Doing business in Russia: laws, norms, and profits

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Why do we need knowledge of norms and laws?

Laws....

- Laws are understood as the formal rules “enacted” (established, ratified, implemented and sanctioned) by legislators, providing the necessary principles for the organization of human relations.
- Knowledge of the law is important in order to secure compliance.
- Laws are predictable and enforceable.
Norms...

- Knowledge of the norm becomes important when the regulated community is subject to unpredictable legal systems (weak rule of law);
- Norms - the “unwritten laws of society”?
- Norms are difficult to identify (moving targets).
- Norms may be enforced.
- Norms can shape actor’s behavior (compliance, public management) and act as a back-up system when the formal laws are dysfunctional, influencing trust and legitimacy of the regime.
Understanding “sustainability” in the Barents region

- Pilot-study initiated by the research group “Russian Space: Concepts, Practices, Representations”
- Focus on understanding the norm: rather than traditional “top-down” practices, our study aims to analyze practices that go beyond obedience to the law
- Workshop at BAI, January 2019
  - How can we identify the norm?
  - Is “being sustainable” the norm?
  - What is “sustainability”?
  - Can “environmental reporting” help us to understand this?
Environmental reporting - the norm in the Barents region?

“Environmental reporting” is related to theory of “Ecological Modernization (Mol 2001)” ► “Ecological deinstitutionalization in Russia” (2009)

How can we explain a boom in Russian companies publishing environmental information?
Environmental reports published according to GRI

Source: www.database.globalreporting.org/search (April 2019)
Reports published according to GRI-G.3/4.

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What is Global Reporting Initiative (GRI)?

• Global standard for environmental reporting designed in cooperation with the UN, NGO’s and the industry;
• Guidelines, no requirements;
• Environmental & Social aspects;
• External assurance.
Environmental reporting should be seen in the context of a globalized world where corporate-stakeholder relations are characterized by imbalance and mistrust (transparency).

Window-dressing or measurable development?

Environmental reporting is not the publication of statements on a company’s webpage.

Environmental reporting is currently not required by law in Norway/Russia.
Explaining Environmental reporting (2/3)

- Environmental reporting is the release of environmental data identifying the company in question.
- The main drivers for environmental reporting are:
  - satisfy communities/authorities;
  - improve company performance (ISO14001);
  - add shareholder value;
  - benchmarking.
Explaining Environmental reporting (3/3)

What do companies report?

- environmental commitment;
- environmental program (EPI’s);
- compliance with the law;
- accidents/incidents;
- quality assurance (GRI, external assurance).
A critical note….

- Environmental reporting and environmental performance are not the same.
- Based on a framework predetermined by the industry.
- Is external assurance really independent?
- Transparency and credibility is at stake when accidents/incidents are poorly reported.
- Issues regarding “subcontracting”, “location” and “comparability.”
Why do companies based in Russia report?

1) Pressure from society for environmentally responsible behavior
Why do companies based in Russia report?

II) Pressure from the international market
Conclusions from our pilot-study “environmental dialogue in the Barents Region”

- How do we map norms (and their effects) – can norms be mapped, categorized and assessed?
- How can we establish a link between “the norm” and “sustainability”, and can “environmental reporting” be part of the solution?
- Our fieldwork illustrates there is an internal drive for environmental reporting by Russian companies.
- Conducting qualitative interviews in this field is challenging.