

## Environmental Entrepreneurship Is as Basis of Social Responsibility of Business in Russian Federation and Foreign Countries

*P.V. Shvagerus*

Volgograd State University of Architecture and Civil Engineering, CEO of Ltd.  
Scientific and engineering Center “Eko Proekt Volga”

---

**Abstract:** The social responsibility of business is an important factor of the modern business. When we speak about social responsibility of the environmental entrepreneurship, we mean the responsibility of business companies as a part of society because they are responsible for their action which may determine and influence on the quality of social life. Entrepreneurship is not only about profiting, it is also about risk-taking which comes during the activities including the ecological risks. *Unfortunately*, foreign authors do not view the social responsibility for modern Russia. It is significant lots of scientists have the opinion that the term «The Social Corporation Responsibility» does not exist in Russia. This is not the unity of scientist’s opinion of that problem in Russia. According to the first position Russia is integrating elements of the Anglo-Saxon and the French model of The Social Corporation Responsibility. *Second* position including the opinion that Russia is forming an Anglo-Saxon model of social responsibility. Third group of scientists pick out special Russian models of social responsibility which includes new social practices and also trying to save soviet and pre-revolutionary traditions. The Russian scientists and businessmen pick out the five main descriptions of contemporary Russian models of the Social Corporation Responsibility.

**Key words:** Environmental entrepreneurship • Social responsibility of business • Resource conservation  
• Energy saving • Environmentally friendly product

---

### INTRODUCTION

Social responsibility of business is an important factor of success for the modern business. This liability is incurred as a result of neglect or lack of attention to the needs of business entities and the needs of society and is manifested in slowing the reproduction of labor resources in areas that are resource base for this type of business. In the area of environmental entrepreneurship social responsibility of business is responsibility of business entities for compliance with rules and regulations, implicitly specified or unspecified by the legislation and affecting the quality of life of individual social groups and society as a whole. It is also a voluntary contribution of business to society’s development directly related to the core business of the company.

**Environmental Responsibility as Essential Part of Social Responsibility of Business:** An essential part of social responsibility of business is environmental responsibility. Leading companies in recent years take a more active environmental position and not only comply with environmental legislation, but also take initiatives aimed at tightening environmental standards in their corporations, which are often more stringent than even in the legislation.

In 90 years the basic principle of Western environmental activities “the polluter pays” transformed into “pay for the right to pollute”. In this period it became more profitable for entrepreneurs to pay a minor fine to supervisors for violating of environmental norms, rather than build expensive treatment facilities.

---

**Corresponding Author:** P.V. Shvagerus, Volgograd State University of Architecture and Civil Engineering, CEO of Ltd.  
Scientific and engineering Center “EkoProektVolga”.

At the beginning of XXI century there appeared positive progress in the attitude of business to the protection of nature [1]. The representatives of business associations and large businesses become increasingly talk about environmental responsibility of business as an important part of its social responsibility. In this case, the environmental situation in the country continued to deteriorate. The vast majority of businesses are in a kind of transit of environmental irresponsibility to environmental responsibility. In practice, it is as follows. The company has built a kind of treatment facilities for its wastewater, but for various reason it continues to make emissions of harmful substances into the atmosphere. Another company can comply with most environmental regulations, but do not apply resource-saving and energy-saving technologies, etc.

We can identify the following areas of corporate environmental policy [2]:

- Compliance with existing environmental legislation;
- Development of the main document regulating the environmental practices and declaring plans to tackle environmental problems;
- Implementation of projects aimed at reducing the negative impact on the environment through the introduction of new energy-efficient and resource-saving technologies;
- Recovery of environmental objects (forestation, removal of waste landfills, clean of water, etc.);
- Ongoing monitoring of impact of the company on the environment;
- Integration of environmental considerations in planning the development of production, making investment decisions;
- Participation in environmental campaigns in the region.

Social responsibility of business assumes a certain level of development of the enterprise and the voluntary response to the social problems of society [3]. This response means compliance with statutory regulations and the implementation of activities in excess of these requirements. Such approach of an entrepreneur to his activity let him make a fundamental change in such difficult socio-economic situation as in modern Russia.

Every researcher that works on this subject trends to the approval of the necessity or excesses of organization's participation in solving of the problems of society [3]. Arguments "for" and "against" are both reasonable and they both can be understood. But, as there are now no

pure market economy, as there can not be only "economic" entrepreneur. The entrepreneur must also be "socially oriented" as well as the economy in developed countries, which give us an example of a high quality of life.

In developed countries the problems of preservation of nature are among the priorities of development for more than half a century. This is evidenced by the presence of complex state environmental programs and the development of legislation, strictly regulating protection of the environment, the activities of influential political "green" parties, public organizations fighting for the protection of the environment, etc.

The beginning of active work on development of environmental entrepreneurship refers to the end of the 70's and early 80-ies of the last century. This process was initiated by the United States and Western Europe, which resulted in the creation of the World Industry Conference on Environmental Management. In the 90's several dozen of leading companies in the world established the Business Council for Sustainable Development, which begun to attract the attention of big businesses to the solution of environmental problems, to establish strict environmental standards for its members. Tightening of environmental regulations contributed to the development eco-business in these countries.

Today the United States, Japan and Western Europe have the leading positions in the implementation of environmental technologies and export of environmentally oriented products. Germany has more than 40 per cent of environmental patents on products and goods that are in demand in all countries. The volume of products produced on the environmental market, according to some experts, is estimated from 600 billion to 2 trillion of dollars and the growth rate is from 5.5 percent to 7 percent per year. The contribution of environmental businesses in the GDP of the countries of the "Big Eight" is from 10% to 24%. The U.S. market of the production of environmental goods and services is \$ 37 billion, Japan-\$ 30 billion, Germany-\$ 20 billion, France-\$ 10 billion. In the market of environmental goods and services in the countries of Eastern Europe, including the CIS, the production of environmental goods and services is estimated at \$ 20 billion. In the Czech Republic, Hungary and Bulgaria, it is more than \$ 600 million.

#### **Russian Model of Corporate Social Responsibility:**

The principal characteristic of entrepreneurial activity is adoption of entrepreneur of risk on its operations and profits. Taking risk is responsible behavior of

Table 1: The main objects and forms of pollution, [4]

Object and form of pollution	Nature of the damage*	Time of onset of damage**
Impact on human health:		
- Air pollution by combustion products	1, 3, 5	1, 2, 3
- Water pollution:		
- Industrial chemicals,		
-heavy metal	all 2, 4	2, 3all
The effect on reproductive genetic factors:		
- Radioactivity;	4	3, 4
- Pesticides;	4	unknown
- Industrial chemicals;	4	2, 3, 4
Impact on the ecosystem of the planet:		
- The use of biological resources;	2, 4, 5	all
The threat of the ocean:		
- Oil;	3, 5	3
- Mineral fertilizers;	3	4
- Other chemicals;	2, 4	3, 4

\*1-temporary, 2-cumulative, 3-reduction, 4-permanent, 5-synergistic effect (increased toxicity).

\*\* 1-continuous, 2-snap, 3-one generation, 4-more than one generation.

an entrepreneur for the operation of his business. The entrepreneur is responsible for the success of the enterprise, for the provision of the necessary items to the market, for the quality of the goods, for compliance with laws and agreements with partners, investors, employees and the state. However, non-compliance, tax evasion, poor quality of products, poor working conditions-this is the reality of our days.

Table 1 shows the main objects and forms of pollution, the nature of the damage and the time which shows the damage.

Employers are required to comply with all requirements of environmental safety in order to somehow have a positive impact on the future of their children. Is there a Russian model of corporate social responsibility (CSR)? Unfortunately, foreign authors do not consider the theme of social responsibility in the context of contemporary Russia. Some of them believe that the concept of CSR in Russia is not applicable. In Russia there is also no consensus on the question of a certain model of CSR.

There are three groups of positions. The first position is that the social responsibility of business in Russia is "hybrid" where there are elements of Anglo-Saxon and Continental models CSR. The second position is reflected in the fact that today Russia has chosen the Anglo-Saxon model of social responsibility, which is focused on social investment in the community and "human capital". The third position is that the Russian model of CSR exists and its distinguishing feature is the combination of new social practices while preserving the Soviet and even pre-revolutionary traditions.

Famous Russian sociologist Yuri Levada convinced that "the structural elements characteristic of a bygone era, continue to operate". The author of the theory of "Russian management model" A. Prokhorov in the preservation of pre-revolutionary Russia in the modern tradition convinced that the origins of the national model can be found in the pre-revolutionary past [5].

The distinctive features of this model-"the role of an individual" and "bondage" of an employee-are characteristic of modern companies, which in various ways seek to increase the dependence of the staff from managers and senior managers from the owners through the mechanism of social policies.

At the end of XX-the beginning of XXI century it became apparent that the environmentally responsible behavior became one of the major factors in the development and competitiveness of the business. It is taken into account by the international financial institutions (EBRD, World Bank) during extend of loans. In addition, a number of major international banks adopted the so-called "Equator Principles" taking into account the environmental dimension in the lending business.

Due to environmental responsibility of business in developed countries we can observe positive trends in addressing a number of important environmental issues. Among them: reducing industrial pollution of the atmosphere, water resources, introduction of resource-saving technologies, alternative energy, recycling and reuse of industrial waste, etc.

In modern Russia, while the opposite trend is observed: environmentally disadvantaged recognized about 15% of the territory of Russia, area of more than

150 million hectares are processes of desertification and land degradation caused by excessive human pressure on the area, 7.5 million hectares over the past few years reduced the area occupied by forests, some types of ecosystems and living organisms are on the verge of extinction, lost numerous water bodies, etc. The country accumulates more than 110 billion tons of waste, of which about 90 % of municipal solid waste and 60 % of industrial waste is not disposed of and exposed to the direct disposal of the mines, landfills and dumps, which occupy large areas [6].

As for companies seeking to be environmentally responsible at the level of international standards, they are very few in Russia, at best, a few hundred. And some of them, of course, are companies with foreign capital. Modern Russian businessmen clearly underestimate the importance of the environment for sustainable business development [1]. This is evidenced, in particular, the reluctance of the overwhelming majority of businessmen to disclose any environmental information. Moreover, the analysis of ratings of social and environmental responsibility of business does not correspond to reality.

For example, in the rating of 100 environmentally responsible companies, compiled by the end of 2007, there are companies that, according to the State's annual report "On the situation in Environmental Protection of the Russian Federation" for the same year, are among the leaders of the environmental pollution. Thus, plc "Norilsk Nickel", located on the 45th place in the ranking of environmentally responsible companies, ranked first on emission of pollutants into the air and almost 6 times the emissions of plc "Severstal", which, consequently, is located 75-th place in the ranking and the second-of air pollutants, etc.

Meanwhile, the situation in which the leaders of environmental responsibility and simultaneously act as leaders of environmental pollution, is another confirmation of the fact that Russian business is largely combines the features of both environmentally responsible and environmentally irresponsible behavior.

In a number of studies of Russian scientists and business representatives is said about the distinctive features of the Russian model of CSR. Among them are the follows [4]:

- The absence of modern Russian ideology of socially responsible entrepreneurship. This opinion agrees heads of major Russian businesses who believe that the domestic business is peculiar to the low level of "civic consciousness".

- The high variability of forms of social activity prevailing in the individual enterprises and companies.
- The lack of transparent procedures for developing social policy, the dependence of the forms and methods of social activity of the companies on the personal inclinations and interests of managers and owners.
- The high differentiation of corporate social benefits, which tend to focus on the "labor aristocracy" and a highly qualified workforce.
- The significant gap between society and business in understanding of the priorities of social responsibility.

Almost all the participants in the debate about the development of social responsibility believe that the future of social activity of corporations in Russia is uncertain. Answering the question, what does it take to social practices were developed in the Russian business, analysts and representatives of the business community are the following main areas:

- Carrying out state policy, which would be aimed at the affirmation of the rights of private property and would encourage social responsibility;
- Providing clear legal framework for the conduct of social activities, formation of government priorities, in which CSR has found to support.

**The Main Fields of Environmental Entrepreneurship in Developed Countries:** The main fields of environmental entrepreneurship that are substantial in developed countries are:

- Production of machinery, equipment, appliances, the use of which results in a reduction of environmental pollution. The most common are the companies involved in water purification. It's a wealth of powerful corporations, medium and small companies producing equipment and reagents for a variety of wastewater treatment. This line of business provides the possibility of the existence of modern civilization. This may also include the production of various air treatment systems, including catalysts for cars, production of various types of adsorbents, equipment for monitoring and control;
- Resource saving-recycling and all kinds of alternative energy. According to Western experts, low cost investment in renewable energy in the U.S. and the EU is now second only to the military;

- Improvement of the environment-wide range of businesses from planting forests to eliminate landfills and lawns;
- Cultivation and production of organic food without pesticides, synthetic fertilizers and growth promoters;
- Environmental consulting, environmental auditing, monitoring, etc.

One of the popular destinations of environmental business abroad is an agricultural eco-business, that is, production and sale of environmentally friendly products [3]. To indicate the ecological agriculture in the EU practice use the term “organic farming”-organic agriculture, which is environment-friendly and resource-saving forms of agriculture.

Great importance has the production of environmentally friendly household products-production that, on the one hand, impact on human health, on the other-on the environment. For example, in traditional powders are generally available phosphate components that getting into the water, contribute to the proliferation of blue-green algae, which leads to a “bloom” and poor palatability of water, release toxic degradation products, which have an impact on the increase in the incidence, reduced life span, the occurrence of tumors of the gastrointestinal tract. In some countries there is a positive experience in dealing with this problem. For example, the U.S. firm “AMWAY”, which started its operations in 1959, supplying its products to 90 countries, specializes in the production of environmentally friendly products, including detergents. AMWAY products awarded the United Nations and UNESCO for the protection of the environment.

One of the important areas of environmental business in foreign countries is the development of ecological processes, energy-saving technologies, environmentally friendly equipment, instrumentation and putting them into production. Another direction of the environmental business, becoming increasingly popular in developed countries, is the production of environmentally friendly vehicles. For example, in Europe largest automobile company are engaged in the production of vehicles using compressed natural gas (CNG). In Germany, companies Mercedes-Benz and Messer designed garbage. The firm MAN tested and prepared for serial production of heavy-refrigerator that allows you to save every day only in the production of cold more than 15 liters of diesel fuel.

In the USA the company Mack has for 20 years been manufacturing engines for LNG for trucks: tractor Mack CH/LNG engine with Mack Eco-Tech 12 liter and 350 hp is the cleanest car on American roads, with a cruising range of more than 1,000 km. In Japan, the automotive companies produce cars with electric and gasoline-powered, most known are the global market makers incinerators, air purifiers and other environmental equipment [7].

The problem of waste management has become one of the most important economic, resource and environmental issues in all developed countries. Recycling, addressed simultaneously neutralizing emissions, disposal and recycling is the only possible way to solve this problem. In European countries it is a whole sector of the economy, efficient and fast developing. In today's world, the most wastes (75 %) are stored in landfills (23%) is burned, 1.5 % is used for the processing of fertilizer and only about 1% are other ways of processing. A number of countries, such as France and Japan's, use incineration and the United States, Germany and Britain-polygons-dump. Maximum utilization of waste for agriculture (10% of waste is recycled into fertilizer) is characteristic of France, processing by other methods (for example, getting gas from garbage) is only applicable in the United States and Japan.

Effective waste management experience is gained in Germany, which first in Europe solved the problem of waste at the state level. In 1991 Germany was accepted by the government, obliging citizens to collect packaging waste for re- use and the responsibility for the funding of this process lies with the manufacturers [8]. There were quotas for them for processing depending on the packaging material. The government has proposed manufacturers, repackers and distributors of packaging to create a second (dual) disposal system in addition to the existing municipal system.

Each manufacturer or importer pays a license package for their products on the packaging and place the sign of the dual party system “Green Dot”. It means a responsible environmental policy of the company. The license fee is the only source of funding for the collection and recycling of old packaging. Since its inception, the dual system has returned 47 million tonnes of packaging waste to the shops production and use, which contributed to the creation of a significant number of environmental business entities engaged in the collection, sorting, recycling of waste and the growth of industries producing goods of packaging waste.

The dual system in Germany has allowed to achieve not only economic benefits as a result of the development of entrepreneurship in the field of waste management, but also to achieve important environmental results-failure to deploy large amounts of waste in landfills, leading to a more rational land use and reduce emissions of greenhouse gases degradable waste. Currently the "Green Dot" includes already nineteen countries; the organization is constantly evolving and plans to extend the application of its mechanisms for the collection of waste electrical and electronic industries.

### CONCLUSION

Thus, we can conclude that every entrepreneur should be social responsible. Responsibility to consumers is the key to success and the responsibility for the environment is a double success. The key to success lies in the competition, customer loyalty occurs if the entrepreneur does not seek to solve environmental problems due to the production of its products and strive to prevent these problems in advance.

The degree of development of environmental business reflects the measure of the moral and ethical responsibility for the results of growth and can significantly change the environmental situation, improve the environment and use of natural resources. Formation of environmentally oriented and environmental business can be one of the main elements of support on the road to a sustainable economy, a favorable social environment and ecological safety.

### REFERENCES

1. Popkova, E.G. and V.I. Tinyakova, 2013. Drivers and Contradictions of Formation of New Quality of Economic Growth. *Middle-East Journal of Scientific Research*, 15(11): 1635-1640.
2. Shvagerus, P.V., 2011. The implementation of environmental programs in the regional natural resources: theory, methodology, the Russian practice. LAMBERT Academic Publishing, pp: 211.
3. Popkova, E.G. and V.I. Tinyakova, 2013. New Quality of Economic Growth at the Present Stage of Development of the World Economy. *World Applied Sciences Journal*, 24(5): 617-622.
4. Shvagerus, P.V., 2013. Environmental entrepreneurship in Russia: theory and practice. Professor, pp: 210.
5. Kogut, B. and A. Spicer, 2002. Capital Market Development and Mass Privatization Are Logical Contradictions: Lessons from Russia and the Czech Republic. *Industrial and Corporate Change*, 11(1): 1-27.
6. Wittenberg, E.Y., 2013. Environmental responsibility of Russian business [Electronic resource].-Mode of access: <http://2info.ru/index.php?dn=article&to=art&id=25>
7. Urazova, L.P., 2013. Foreign experience of environmental business [Electronic resource].-Mode of access: [http://abiturient.pskgu.ru/projects/pgu/storage/wt/wt112/wt112\\_23.pdf](http://abiturient.pskgu.ru/projects/pgu/storage/wt/wt112/wt112_23.pdf)
8. Chizhikova, O.A., 2013. International experience in international business [Electronic resource].-Mode of access: [http://archive.nbuv.gov.ua/portal/soc\\_gum/prvs/2007\\_3/0999.pdf](http://archive.nbuv.gov.ua/portal/soc_gum/prvs/2007_3/0999.pdf)