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The hunt for international legitimacy: examining the relationship between internationalization, state ownership, location and CSR reporting of Russian firms

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ABSTRACT

This paper explores the relationship between internationalization and corporate social responsibility (CSR) communication in Russian firms. Our baseline argument is that internationalization positively affects CSR reporting, as it is expected to enhance the legitimacy of Russian firms abroad. We examine the role of state ownership, and Commonwealth of Independent States (CIS) vs. non-CIS location, as two boundary conditions on the relationship between internationalization and CSR reporting. We test our hypotheses on panel data of 223 large Russian firms for the period 2012-2017, collected from company annual reports, databases, and official company websites. Our data include financial and non-financial indicators, and firm-level organizational characteristics. The results reveal the context specificity of CSR reporting. We find that state ownership moderates the relationship between internationalization and CSR reporting in CIS and non-CIS markets differently, and the positive effect is stronger for non-CIS locations. Our study goes beyond the traditional approach, treating CSR reporting as a unidimensional construct. We show that the effect of internationalization, both direct and moderated, differs for the different types of CSR activity.

Keywords: *CSR communication, CSR reporting, legitimacy theory, internationalization, Russia, state ownership*

INTRODUCTION

Pressure to engage with social and environmental concerns is increasingly shaping the nature and content of multinational enterprise (MNE) communications (Gamerschlag et al., 2011; Fernandez-Feijoo et al., 2014). Thus, communication of corporate social responsibility (CSR) initiatives, or "practices and outcomes of business' relationships with people, organizations, institutions, communities, societies, and the earth, in terms of deliberate actions of businesses toward these stakeholders" (Wood, 2016: 1), has not only become mainstream business practice but also attracted a great deal of scholarly attention.

Prior research on CSR in emerging markets (EMs) is predominantly focused on Chinese firms (e.g., Miska et al., 2016; Ma et al., 2016; Marquis & Qian, 2014; Latteman et al., 2009). However, a focus on Russian firms' CSR reporting practices is likely to yield new and valuable insights. Since the Soviet era, Russia's environmental track record has been substandard. While there is some progress in bolstering environmental protection standards, Russia's related institutional infrastructure remains underdeveloped. At the same time, state-owned enterprises' (SOEs) 'social obligation' to create facilities for workers, such as medical centers, recreation centers, and schools, remains deeply ingrained in the social fabric of modern society (Filippov, 2012, p. 335). These institutional idiosyncrasies are likely to affect not only CSR reporting by Russian MNEs, but also *what* is reported, in *which* specific context, and by what *type* of Russian MNEs.

This paper makes three main contributions. First, it extends our understanding on how Emerging Market Multinationals (EMNEs) differentially respond to legitimacy pressures by engaging in CSR communications. We hypothesize and show that state ownership, as well as the host market location, influence the nature and content of Russian EMNEs' CSR reporting. Second, we contribute to the non-market strategy literature on international business (Liedong, Rajwani & Mellani, 2017), explicating the role of 'hypocrisy avoidance' as an important CSR

communications strategy. We stipulate that negative perceptions of Russian EMNEs' environmental practices may result in firms' reluctance to communicate environmental commitments, reducing the risks associated with corporate hypocrisy. In offering a more nuanced conceptualization of CSR communications in an international context, we advance the discussion regarding the influence of institutional context on the type of CSR reporting by SOEs and private firms. Finally, by focusing on Russian EMNEs, we enrich the CSR communication literature, which has largely focused on the study of developed market multinationals (Christensen & Cornelissen, 2011; Koschmann et al., 2012; Deegan, 2002; Deegan et al., 2002; Lanis & Richardson, 2012; O'Donovan, 2002). We test our hypotheses on the panel data of 223 large Russian public firms listed on the Moscow Exchange for the period 2012-2017, collected from multiple sources, including company annual reports, databases, and official websites. Overall, we advance the CSR communications literature by not treating CSR reporting as a unidimensional construct. We consider it to comprise four CSR categories—environment, community, workplace, marketplace—derived from 22 items in total. We show that the effect of internationalization, both direct and moderated, differs for the different types of CSR activity.

THEORY AND HYPOTHESES DEVELOPMENT

Internationalization of EM companies and CSR communication

In emerging economies, CSR has been gaining increasing attention. In advanced economies, the attitudes of investors, concerns of regulators, the media and other stakeholders, are important determinants of CSR reporting (Ali et al., 2017). However, there is less pressure on companies in EMs to report CSR activities. As EM companies start to operate abroad, they may find it challenging to follow home-country regulations as well as adapt to pressure from foreign markets (Marano & Kostova, 2016). Moreover, developed countries' stakeholders tend to question the legitimacy of their partners from EMs. Thus, EMNEs are likely to enhance their CSR reporting

standards, in order to be perceived as trustworthy and legitimate actors in foreign markets.

According to Jamali and Karam (2018), CSR understanding and implementation in EMs depends highly on country context. The authors suggest that in order to understand CSR drivers in EMs, we should take into account not only the corporate and market environment, but also certain political and social institutions that operate beyond the national business system. For instance, Miska et al. (2016) focus on CSR practices of Chinese multinational companies, and examine the differences between global and local CSR integration. The authors argue that research should not only contrast advanced and emerging economies, but also consider individual emerging economies (Miska et al., 2016), as each country is likely to have its own degree of interest in CSR activities due to societal, cultural and other factors, which impact firm behavior.

According to Symeou et al. (2018), internationalization positively affects the corporate social performance (CSP) of extractive industry companies from both developed and emerging countries, with a more pronounced effect on social performance. Attig et al. (2016) examined the impact of internationalization on CSR factors, using a sample of companies based in the USA over the period 1991-2010. They found that CSR is significantly and positively affected by internationalization; CSR dimensions that are discretionary in nature (not set by any governmental authority) were affected the most. In their supplementary analysis, the authors used a sample of companies from 44 countries (including Russia) during the period from 2002 to 2010, and found a link between internationalization and CSR. However, when investigating the country-fixed effect for Russian companies, this link was insignificant.

In their study on CSR activities of Chinese EMNEs, Ma et al. (2016) revealed that geographic diversification has a weaker effect on CSR than product diversification. Ioannou and Serafeim (2012) analyzed the CSP of companies from 42 countries to determine what country-specific factors influence it the most. They concluded that national political systems, labor environment, cultural and education systems have the strongest influence on CSP. Agnihotri and

Bhattacharyia (2019) examined the determinants of CSR communication of firms from India. The results show that Indian firms with the intent to internationalize are more likely to report CSR, in an attempt to overcome the liability of emerginess. Although such findings extend our understanding of the relationship between internationalization and CSR communication of EMNEs, our knowledge of the complexity of this relationship is insufficient. For example, a qualitative study by Shevchenko (2014) suggests that the CSR level remains low for both listed and state-owned Russian enterprises. The author suggests this factor is an obstacle that constrains companies, and impedes their building solid relations with consumers, the media, environmental activists, and local and international business partners. Based on these findings, we argue that (state) ownership is a critical factor to consider in unravelling the complexities of the relationship between internationalization and CSR reporting. Furthermore, we suggest that EM firms' internationalization location choices creates another layer of complexity affecting CSR reporting.

Next, we take a closer look at the relationship between internationalization and CSR reporting of Russian firms, and two critical boundary conditions for this relationship, i.e. state ownership and the location (institutional context) of foreign operations.

Internationalization and CSR communication of Russian companies

For EMNEs in general, legitimacy represents the ability to meet social expectations of shareholders, customers, governments, and public interest groups across different geographic locations (Kostova & Zaheer, 1999). According to Marano et al. (2017), meeting those expectations creates reputational capital essential to breaking down country stereotypes and prejudices. CSR reporting helps companies become legitimate in host markets where they internationalize (Marano et al., 2017). EMNEs disclose information on their CSR activities to build trust and reputation in the global arena (Ioannou & Serafeim, 2012; Doh et al., 2016; Marano et al., 2017).

When internationalizing, Russian MNEs face challenges due to their home-country image or liability of emerginess. For instance, Dikova et al. (2019) suggest that in host countries displaying a politically hostile attitude towards Russia, M&A deals initiated by Russian firms may be perceived as a threat because of possible intervention by the Russian state. Thus, due to perceived corruption and a lack of transparency, foreign stakeholders may engage in "adverse institutional attribution" (Ramachandran & Pant, 2010: 247) when assessing the legitimacy of Russian firms. This negative perception on the part of global stakeholders creates challenges for Russian internationalized firms in establishing and maintaining legitimacy in foreign markets. Legitimacy theory asserts a 'social contract' between firms and society (Agnihotri & Bhattacharya, 2019). Specifically, legitimacy is a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995: 574). This implies any given society will have certain expectations from corporations operating in its local market, ranging from moral obligations to developing reciprocal relationships with various stakeholders (Deegan & Unerman, 2011).

Organizational reputation is the public recognition and social approval of an organization, which is a key intangible resource (Barnett et al., 2006; Deephouse, 2000; Fombrun & Shanley, 1990; Rindova et al., 2005). Russian EMNEs need reputational capital to help establish legitimacy in foreign markets, charge premium prices (Rindova et al., 2005; Shapiro, 1983), access required resources (Fombrun, 1996), realize better financial performance (Deephouse & Carter, 2005), and increase their chances of survival (Rao, 1994). A positive evaluation of Russian CSR activities may enhance corporate reputation among several stakeholder groups; for instance, consumers (Groza, Pronschinske, & Walker, 2011; Hsu, 2012), foreign employees (Brønn & Vidaver-Cohen, 2009; Lai, Chiu, Yang, & Pai, 2010), and the general public at home and abroad (Fombrun, 2005; Sen, Bhattacharaya, & Korschun, 2006).

Although organizations are likely to report their CSR activities as a way to build reputational capital, they may at times risk being perceived as hypocritical (Nardella, Brammer & Surdu, 2020). Such perceptions arise when actors make claims to which their own behavior does not conform (Effron et al., 2015). On occasion, firms may engage in hypocritical actions by making positive claims inconsistent with their actions or behaviors (Brunsson, 2007). As an example of a corporate hypocrisy, Allen (2009) describes the case of General Electric's self-proclaimed commitment to environmental leadership, given its reputation as one of the world's five largest producers of toxic chemicals. In a similar vein, an attempt by Russian firms to present an image of environmental commitment can be seen to directly contradict their actions, and such inconsistency would result in perceptions of hypocrisy. Russian firms have a reputation for causing environmental damage, which relates to their Soviet heritage of environmental mismanagement. However, Russian firms, primarily those that constitute the main taxpayers in some Russian regions, accept obligations for community development in order to fulfill an implicit 'social contract' with the community and local government. As studies focused on CSR communication indicate that firms suffer from negative consumer attitudes, if their CSR claims are inconsistent with their actual behavior (Wagner et al., 2009), we stipulate that Russian EMNEs are more likely to employ their community- than environment-related CSR reporting as a reputation-enhancing and legitimacy-building strategy. Based on this discussion, we propose our first set of hypotheses:

H1a: Russian firms' internationalization is positively related to their CSR reporting.

H1b: The positive relation between Russian firms' internationalization and their CSR reporting is stronger for their social and community-related CSR reporting than their environmental CSR reporting.

Research on EMNEs has highlighted the key role of home-country governments in directing and supporting firm activities (Buckley et al., 2007; Yamakawa et al., 2008). For

example, government support can compensate for the lack of firm-specific advantages (Cui & Jiang, 2012: 267). Russian state-owned firms enjoy superior and monopolistic advantages, in addition to preferential political access (Lundan, 2010). When making strategic decisions, managers of state-owned firms may consider the possibility that further support, either formal or informal, will be available in the future (Dikova et al., 2019). Furthermore, firms with a higher level of state ownership have access to government funding, and can often borrow money on better terms in the open markets (Garcia-Canal & Guillen, 2008).

Russian firms operate in a political context where "the state has extensive interference in the economic life and the level of uncertainty in the implementation and the enforcement of laws is comparatively high" (Zhao, 2012). They often have to access state resources to secure their economic survival. Thus, investing in political legitimacy at home can be considered a way to reduce uncertainty and increase chances of survival. Russian firms follow CSR-based political legitimacy strategy, a "strategic action that a company takes to build, maintain or enhance the appropriateness and desirability perceived by the state through social-environmental activities based on which the company expects to access various forms of state resources" (Zhao, 2012: 442).

Research suggests that ownership structure has a differential impact on CSR engagement by firms and that this impact is likely to vary across countries (Devinney et al., 2013). Governments in many EMs increasingly play a significant role in setting rules to create norms for organizations' CSR behavior (Campbell, 2007). Historical and economic factors have affected CSR implementation in Russian public and private companies, which resulted in a rather low level of CSR complexity, consistency, and innovativeness (Fifka & Pobizhan, 2014; Li et al., 2010). In Soviet times, state-owned enterprises were obliged to take on social responsibility to maintain some facilities for their workers, such as medical and recreation centers, kindergartens, and schools (Filippov, 2012). In the transition to a market economy, the Russian government forced business

to take responsibility for various social and environmental risks, in exchange for social legitimacy and state support during the period of privatization (Filippov, 2012; Polishchuk, 2009; Kuznetsov et al., 2009; Soboleva, 2006). The state remains to this day the main driving force for CSR development in Russia (Polishchuk, 2009; Zhao, 2012), as well as the key stakeholder for the majority of Russian firms. Although there are currently no specific legal requirements for firms to implement CSR practices and disclose CSR information, the majority of Russian firms consider their CSR investments required rather than optional (Blagov, 2014).

However, state ownership can bring both advantages and disadvantages to emerging market firms, especially when internationalizing to institutionally advanced countries. Aside from facing a more competitive market environment, state-owned Russian firms also experience specific challenges such as suspicion voiced by local stakeholders (Panibratov & Michailova, 2019). State ownership is often the result of a firm's political affiliation with its home-country government, which influences its perceived image abroad (Cui & Jiang, 2012). "Many believe that Russian multinationals (whose capital is allegedly directly or indirectly controlled by the Russian Government) are seeking not the access to technology, capital or market, but rather act as tools of Russian foreign policy seeking to project Kremlin's power on a number of countries" (Filippov, 2010: 322). In order to mitigate the negative image of state ownership, Russian state-owned EMNEs are more inclined to report CSR activities as a means of gaining legitimacy abroad. However, in line with the hypocrisy argument we made earlier, it is worth examining what exactly these firms are likely to report.

Research has shown that some companies choose not to report CSR activities related to environmental protection for fear of receiving "a green lashing" (Bansal & Clelland, 2004: 101). For example, Nike did not publicize its decision to remove polyvinyl chloride from its shoes ''because it would have been accused of greenwashing'' (Beder, 2002: 28). The threat of being perceived as hypocritical may cause some firms to under-report certain CSR activities. Marquis

and Qian (2014) suggest that organizations attracting a great deal of attention or firms operating under significant stakeholder scrutiny may experience a greater risk of being identified as hypocritical. Reputation is one of the characteristics that enhances the scrutiny and attention an organization receives (Carlos & Lewis, 2018). Given that Russian state-owned firms have a reputation for being prone to state intervention and for the pursuit of a nationalistic political agenda, they are likely to receive greater scrutiny by stakeholders abroad. Assuming that Russian state-owned, internationalizing firms seek to avoid perceptions of hypocrisy, increased stakeholder scrutiny internationally may prompt them to downplay their environmental CSR reporting, but publicize their community-related CSR reporting. This brings us to our next set of hypotheses:

H2a: State ownership positively moderates the relationship between Russian firms' internationalization and their CSR reporting.

H2b: The positive moderating effect of state ownership on the relationship between Russian firms' internationalization and their CSR reporting is stronger for their social and community-related CSR reporting and weaker for their environmental CSR reporting.

The need to mitigate the negative image of state ownership and gain legitimacy abroad through CSR disclosure depends on the location (institutional context) of international activities of Russian state-owned EMNEs. In other words, the level of stakeholder distrust or suspicion with respect to the political agenda of such firms differs in developed markets and the CIS region. There are several explanations why this may be the case. First, many Russian companies prefer international expansion into the neighboring markets of the CIS (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan), and into Eastern European countries, where establishing a competitive advantage is not too difficult for them. This is, to an extent, due to the continuation of viable partnerships with local companies initiated in the Soviet period, or simply because these markets are less competitive as they are less attractive to

western investors (Filippov, 2010). Investments in the CIS by Russian state-owned EMNEs are considered valuable to the local economy, rather than a potential political, social or environmental threat. There will be less need for Russian EMNEs to use CSR reporting as a way to gain legitimacy or build reputational capital in the CIS region.

Second, the CIS region is characterized not only by geographical proximity, but also by common history, culture and language. These factors make the host institutional environment familiar and easier to adapt to for Russian EMNEs. A lack of understanding and incorrect interpretation of the institutional environment complicates the compliance of Russian EMNEs with the host institutions' legitimacy requirements (Kostova et al., 1999; Meyer & Rowan, 1977; Rottig & Reus, 2009). Conversely, internationalizing Russian firms typically adjust easily to an institutional environment that is like that of their home country (Kostova & Zaheer, 1999), since it does not require significant strategic adaptations and organizational transformations. The similarity of the regulatory, normative, and cultural-cognitive institutions between Russia and the CIS region alleviates some of the legitimacy pressure on Russian state-owned EMNEs.

Third, legitimacy theory postulates that foreign firms need to conform to local laws and regulations, be congruent with local normative expectations and obligations, and adapt to local cultural values, beliefs and practices. Generally speaking, CSR practices in the CIS region are not as advanced as they are in developed markets. Moreover, the value of reputation is socially constructed, and becomes useful for achieving legitimacy in the form of collective understanding and acceptance (Searle, 1995; Briscoe & Safford, 2008). Russian state-owned EMNEs may choose not to report all of their CSR activities, if they have concerns and expectations that certain activities would not be well-understood or valued by stakeholders. For example, stakeholders in CIS markets are less demanding on environmental protection and more focused on CSR activities directly improving the work-place and the local community. In addition, an exaggerated focus on CSR reporting related to environmental protection could be perceived as unauthentic by CIS

stakeholders, as Russian firms are not recognized as environmentally friendly since Soviet times. Thus, Russian state-owned firms internationalizing into the CIS region will feel less compelled to report CSR activities than those internationalizing to other parts of the world. Russian state-owned EMNEs expanding into the CIS will focus less on communicating environmental activities and more on reporting social and community-related activities.

H3a: The positive effect of state ownership on the relationship between Russian firms' internationalization and their CSR reporting is stronger in non-CIS locations than CIS locations.

H3b: The positive effect of state ownership on the relationship between Russian firms' internationalization and their CSR reporting is stronger for their social and community-related CSR reporting than their environmental CSR reporting in CIS locations.

DATA, MEASURES, AND METHOD

Sample and data

Our sample comprised 223 public companies listed on the Moscow Stock Exchange for the period 2012-2017, indicated as "active" by the Datastream database.

We collected data from several main sources. All financial data were obtained from Datastream. We supplemented these with hand-collected information on the share of foreign sales of total sales, and of state ownership of Russian companies, from two leading Russian resources, the SKRIN and SPARK databases, as well as a company's official website when information was missing from those databases. We also collected information from quarterly reports to the regulator. Information on the CSR reporting index was hand-collected from the Russian company's annual report obtained from SKRIN.

The sample covers a variety of sectors based on the Russian economic activity codes classification – OKVED. The sample companies are from the following industries: agriculture (5), business services (15), electric utilities (56), manufacturing industries (69), mining and oil

industries (17), real estate (6), retail (17), telecommunications (14), transportation (13), and other (11). The sample does not include financial institutions and insurance companies. The final data set comprises a total of 1332 firm-year observations.

We test our models on the whole sample of 223 companies, as well as two subsamples created using the information regarding foreign sales to countries in the CIS, which was formed following the dissolution of the Soviet Union. The CIS subsample includes the Russian companies exporting to Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Armenia, Moldova, Tajikistan, Uzbekistan, Turkmenistan, or Ukraine, and the non-CIS subsample includes Russian companies that export to non-CIS countries.

Variables and Measures

Dependent variable

There are different approaches to measuring CSR reporting. Some authors employ content analysis and calculate a CSR reporting index (e.g., Wiseman, 1982; Anas et al., 2015; Haniffa & Cooke, 2005), and some others use open CSR ratings (Lau et al., 2016; McGuinness et al., 2017). As no ratings exist for Russian companies, we have adopted an approach to CSR index construction introduced in Wiseman (1982), and later applied, for example, in Al-Tuwaijri et al. (2004), Anas et al. (2015), and Haniffa and Cooke (2005). As a starting point, we decided to follow the approach to CSR index calculation introduced by Anas et al. (2015).

In order to capture some features that would better reflect a unique Russian setting, we made some changes to the index introduced by Anas et al. (2015), and increased the number of CSR items from 17 to 22 (Table 1). The changes were introduced in line with the Russian Regulations on Information Disclosure for Securities Issuer, and the peculiarities of Russian companies in disclosing information, especially regarding the sections on Community and Workplace (Garanina & Aray, 2021). In “Community”, the element “Supporting children” was divided into “Supporting children from communities”, “Supporting employees’ children”, and

"Supporting disabled children". Due to the high involvement of Russian companies in infrastructure projects, we added the item "Contribution to infrastructure". The element "Supporting retired workers" was also added to the CSR index (within "Workplace"), because Russian companies frequently reflect how they support their retired employees, given the low retirement benefits elderly people receive from the government. The last change we made to the CSR index, compared with Anas et al. (2015), is related to the "Corporate Governance" item, which we split into two separate sections – compulsory and voluntary.

The overall CSR reporting index has 4 categories: reporting on environment, comprising 4 items (variable "environment*"*), reporting on community, 8 items (variable "community*"*), reporting on workplace, 5 items (variable "workplace*"*), and reporting on marketplace, 5 items (variable "marketplace*"*). The overall CSR reporting index (variable "CSR index*"*) as our dependent variable includes 22 items. Each item is evaluated from "0" to "3", based on how deeply different aspects of CSR are reported in the annual reports of our sample companies. We argue that including a CSR-quality measure "might reveal new insights that may otherwise have gone unnoticed" (Dumay & Cai, 2015: 139). In line with Wiseman (1982), a score of "1" was given if some information on CSR was reported by the company; "2" for more qualitative information but without supporting financial/quantitative figures or with one financial/quantitative fact; "3" for maximum reporting supported by more extensive financial/quantitative data; and, "0" for no information on a CSR item. A more detailed structure of the CSR reporting index is presented in Table 1. The codebook with examples of the coding process is provided in the Appendix.

We decided to collect information on CSR reporting from annual reports for the following reasons. Unerman (2000) points out that "a limit must be set to the range of documents included in any research study… [due to the risk of] a researcher being overwhelmed by the number of documents… possible to ensure completeness of data" (p. 671). Further, it is almost impossible to identify all corporate communication that could possibly contain CSR information (Guthrie et al.,

2008), and thus seems similarly impossible to identify all the CSR activities of examined organizations. Therefore, most studies employ annual reports as they contain the bulk of the disclosed CSR information, and "can be accepted as an appropriate source of a company's attitudes towards social reporting" (Campbell, 2000: 84–85). Annual reports are the single most important source of information on corporate activities (Adams et al., 1998).

The CSR data collection was an iterative process run by the authors of this paper. First, we conducted a pilot test on ten randomly selected companies, using the original CSR reporting index provided by Anas et al. (2015). Two of the authors carefully read the annual reports, independently calculating the CSR index. They then analyzed and compared the results, and made adjustments to the CSR reporting index calculation approach.

Independent variables

Following Tashman et al. (2019), we measure internationalization as the ratio of foreign sales to total sales (variable "internationalization"), obtained from the last-quarter company report to the regulator in each of the observation years. The data are extracted from section 7.5. of those reports, "Information regarding the total sum of export and the share of export in sales".

The share of state ownership (variable "state ownership"), used for testing our first moderating effect, is taken from the last-quarter report to the regulator in each of the observation years, section 6.3., "Information on state ownership". Information related to internationalization into CIS vs. non-CIS countries was extracted from the last-quarter reports, section 3.2.4, "Markets for selling goods and services".

Controls

In line with previous research, we introduced a number of controls. We control for profitability, as it may positively influence CSR reporting levels; more efficient companies have greater resources for investing in CSR (McWilliams & Siegel, 2000). Recent research on developing countries suggests that the relationship between financial performance and CSR

initiatives can be negative (Julian & Oforidankwa, 2013). We use ROA to control for profitability, calculated as the ratio of net income to total assets (variable "return on assets"). We also control for leverage, calculated as debt to assets (variable "leverage"), as firms with more liabilities may have less resources for CSR practices (Anas et al., 2015). We take research and development intensity (variable "R&D") into consideration, as more innovative companies are more likely to initiate, adopt and develop CSR-related practices (Marano et al., 2017; McWilliams & Siegel, 2000). We measure R&D intensity with a dummy variable according to the Russian codes for the classification of economic activity – OKVED. An industry is classified as R&D intensive based on the methodology introduced by Rosstat on 28.02.2013 №81. We also control for firm size measured by the logarithm of total assets (variable "size"), since, according to Khan et al. (2013), large and visible firms tend to report high-quality CSR to avoid unwanted attention and negative publicity. We also control for firm age (variable "firm age"), because older companies may have stronger CSR values (Waldman et al. 2006), and may be more experienced, hence engaging more intensively in CSR activities. A control for industry type is also added. Gardberg and Fombrun (2006) argue that extractive and manufacturing industries are more likely to induce heightened expectations from local governments to take on CSR. Unethical behavior in these industries creates a much higher probability of high-profile lawsuits.

RESULTS

Table 2 presents the descriptive statistics for Full sample, CIS sample, and non-CIS sample separately, and the overall correlation matrix for the whole sample. We tested for multicollinearity among the variables by calculating variance inflation factors, which were well below the generally accepted threshold value of 10 for all variables (mean VIF was below 3 for all models), indicating that multicollinearity does not affect our results. The Breusch-Pagan test indicated that OLS is not appropriate for testing our data. Then, we used the Hausman test to select between a fixed-effects

and random-effects model. The test rejected the null hypothesis, indicating that the fixed-effects estimator was consistent. So, we base all our analyses on firm fixed-effect models.

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Insert Table 2 about here

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The correlation matrix (Table 3) indicates that the CSR full disclosure index has correlations of 0.25 with internationalization of Russian companies, and 0.22 with state ownership. CSR reporting is dependent on firm size, indicating that larger companies in Russia tend to disclose more information on CSR.

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Insert Table 3 about here

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Table 4 presents the key results of the empirical analysis for the whole sample. We find a positive and significant relationship between internationalization, measured by share of foreign sales and CSR reporting index (column 1, $b = 13.86$, $p < 0.01$). This leads us to conclude that Hypothesis 1a is supported. We also find significant and positive effects for all CSR reporting key elements (columns 4, 7, 10, 13 – Environment ($b = 2.061$, $p < 0.01$), Community ($b = 6.860$, $p < 0.01$), Workplace ($b = 3.226$, $p < 0.01$), and Marketplace ($b = 1.709$, $p < 0.01$). As the coefficients of Community and Workplace reporting are largest by far, we are confident this provides support for Hypothesis 1b.

Column (3) of Table 4 provides the main results for Hypothesis 2a, which reflects that state ownership positively moderated the relationship between internationalization and CSR reporting. The effect is significant and positive for the whole CSR reporting index ($b = 17.94$, $p < 0.01$). We can also support Hypothesis 2b, as the coefficient for community reporting ($b = 6.957$, $p < 0.05$) and marketplace reporting ($b = 6.490$, $p < 0.01$) is larger than that of CSR environmental reporting

(b = 3.013, p < 0.05), while the coefficient for CSR reporting on the workplace is non-significant. The results for testing Hypothesis 2b are presented in columns 6, 9, 12, and 15 of Table 4.

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Insert Table 4 about here

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The results for the subsample of CIS vs. non-CIS exporting companies differ and are provided in Table 5 and Table 6 respectively.

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Insert Tables 5 and 6 about here

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The results presented in column (3) of Tables 5 and 6 provide information related to Hypothesis 3a. We find that state ownership positively moderates the relationship between internationalization of Russian companies and their CSR reporting, for the non-CIS subsample only, not for CIS locations (b = 20.61, p < 0.01 vs b = -95.47, p < 0.05 respectively), which constitutes a partial confirmation of our expectations. Further analysis of the CIS subsample related to Hypothesis 3b reveals the following: in line with our assumptions, the moderating effect of state ownership on the compelling parts of the CSR reporting index is different (Table 5, columns 6, 9, 12, 15). The moderating effect of state ownership in the CIS subsample is significant for the social and community-related reporting items (Community: b = -39.05, p < 0.05; Workplace: b = -25.46, p < 0.05; Marketplace: b = -23.37, p < 0.05), but not for the environmental reporting model (Table 5, column 6). Further to our empirical analysis, we performed Chow tests which reflect that the differences in the obtained results are statistically significant for CIS and non-CIS subsamples. These results lead us to the conclusion that Hypothesis 3b is partially supported: even though the moderating effect of state ownership is significant only for social and

community-related items, the direction of the effect is negative, contradicting our expectations. We provide an explanation for this finding in the discussion section.

ROBUSTNESS TESTS

We ran a number of models with alternative measures for some of our variables to assess the robustness of the results. Table 7 presents these results for the whole sample, and the CIS and non-CIS subsamples, in relation to the CSR full reporting index. In most cases, our results are consistent. Each of the tests is described in more detail below.

Insert Table 7 about here

First, following Khan et al. (2013), we used a dummy variable for CSR reporting, measured as "1" when some information on CSR is disclosed, and "0" when a company presents no information on CSR in its annual report (Table 7, variable "CSR index dummy"). We checked the results of our model, and concluded they do not differ qualitatively from those presented in Table 7 (columns 1, 4, 7). The internationalization variable is significant and positive, while the moderating effect of state ownership is significant and positive for the whole sample and non-CIS subsample, and significant and negative for the CIS subsample.

Second, we measured state ownership with a dummy variable, in line with Marano et al. (2017), and Tashman et al. (2018). The results of the tests, presented in Table 7, columns 2, 5, and 8, confirm our previously obtained results. The internationalization variable stays significant and positive for all models, while the moderating effect (variable "intern*state ownership (dummy)") is significant and positive for the whole sample and non-CIS subsample, but significant and negative for the CIS subsample.

Finally, we measure the share of state ownership with the share of state representatives on the board of directors, which we hand-collected from the companies' reports to the regulator. According to previous research, politically experienced directors were found to be prevalent in companies affected by the political mechanism, through state ownership, government purchases, trade policy, and where lobbying was common (Aggrawal & Knoeber, 2001). Menozzi et al. (2012) also confirm that public companies controlled by state entities have a board dominated to a large extent by politicians. Columns 3, 6, and 9 of Table 7 present the results of the tests for the whole sample, CIS subsample, and non-CIS subsample respectively, which mainly confirm the results based on our original state ownership measure.

DISCUSSION AND IMPLICATIONS

Our study explores the relationship between Russian firms' internationalization and the level of their CSR reporting. We also investigate how state ownership and the location of international activities moderate this relationship. To test hypothesized relationships, we employed panel data on 223 large Russian companies for the period 2012-2017. Our first argument is that the expansion of Russian EMNEs to foreign markets stimulates them to be more transparent and report their CSR activities in a more explicit and detailed way. We consider the fact that the state plays an important role in the activities of large Russian companies at home, and state ownership is often perceived negatively by host market stakeholders. Therefore, we suggest that state-owned Russian EMNEs experience an even stronger need to engage in CSR reporting, as it could contribute to their legitimacy in the host market. Finally, we find that the effect of internationalization on CSR reporting, and the moderating role of state ownership, are very different for the companies that predominantly operate in CIS markets as opposed to non-CIS markets. We explain this with the lower legitimacy pressure encountered by Russian EMNEs in

CIS locations, their familiarity with the host business environment, and the very specific (positive) perception of the Russian state and Russian business in the CIS markets.

Our results contribute to prior research related to the positive effect of internationalization on CSR reporting (e.g., Agnihotri & Bhattacharya, 2019). More internationally focused Russian companies are inclined towards greater CSR reporting, while the incentive for state-owned internationalized companies is even stronger. Although this positive effect is confirmed for both types of host market, that is, non-CIS vs. CIS countries, the strength of the effect is stronger for non-CIS markets. CIS markets share common cultural, legal and historical links with Russia. This serves not only as a typical pull-factor for Russian internationalizing companies looking for 'easy' investment locations (Dikova et al., 2016), but also provides Russian EMNEs with a useful testing ground for new, innovative products or services before they are offered to the rest of the world (Filippov, 2010). For example, Russian EMNEs exporting to the CIS region can do so without significant changes to the product mix or ways of serving local customers. In addition to the more homogeneous expectations of stakeholders in these host markets, and considering that Russia is the strongest economy among the CIS states, Russian EMNEs have a stronger negotiating position in comparison with their power to negotiate in more developed markets. This allows Russian firms more freedom with respect to reporting their CSR activities, especially when the CIS is their predominant region of operations.

Furthermore, our study goes beyond the traditional approach to CSR reporting, where CSR disclosure is typically a unidimensional construct (e.g., Marano et al., 2017). We argue that internationalization affects different types of CSR activity in different ways. Our results reveal that although internationalization has a high impact on all the dimensions of CSR reporting, the strongest effect is on the social and community-related practices. It seems that social and community-related CSR activities are considered by Russian EMNEs the area where they can

build more positive relations with their stakeholders, as historically Russian firms (especially in monocities) have been "obliged" by the government to be responsible for community-related projects. Russian firms report less on environmental initiatives, perhaps to avoid being perceived as inauthentic. Our findings support the idea that such communication strategies help Russian firms avoid reputational risks and build trustworthy relations with stakeholders (Carlos & Lewis, 2018).

Our study advances a deeper understanding of Russian EMNEs' CSR communication practices. In previous research, state ownership was often used as a control variable (e.g., Marano et al., 2017), despite the fact that the impact of state ownership is quite controversial. Some scholars found a negative effect due to the lower accountability of state-owned companies to stakeholders, and, consequently, a weaker motivation for such firms to invest in CSR (e.g., Chapple & Moon, 2005), while others argued that state-owned companies are more motivated to invest in CSR activities to mitigate potential hostility from host country institutions (Cuervo-Cazurra et al., 2014). Russian state-owned EMNEs with large-scale international operations report their CSR initiatives in a more detailed and precise way. This is in line with the argument that, in comparison with private companies, state-owned companies are in a disadvantageous position due to a biased perception of their expansion motives, and they try to mitigate these biases through proper reporting of their CSR initiatives. Russian state-owned EMNEs operating outside the CIS region report more on their social and community-related activities than environmental CSR initiatives. Environmental CSR initiatives are often voluntary, very complex, and costly. They typically have a positive effect on a company's image among a narrow group of experts. While our results show a strong effect of state ownership on environmental CSR reporting in the context of non-CIS markets, no effect is indicated in the context of CIS markets. There is no significant difference between state-owned and non-state-owned firms in reporting on environmental aspects in CIS locations. The environmental legislation in the CIS countries has its roots in their common

Soviet past. Although efforts were made to develop higher environmental standards and introduce environmental initiatives, in most CIS countries these remain rather weak and fragmented. While there are some calls for more environmentally responsible business activities, the economic benefits of Russian business in CIS markets often outweigh any environmental damage they may cause in the region. In contrast, social and community-related CSR initiatives are visible to more stakeholders, and this can produce an image boost at lower cost. At the same time, Russian state-owned EMNEs operating in the CIS region are not motivated to disclose their CSR activities, as they can gain legitimacy merely by association with the Russian government, which has substantial negotiating power in the CIS region. State-owned EMNEs report less on community-related CSR initiatives in CIS markets than in non-CIS markets, perhaps due to lower stakeholder expectations towards CSR reporting.

Managerial and policy implications

Our paper reveals that Russian EMNEs are likely to enhance their CSR reporting standards in order to be perceived as trustworthy and legitimate by stakeholders in foreign markets. We suggest that EMNEs can use CSR reporting for strategic reasons, such as signaling overall quality, trust and reliability, and improving the company's image. Based on our findings, we submit that firms should develop CSR reporting strategies in parallel with their internationalization strategies, since CSR communication is related to institutional contexts and stakeholders' perceptions of a company's activities. We also highlight the important role of state ownership, which influences firms' CSR activities. We suggest that state-owned EMNEs could disclose even more CSR activities to gain legitimacy abroad and counter their "liability of stateness" (Mariotti & Marzano, 2019: 671).

Governments worldwide play an important role in setting the rules and guidelines related to CSR reporting, making this research pertinent to policy makers. The results of our paper show

that environmental reporting is not perceived as critical by Russian EMNEs, especially when they internationalize to CIS countries. Due to historical and cultural reasons, Russian EMNEs pay more attention to social and community-based reporting. Improved policies and guidelines relating to environmental reporting at home may play an important role in enhancing relevant CSR reporting. Moreover, stimulating CSR reporting may help state-owned firms become more integrated into global markets.

Limitations and directions for future research

Our study has a number of limitations. First, the measure of CSR reporting is quite subjective, even though it is in line with the prior research (e.g., Wiseman, 1982; Anas et al., 2015; Haniffa & Cooke, 2005). Future studies would benefit from the implementation of additional (objective) measures to test specific relationships. Second, a similar criticism can be levied regarding the measure of internationalization. The share of foreign revenue of total revenue captures only the scale of internationalization, in other words the dependence of the company on its foreign activities. However, internationalization scope, measured by the number of foreign markets, could also shed more light on the relationships between internationalization and CSR reporting. We also urge future researchers to consider the country-specific aspects in analyzing the relationship between company internationalization and CSR reporting, as institutional peculiarities may help explain the differences in results. One direction for further research would be to analyze stakeholders' perceptions and expectations, not only firms' responses in terms of CSR reporting. Finally, while we show that our results are reliable and robust, a larger sample could provide more insights into the relationship between internationalization and CSR reporting in the Russian context.

CONCLUSIONS

MNEs are increasingly expected to communicate their social responsibilities to international stakeholders. EMNEs, in particular, play an ever more prominent role in international markets, yet our understanding of EMNEs' social responsibilities is limited. This paper suggests EMNEs are likely to enhance their CSR reporting in order to be perceived as trustworthy and legitimate by stakeholders in foreign markets. The results of our research highlight the important role of state ownership influencing firms' CSR activities, especially in emerging markets such as Russia, where the government plays a historically dominant role. We also find that the effect of internationalization on CSR is likely to be heterogeneous in EMs, due to various economic, social and cultural factors. A more detailed view and thorough investigation of the host market characteristics could deliver a better understanding on the effects of host-country characteristics on CSR reporting. Moreover, a different focus on organizational factors, such as business strategy or inter-firm associations, could reveal interesting insights and contribute to further theoretical advancement.

In sum, our research opens the discussion on not only the country-of-origin effect on the relationships between internationalization and CSR reporting, but also the role of ownership and location. A more detailed view and thorough investigation of host-market characteristics could deliver a better understanding on the effects of those characteristics on CSR reporting. Moreover, a different focus on organizational factors, such as business strategy or inter-firm associations, could reveal interesting insights and contribute to further theoretical advancement.

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TABLE 1

CSR full reporting index

Category	CSR index from Anas et al. (2015)	Nuanced CSR index constructed for Russia
Environment		
Efficient use of energy	X	X
How to reduce climate damage from its emissions	X	X
The use of biofuels	X	X
The essential need to protect flora and fauna	X	X
Total for Environment:	**4 items**	**4 items**
Community		
Contributions to children	X	
Contribution to children from communities (kindergartens, schools, events for those under 18)		X
Contribution to employee's children		X
Contribution to disabled children		X
Contribution to youth development	X	X
Contribution to the underprivileged	X	X
Supporting employee involvement in the community	X	X
Supporting education	X	X
Contribution to infrastructure development		X
Total for Community:	**5 items**	**8 items**
Workplace		
Health and safety	X	X
Human rights factors	X	X
Gender issues, equal opportunity employment	X	X
Quality of work environment	X	X
Supporting retired employees		X
Total for Workplace:	**4 items**	**5 items**

Marketplace		
Supporting green products	X	X
Ethical procurement practices	X	X
Helping to develop suppliers and other vendors	X	X
CG standards:	X	
CG standards and practices, obligatory		X
CG standards and practices voluntary		X
Total for Marketplace:	**4 items**	**5 items**
Overall CSR index:	**17 items**	**22 items**

TABLE 2
Descriptive Statistics for Continuous Variables

Variable	Mean	Std. Dev.	Min	Max
CSR index	17.45	14.28	0	62
Environment	2.64	3.02	0	12
Community	5.53	6.15	0	24
Workplace	4.33	3.63	0	15
Marketplace	4.95	3.20	0	15
State ownership	0.03	0.13	0	0.92
Internationalization	0.12	0.23	0	0.94
Firm age	15.03	6.69	0	27
Size	23.60	2.21	14.52	30.29
Return on assets	0.06	0.12	-0.89	0.83
Leverage	0.23	0.21	0	0.90

TABLE 3
Correlation matrix

	fullcsr	intern	stateown	firmage	size	roa	da	rd
CSR index	1.00							
Internationalization	0.25	1.00						
State ownership	0.22	0.12	1.00					
Firm age	0.09	0.25	0.09	1.00				
Size	0.59	0.36	0.32	0.24	1.00			
Return on assets	0.01	0.01	-0.04	-0.01	0.01	1.00		
Leverage	-0.07	0.18	0.02	-0.05	0.07	-0.08	1.00	
R&D	-0.08	0.07	0.02	0.03	-0.07	-0.07	0.17	1.00

TABLE 4
Regression results on CSR disclosure

Results for the whole sample:

Dependent variable	CSR index	CSR index	CSR index	Environment	Environment	Environment	Community	Community	Community	Workplace	Workplace	Workplace	Marketplace	Marketplace	Marketplace
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Internationalization	13.86***		12.91***	2.061***		1.902***	6.860***		6.493***	3.226***		3.149***	1.709***		1.367***
	(1.631)		(1.658)	(0.362)		(0.368)	(0.761)		(0.774)	(0.454)		(0.463)	(0.384)		(0.388)
State ownership		4.192*			0.908*			1.144			-0.303			2.444***	
		(2.469)			(0.540)			(1.156)			(0.683)			(0.566)	
Intern*state ownership			17.94***			3.013**			6.957**			1.481			6.490***
			(6.139)			(1.363)			(2.867)			(1.715)			(1.438)
Size	3.201***	3.610***	3.174***	0.693***	0.749***	0.689***	1.232***	1.451***	1.222***	0.646***	0.764***	0.644***	0.630***	0.646***	0.620***
	(0.159)	(0.158)	(0.159)	(0.0352)	(0.0346)	(0.0352)	(0.0741)	(0.0741)	(0.0741)	(0.0442)	(0.0438)	(0.0443)	(0.0374)	(0.0363)	(0.0372)
Leverage	-2.766*	-2.082	-2.831*	0.0767	0.180	0.0658	-1.014	-0.680	-1.039	-1.039**	-0.886**	-1.044**	-0.790**	-0.696**	-0.813**
	(1.480)	(1.517)	(1.476)	(0.328)	(0.332)	(0.328)	(0.691)	(0.711)	(0.689)	(0.412)	(0.420)	(0.412)	(0.348)	(0.348)	(0.346)
Firm age	0.00248	-0.0197	-0.0110	0.00984	0.00614	0.00757	0.0155	0.00586	0.0103	0.0144	0.0110	0.0132	-0.0373***	-0.0427***	-0.0421***
	(0.0545)	(0.0559)	(0.0545)	(0.0121)	(0.0122)	(0.0121)	(0.0254)	(0.0262)	(0.0254)	(0.0152)	(0.0155)	(0.0152)	(0.0128)	(0.0128)	(0.0128)
Return on assets	2.743	2.276	2.737	0.605	0.545	0.604	1.242	0.981	1.240	0.657	0.508	0.657	0.238	0.242	0.236
	(2.522)	(2.588)	(2.515)	(0.559)	(0.566)	(0.559)	(1.177)	(1.212)	(1.175)	(0.703)	(0.716)	(0.703)	(0.594)	(0.594)	(0.589)
R&D	1.141	2.989***	1.273	-0.185	0.0921	-0.163	0.573	1.482***	0.624	0.231	0.653**	0.242	0.522**	0.763***	0.570**
	(0.999)	(1.001)	(0.997)	(0.222)	(0.219)	(0.221)	(0.466)	(0.469)	(0.466)	(0.278)	(0.277)	(0.279)	(0.235)	(0.230)	(0.234)
CIS	3.412***	2.281***	3.388***	0.799***	0.632***	0.795***	1.473***	0.908**	1.463***	0.683***	0.413*	0.681***	0.457**	0.328	0.448**
	(0.865)	(0.876)	(0.862)	(0.192)	(0.192)	(0.191)	(0.403)	(0.410)	(0.403)	(0.241)	(0.242)	(0.241)	(0.203)	(0.201)	(0.202)
Industry effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-57.61***	-65.59***	-56.82***	-13.70***	-14.78***	-13.57***	-22.81***	-27.11***	-22.50***	-11.29***	-13.64***	-11.23***	-9.804***	-10.06***	-9.518***
	(3.630)	(3.662)	(3.629)	(0.805)	(0.800)	(0.806)	(1.693)	(1.715)	(1.695)	(1.011)	(1.013)	(1.014)	(0.854)	(0.840)	(0.850)
Observations	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332
R-squared	0.471	0.443	0.474	0.419	0.406	0.421	0.381	0.343	0.383	0.347	0.343	0.351	0.409	0.408	0.418

Notes: standard errors are in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

TABLE 5
Regression results on CSR disclosure

Results for the CIS sample:

Dependent variable	CSR index	CSR index	CSR index	Environment	Environment	Environment	Community	Community	Community	Workplace	Workplace	Workplace	Marketplace	Marketplace	Marketplace
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Internationalization	15.56***		17.13***	2.671**		2.795**	7.594 ***		8.238***	2.678**		3.098**	2.613**		2.998***
	(4.390)		(4.379)	(1.090)		(1.102)	(2.186)		(2.191)	(1.263)		(1.262)	(1.094)		(1.092)
State ownership		-22.27***			-3.117*			-8.654***			-3.204*			-7.295***	
		(6.395)			(1.594)			(3.216)			(1.844)			(1.533)	
Intern*state ownership			-95.47**			-7.587			-39.05**			-25.46**			-23.37**
			(37.94)			(9.549)			(18.98)			(10.94)			(9.464)
Size	4.324***	4.600***	4.260***	0.789***	0.835***	0.784***	1.724***	1.853***	1.698***	1.094***	1.140***	1.077***	0.717***	0.772***	0.701***
	(0.421)	(0.417)	(0.417)	(0.105)	(0.104)	(0.105)	(0.210)	(0.210)	(0.208)	(0.121)	(0.120)	(0.120)	(0.105)	(0.100)	(0.104)
Leverage	-2.479	-3.739	-1.829	0.695	0.485	0.746	-2.169	-2.763	-1.903	-1.289	-1.500	-1.116	0.284	0.0394	0.444
	(3.531)	(3.522)	(3.496)	(0.877)	(0.878)	(0.880)	(1.758)	(1.772)	(1.749)	(1.016)	(1.016)	(1.008)	(0.880)	(0.844)	(0.872)
Firm age	-0.319*	-0.304*	-0.265	-0.0835**	-0.0809**	-0.0791*	-0.0954	-0.0882	-0.0732	-0.116**	-0.113**	-0.101**	-0.0240	-0.0215	-0.0107
	(0.162)	(0.162)	(0.162)	(0.0403)	(0.0405)	(0.0407)	(0.0808)	(0.0816)	(0.0809)	(0.0467)	(0.0468)	(0.0466)	(0.0404)	(0.0389)	(0.0403)
Return on assets	-3.399	-6.047	-5.019	0.267	-0.130	0.139	-2.087	-3.199	-2.749	-1.433	-1.838	-1.866	-0.147	-0.880	-0.543
	(5.017)	(5.043)	(4.995)	(1.246)	(1.257)	(1.257)	(2.498)	(2.537)	(2.499)	(1.443)	(1.454)	(1.440)	(1.251)	(1.209)	(1.246)
R&D	2.319	1.112	2.266	0.369	0.162	0.365	0.623	0.0347	0.601	0.523	0.315	0.509	0.804**	0.600*	0.791**
	(1.546)	(1.510)	(1.526)	(0.384)	(0.376)	(0.384)	(0.770)	(0.759)	(0.764)	(0.445)	(0.435)	(0.440)	(0.385)	(0.362)	(0.381)
Industry effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-79.68***	-81.07***	-77.86***	-13.39***	-13.68***	-13.25***	-32.25***	-33.07***	-31.51***	-20.37***	-20.66***	-19.89***	-13.66***	-13.66***	-13.22***
	(10.95)	(10.94)	(10.84)	(2.719)	(2.728)	(2.728)	(5.453)	(5.503)	(5.423)	(3.150)	(3.155)	(3.124)	(2.730)	(2.623)	(2.703)
Observations	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
R-squared	0.667	0.666	0.677	0.541	0.536	0.543	0.593	0.583	0.601	0.508	0.505	0.521	0.584	0.615	0.596

Notes: standard errors are in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

TABLE 6
Regression results on CSR disclosure

Results for non-CIS sample:

Dependent variable	CSR index	CSR index	CSR index	Environment	Environment	Environment	Community	Community	Community	Workplace	Workplace	Workplace	Marketplace	Marketplace	Marketplace
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Internationalization	14.80***		13.53***	2.118***		1.926***	7.165***		6.657***	3.576***		3.449***	1.939***		1.496***
	(1.833)		(1.865)	(0.400)		(0.408)	(0.842)		(0.858)	(0.512)		(0.524)	(0.430)		(0.435)
State ownership		8.095***			1.351**			2.697**			0.333			3.714***	
		(2.663)			(0.573)			(1.229)			(0.742)			(0.605)	
Intern*state ownership			20.61***			3.120**			8.245***			2.055			7.195***
			(6.278)			(1.374)			(2.887)			(1.763)			(1.465)
Size	2.912***	3.256***	2.874***	0.664***	0.710***	0.658***	1.091***	1.281***	1.075***	0.580***	0.695***	0.576***	0.577***	0.571***	0.564***
	(0.176)	(0.177)	(0.176)	(0.0384)	(0.0380)	(0.0384)	(0.0808)	(0.0815)	(0.0807)	(0.0492)	(0.0492)	(0.0493)	(0.0413)	(0.0401)	(0.0410)
Leverage	-3.269**	-2.072	-3.335**	0.0563	0.228	0.0464	-1.111	-0.535	-1.137	-0.928**	-0.644	-0.935**	-1.287***	-1.121***	-1.309***
	(1.657)	(1.692)	(1.650)	(0.362)	(0.364)	(0.361)	(0.761)	(0.781)	(0.759)	(0.463)	(0.472)	(0.463)	(0.389)	(0.385)	(0.385)
Firm age	-0.0106	-0.0367	-0.0266	0.00915	0.00510	0.00674	0.00517	-0.00544	-0.00121	0.0196	0.0160	0.0180	-0.0445***	-0.0523***	-0.0501***
	(0.0592)	(0.0608)	(0.0591)	(0.0129)	(0.0131)	(0.0129)	(0.0272)	(0.0281)	(0.0272)	(0.0165)	(0.0170)	(0.0166)	(0.0139)	(0.0138)	(0.0138)
Return on assets	4.047	3.891	3.967	0.667	0.650	0.655	2.068	1.961	2.036	1.099	1.020	1.091	0.213	0.260	0.185
	(2.846)	(2.918)	(2.833)	(0.621)	(0.628)	(0.620)	(1.307)	(1.347)	(1.303)	(0.796)	(0.813)	(0.796)	(0.668)	(0.663)	(0.661)
R&D	0.387	4.021***	0.720	-0.451	0.0715	-0.401	0.471	2.213***	0.604	0.00174	0.857**	0.0349	0.366	0.880***	0.482
	(1.299)	(1.256)	(1.298)	(0.284)	(0.270)	(0.284)	(0.597)	(0.580)	(0.597)	(0.363)	(0.350)	(0.364)	(0.305)	(0.285)	(0.303)
Industry effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-51.59***	-58.31***	-50.52***	-13.10***	-13.98***	-12.94***	-19.84***	-23.61***	-19.42***	-10.11***	-12.42***	-10.01***	-8.531***	-8.295***	-8.159***
	(3.962)	(4.013)	(3.958)	(0.865)	(0.863)	(0.866)	(1.820)	(1.853)	(1.820)	(1.108)	(1.119)	(1.111)	(0.930)	(0.912)	(0.923)
Observations	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
R-squared	0.451	0.423	0.456	0.415	0.403	0.417	0.363	0.323	0.367	0.359	0.330	0.360	0.391	0.401	0.404

Notes: standard errors are in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

TABLE 7

Robustness check

Sample	Full Sample			CIS subsample			Non-CIS subsample		
Dependent variable	CSR index dummy	CSR index	CSR index	CSR index dummy	CSR index	CSR index	CSR index dummy	CSR index	CSR index
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Internationalization	4.658***	10.45***	9.937***	6.089***	16.72***	17.54***	4.899***	10.72***	10.19***
	(0.674)	(1.745)	(1.912)	(1.770)	(4.901)	(5.092)	(0.761)	(1.954)	(2.113)
Intern*state ownership	6.711***			-23.35**			7.494***		
	(2.494)			(10.33)			(2.563)		
Intern*state ownership (dummy)		13.66***			-3.280**			15.74***	
		(2.645)			(2.934)			(2.853)	
State representatives			27.07***			-16.99			31.76***
			(6.997)			(22.05)			(7.426)
Size	1.186***	3.133***	3.133***	1.662***	4.309***	4.327***	1.064***	2.826***	2.826***
	(0.0644)	(0.158)	(0.159)	(0.168)	(0.423)	(0.422)	(0.0717)	(0.174)	(0.176)
Leverage	-1.253**	-2.769*	-2.635*	-1.149	-2.329	-2.329	-1.435**	-3.285**	-3.097*
	(0.601)	(1.466)	(1.473)	(1.413)	(3.548)	(3.540)	(0.675)	(1.635)	(1.645)
Firm age	0.0140	-0.00747	-0.000243	-0.102	-0.319*	-0.324**	0.00905	-0.0258	-0.0142
	(0.0221)	(0.0540)	(0.0542)	(0.0653)	(0.163)	(0.163)	(0.0241)	(0.0585)	(0.0587)
Return on assets	1.343	2.484	2.340	-2.140	-3.756	-3.922	1.987*	3.268	3.184
	(1.022)	(2.499)	(2.511)	(2.018)	(5.069)	(5.068)	(1.157)	(2.812)	(2.831)
CIS	1.307***	3.099***	3.318***						
	(0.350)	(0.858)	(0.860)						
R&D	0.654	1.795*	1.223	1.049*	2.395	2.235	0.500	1.713	0.485
	(0.405)	(0.997)	(0.994)	(0.617)	(1.555)	(1.551)	(0.530)	(1.304)	(1.289)
Industry effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-19.95***	-60.06***	-60.08***	-29.34***	-83.95***	-84.09***	-16.81***	-51.94***	-51.86***
	(1.451)	(3.551)	(3.577)	(3.868)	(9.721)	(9.700)	(1.633)	(3.969)	(4.004)
Observations	1,330	1,332	1,332	226	226	226	1,104	1,106	1,106
R-squared		0.402	0.396		0.417	0.417		0.362	0.355

Notes: standard errors are in parentheses. ***,**, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively. Columns (1), (4) and (9) are estimated using logit regressions and do not have an R-squared.

APPENDIX
An example of the codebook for the category "Environment"

Item 1: Efficiently using the energy	
Score 1	Company MSNG: A solemn event was held for the Environmental Protection Awards of the Moscow Government. The project "Installation of the SGU-420 unit at TPP-16, a Montenegro PJSC's branch" was a winner in the class "Best implemented project using environment-friendly and energy-saving technologies".
Score 2	Company AFKS: Over four years of usage, the system has allowed the company to cut electric power consumption by 27.2%, heat power consumption by 15.5%, and installed electrical load by 27.3%. Another area of the company's conservation focus is the production of cutting-edge, energy-saving microelectronic products (such as LED drivers) meeting the highest environmental standards.
Score 3	Company BANE: The strategic priorities and principal areas of the Company for 2015–2020 are related to improving energy efficiency; modernization of the technological and energy equipment; implementation of energy-saving solutions; optimization of heat production and consumption; development of in-house generation sources, including the use of gas. Bashneft uses an integrated approach to energy efficiency management; over the past few years, the Group has implemented a series of key stages of development of the existing energy conservation system, and intends to implement the next stages in the near future. As part of the strategy, during the period 2016–2020, this is expected to achieve energy resource savings of 14.6 mill. GJ, which in monetary terms amounts to 4 686 million rubles. As a result of the implementation of organizational and technical measures for energy conservation and efficiency improvement of the Upstream Unit, and Energy Efficiency Improvement Program of the Downstream Unit, by the end of 2015 we made savings of 676 275 GJ. Thanks to the measures taken in 2010–2015 in the Upstream unit, we made savings in electricity consumption at the rate of more than 2 billion rubles.
Item 2: How to reduce climate damage from emissions	
Score 1	Company ALRS: In the updated strategy, we will focus more on environmental friendliness indicators related to CO emissions from stationary and mobile sources.
Score 2	Company AFKS: Sistema Group won this year's commercial organizations award, collecting 1 650 kg of paper, enough to save 28 trees, 11 500 liters of water, and 6 600 kW of electrical energy, and to prevent emissions of 2,805 kg of carbon dioxide.
Score 3	Company BANE: Our activities to protect against air pollution are guided by the Agreement signed with the Government of Bashkortostan, stipulating measures to control and monitor air emissions, make subsequent upgrades to production facilities, and reduce negative environmental impacts. In 2015, the Group spent a total of 8.6 billion rubles on environmental protection projects. Bashneft plans to allocate more than 25 billion rubles to these measures in 2016–2018. Our new ATUM-95 has a strong cleansing effect on engine intake valves. The product prevents new scaling and removes over 60% of prior impurities in the fuel system. The unique ATUM-95 cleaning properties help recondition engine performance to initial factory settings,

	increase power, extend its operating life, and reduce fuel consumption and exhaust emissions.
Item 3: The issue of biofuels	
Score 1	Company MSNG: Employees take part in preparatory work for the power unit with a fluidized-bed biofuel boiler fueled by bark and waste-wood.
Score 2	Company ALRS: To achieve an additional economic impact with regard to new types of energy and development of biofuel, the Company decommissioned nine inefficient boiler houses in recent years. We also brought more than 100 self-contained power supply units onstream, based on renewable energy sources such as solar batteries or wind turbines, to generate power for our in-house operations at the company's facilities.
Score 3	Company GAZP: In Serbia, the Gazprom subsidiary has invested $100 million in a biodiesel facility, with production expected to begin in the next two months. The use of new methods of power generation offers consumers economic, technological and environmental benefits. In most cases, renewable power generation supplements power generation from other sources, and may entail certain risks for the natural gas market, if aggressive policies of subsidizing renewable energy are maintained at the national and/or supranational level.
Item 4: The essential needs to protect flora and fauna	
Score 1	Company GRAZ: The company minimizes its negative industrial impact on the environment, with the rational use of mineral resources, through resource conservation, and compliance with international environmental protection standards.
Score 2	Company TATN: PJSC TATNEFT's total investment in environmental safety activities through all sources of funding (Opex and Capex) amounted in 2015 to 6 641 725 mill. rubles, including investments assigned for environmental protection and the rational use of natural resources amounting to 937 946 mill. rubles.
Score 3	Company BANE: We employ a comprehensive approach to minimizing direct and indirect negative impacts on the environment. This approach addresses all aspects of the potential impacts, including: • air pollution; • water resource conservation; • land conservation and waste disposal; • biodiversity; • energy efficiency and efficient use of resources. In 2015, the Group spent a total of 8.6 billion rubles on environmental protection projects. Bashneft plans to allocate more than 25 billion rubles to these projects in 2016–2018. Our activities to protect against air pollution are guided by the Agreement signed with the Government of Bashkortostan, stipulating measures to control and monitor air emissions, and we shall subsequently upgrade production facilities to reduce negative environmental impacts. To reduce the environmental hazards associated with industrial wastewater, the Group's refineries employ special effluent treatment facilities that are currently undergoing radical upgrades. We seek to minimize the negative environmental impacts on soils by managing waste generated in the course of oil production and refining, particularly, oil sludge.