you discover any irregularities. If you manage a company in Russia from abroad, local management might have different guidelines. If you acquire a Russian company, you risk buying hidden relationships (former owner with interests in the property, suppliers, or relatives who work in the company etc.). Projects that are anchored on top, are much less exposed to trouble (corruption/other obstacles).	HSE training of employees, you get the same protective equipment no matter if you are blue or white collar. Qualification of personnel, of welders, alcohol testing of personnel (all with dangerous professions such as crane drivers and other drivers tested every day, sometimes all get tested, and sometimes random testing, with more than 0,2 alcohol in the blood they lose their job, between 0-0,2 they have to go home, in addition they can ask to be tested if they are not sure and keep their job if they are over 0,2). Generic training of employees in code of conduct/identifying of corruption attempts.

E	Huge media focus when we started up in Norway, like in no other country. The reasons may be: currently not many Russian companies in Norway, Norway is the only Nato member with common border with Russia, the delimitation agreement, several smaller companies have failed with start-ups in Russia. For Norway it is a big historic event; a Russian company is establishing business in Norway - what are they going to do?		Sponsor of cross-country ski federation (in Russia), athletics competition (in Norway) (promotion of World Championship in Moscow), owners have engagement in football clubs, cultural events. Fund that supports building/reconstruction of orthodox churches through an agreement between with the Patriarchy of Moscow, an equivalent fund for a Muslim organisation. Communication on CSR. Possible activities in Norway: Support young people and children, do something for schools, youth or culture.
F	See E		See E
G	Company affiliate in Norway: On "arms length" from parent company, affiliate operates according to local (Norwegian) conditions, but parent company's governance affected by Russian views. Just started the process of internationalisation; training within parent company currently. Extent of parent influence is an on-going negotiation; need to find an optimal "handshake" with Norwegian ways of doing things. Our challenge is Russia apprehension (fear, scepticism).		Norwegian authorities have taken initiative to coordinated seismic shooting in the Barents sea. We are positive to contribute to that. It increases effectiveness in terms of economy, taxation, energy spending and is probably better for the fisheries. It secures a better cooperation between actors and stakeholders. The initiative contains elements of CSR, but is not implemented because of CSR.

11.6 Interview guide

Interview Guide

Introduction:

The purpose of our thesis is to investigate what kind of challenges businesses encounter while implementing Corporate Social Responsibility (CSR) when entering international markets. By looking into four cases of companies that have crossed the Norwegian-Russian borders, we aim to understand how cultural differences are affecting the strategies and implementation of corporate social responsibility. We investigate the intersection between culture and CSR by doing a case study of two Norwegian businesses that are present in Russia and two Russian businesses that are present in Norway.

Research question

Our research question is: How does national and corporate culture affect the performance of CSR-strategies in Norwegian-Russian business relations?

- What are the challenges for Russian businesses in the Norwegian market with regard to CSR?
- What are the challenges for Norwegian businesses in the Russian market with regard to CSR?
- What do Norwegian and Russian companies do to manage and mitigate the challenges with regard to CSR?

The role of business in society:

Q1: How would you say that the perception of the role of business in society is in Russia/Norway?

Q2: Would you say that the Russian/Norwegian perception differs from the Norwegian/Russian perception? If yes, how?

The term CSR:

Q3: From your perspective: what is Corporate Sustainability and Responsibility (CSR)?

Q4: From your perspective: how would you say that CSR as a concept is perceived in Russia/Norway – in society overall and in business environments?

CSR strategy:

Q5: Which motives does your company have for working with CSR?

Q6: What are your company's overall CSR priorities?

Q7: Do the priorities in Russia/Norway differ from the company's overall CSR priorities? If yes, how?

Q8: Does your company have a separate CSR strategy? Or is the CSR strategy an embedded part of the company's business strategy?

Q9: Does your company have a separate CSR strategy that is adapted to Russian/Norwegian conditions? If yes, how? If no, do you think it would be necessary?

Q10: Would you say that your company's CSR strategy/activities is closely linked to the company's core business activities? Please describe why or why not.

Q11: From your perspective: Do you think philanthropy plays an important role as part of CSR in Russia/Norway today?

Q12: Are CSR and SD questions raised and discussed at the executive and board levels in your company in Norway/Russia?

Stakeholders:

Q13: In your opinion: How do you understand the term stakeholder?

Q14: In your opinion: Who are your company's stakeholders in Russia/Norway?

Q15: From your perspective: what are the main risk factors for your company in Russia?

Q16: Who are the primary stakeholders and secondary stakeholders to your company?

Q17: How valuable would you say that CSR programs are to business achievements in Russia/Norway?

Implementation of CSR:

Q18: How active would you say that your company is when it comes to CSR activities in Russia/Norway?

Q19: What does CSR encompass when it comes to activities in your company? (What are your CSR activities in Russia/Norway?)

Q20: Does your company engage in CSR activities towards any of your stakeholders?

Q21: Does your company perform regular non-financial reporting on CSR and Sustainable Development in accordance with Global Reporting Initiative (GRI), Global Compact or any other international standards?

Q22: Does your company measure CSR performance in any other way, such as Key performance indicators (KPIs)?

Implementation and national culture:

Q23: From your experience, what is the official attitude towards foreign companies in Russia/Norway in general?

Q24: In general, how do the authorities and the public perceive your company's activities in Russia/Norway?

Q25: If you should point out some of the most prominent features of Russian/Norwegian national culture, what would they be?

Q26: From your perspective, what would you define as the major differences between Russian/Norwegian national culture and Norwegian/Russian national culture?

Q27: We will now list out some word couples (dichotomies), which often describe value preferences in different cultures. Please indicate the words you would identify as typical for Russian/Norwegian culture:

- Hierarchy vs. shared power/flat structures
- Individual vs. group orientation
- Relationship vs. task orientation
- Risk taking vs. risk avoiding/uncertainty avoidance

- Masculine (competition, achievements and success) vs. feminine (caring for others, quality of life)
- Short term vs. long term perspectives
- Situation (particularist) based rules vs. universal rules
- Indirect communication vs. direct communication
- High context (i.e. idioms, proverbs, rhetoric and good arguments, status, gender, age, appearance) vs. low context (facts and figures, data, what I say is what I mean)
- Distance to power vs. easy access to decision makers

Q28: From your experience, how would you say that Russian/Norwegian culture impact on your company's strategy or implementation of CSR? Would you say that any of the above mentioned values have had any impact? How?

Q29: What would you define as the most challenging part of Russian/Norwegian culture when it comes to CSR activities and implementation of strategies for your company?

Q30: Did your company make any adjustments to the CSR strategy or activities to adapt to Russian/Norwegian culture? How?

Corporate culture:

Q31: Does your company have a clearly defined corporate culture with core values that are acknowledged and known by the employees?

Q32: Does your company strive towards a common corporate culture across national borders or do you differentiate and adapt to the countries where you are represented?

Q33: From your experience: How does the corporate culture of your company impact on the CSR strategy and implementation? How would you describe the connection between core values and CSR strategy?

Q34: From your point of view: How does the Russian/Norwegian culture influence the corporate culture in your company in Russia/Norway?

Q35: Do you see any consequences or implications with regard to the implementation of CSR as a result of differences in corporate cultures in Russia/Norway?

Q36: Do you have any other opinions or comments with regard to CSR and cultural differences that you would like to share with us?