Managing growth in a socially responsible way
A case study of Russian companies

Authors: Andrey Krysanov
Maria Shakotko
Supervisor: Hans Jansson
 Examiner: Bertil Hultén
Date: 2014-06-01
Subject: Master Thesis and Research Methodology
Level: A1E
Course code: 4FE70E
Abstract

The problem of achieving and sustaining growth is vital for companies in any country market, but it is even more crucial for companies in an emerging market, such as Russia. Meanwhile, some companies in the Russian market succeed not only in growing but also in implementing several socially oriented activities and projects in their strategies. Thus, we identify what are the possible obstacles to growth in the industrial and internal firm environment like, and analyze how companies overcome them. Besides that, we aim to study the forms of corporate social responsibility activity, that Russian companies are engaged in, and how consistent this activity is with the companies' strategies and goals.

We have conducted a qualitative case study of five Russian companies, which represent different segments of IT industry. The semi-structured interviews with the managers from the company have been the main sources of the empirical data, however some additional secondary data has also been used. Further on, the gathered empirical data served the material for the analysis of the dynamic capabilities the companies possess to overcome the growth challenges they encounter, what strategic innovation processes they implement in their strategies and if there are some socially oriented activities, including particular projects, that the companies are engaged in. If a company practices a certain socially oriented activity then the consistency of this activity with the company's strategy and goals has been analyzed. As social activities are seen as a prerequisite for sustainable business we also analyze if the companies bring natural value to the society and the environment.

The results show that the companies with rather high growth figures may lack certain dynamic capabilities, which are or will be needed to overcome a particular growth challenge. Four of the five companies prove to act proactively, thus they have the prerequisite for strategic innovations. These companies also implemented different types of strategic innovation, although not the radical one. For those companies, that are engaged in socially oriented activities, these activities are seen as consistent with the companies' strategies. Meanwhile, only one company implements environmental-friendly solutions, thus it comes closest to running sustainable business.

The general provided recommendations for the companies are to develop lacking dynamic capabilities to overcome growth challenges, to act proactively in order to be ready to implement strategic innovations and develop and keep their social activities consistent with their strategies.

Keywords: Russia, growth challenges, dynamic capabilities, strategic innovation, corporate social responsibility, social innovation
Acknowledgements

We express our deepest gratitude to all the employees of Kaspersky Laboratory, Doktor Na Rabote, AntivirusnyeResheniya, Datadvance and the Online gaming company for their participation and insightful contribution to this thesis. It was a remarkable experience of talking to them, both from a professional and personal perspective.

We also express our gratitude to Linnaeus University, which arranged the trip to Russia for us. Moreover, we specially thank our thesis supervisor Professor Hans Jansson for the guidance, much of useful advice and the comments that helped a lot to writing the thesis.

Andrey Krysanov & Maria Shakotko

Kalmar, 20/06/2014
1. Introduction ...................................................................................................................................... 1
  1.1. Background of the study ........................................................................................................... 1
    1.1.1. Growth in Russia .................................................................................................................. 1
    1.1.2. Social dimension of the sustainable development practices in Russia ........................... 2
  1.2. Problem discussion .................................................................................................................... 3
    1.2.1. Importance of growth in an emerging market ................................................................. 3
    1.2.1. Research on corporate social responsibility in Russia .................................................... 3
  1.3. Problem definition ..................................................................................................................... 4
  1.4. Purpose of the research ............................................................................................................ 4
  1.5. Thesis outline ............................................................................................................................ 5

2. Method .......................................................................................................................................... 6
  2.1. Research approach .................................................................................................................... 6
  2.2 The research strategy .................................................................................................................. 8
    2.2.1. Case study research strategy as it is and compared with other strategies ....................... 8
    2.2.2. Systematic combining ....................................................................................................... 10
  2.3. Literature study ........................................................................................................................ 10
  2.4. Case study design ..................................................................................................................... 12
    2.4.1. Selection of cases ............................................................................................................. 12
    2.4.2. Interviews as research method ....................................................................................... 13
    2.4.3. Formulating interview questions ..................................................................................... 14
    2.4.4. Collection of data ............................................................................................................. 14
  2.5. Data analysis ............................................................................................................................. 15
  2.6. Quality of the research ............................................................................................................. 16
    2.6.1. Internal validity of the research ....................................................................................... 16
    2.6.2. External validity of the research ...................................................................................... 17
    2.6.3. Reliability of the research ............................................................................................... 18

3. Theoretical framework .................................................................................................................. 20
  3.1. Growth challenges that companies may encounter ................................................................. 20
    3.1.1. Choice of growth strategy ............................................................................................... 20
    3.1.2. Four groups of growth problems (Prats et. al, 2012) .................................................... 21
  3.2. From company’s growth to strategic innovation and social innovation ............................. 28
    3.2.1. The resource-based view (RBV) ..................................................................................... 28
    3.2.2. From RBV to strategic innovation via dynamic capabilities ....................................... 28
    3.2.3. From social innovation to growth .................................................................................. 30
### 3.3. A path to strategic innovation

- 3.3.1. When companies turn to strategic innovation
- 3.3.2. New versus established companies
- 3.3.3. Overcoming obstacles to strategic innovation
- 3.3.4. Structural designs for radical SI

### 3.4. From strategic innovation to social innovation

- 3.4.1. Corporate social responsibility

### 3.5. Theoretical model

### 4. Empirical findings

- 4.1. Kaspersky Laboratory
  - 4.1.1. Growth challenges
  - 4.1.2. Strategic innovation
  - 4.1.3. CSR and social innovation
- 4.2. Doktor Na Rabote
  - 4.2.1. Growth challenges
  - 4.2.2. Strategic innovation
  - 4.2.3. CSR and social innovation
- 4.3. Antivirusnye Resheniya
  - 4.3.1. Growth challenges
  - 4.3.2. Strategic innovation
  - 4.3.3. CSR and social innovation
- 4.4. Datadvance
  - 4.4.1. Growth challenges
  - 4.4.2. Strategic innovation
  - 4.4.3. CSR and social innovation
- 4.5. Online gaming company
  - 4.5.1. Growth challenges
  - 4.5.2. Strategic innovation
  - 4.5.3. CSR and social innovation

### 5. Analysis

- 5.1. Choice of growth strategy
- 5.2. Growth challenges by quadrants of Prats et al. (2012) matrix and companies
  - 5.2.1. The growth challenge to sustain growth
  - 5.2.2. The growth challenges of managing growth
- 5.3. Strategic innovation
5.3.1. How strategic innovation is practiced in the companies ............................................. 64
5.3.2. Obstacles to strategic innovation ................................................................................. 66
5.4. CSR and social innovation .............................................................................................. 68

6. Conclusions .......................................................................................................................... 71
6.1. Research question 1 ........................................................................................................ 71
6.2. Research question 2 ......................................................................................................... 74
6.3. Main research question .................................................................................................... 75
6.4. Recommendations .......................................................................................................... 75
6.4.1. Growth challenges ....................................................................................................... 75
6.4.2. Strategic innovation ..................................................................................................... 76
6.4.3. CSR and social innovation ........................................................................................ 77
6.5. Limitations of the research ............................................................................................ 78
6.6. Future research ................................................................................................................ 78

7. References .......................................................................................................................... 80
7.1. Books ............................................................................................................................... 80
7.2. Articles ............................................................................................................................ 80
7.3. Electronic sources ........................................................................................................... 81
7.4. Interviews ......................................................................................................................... 83

Appendix .................................................................................................................................. 84
Questionnaire ............................................................................................................................ 84
1. Introduction

The aim of this chapter is to introduce the thesis research, to justify the choice of its topic, to identify the core problems, related to the studied phenomena, to formulate the main research questions and the purpose of the research and to provide an outline of the thesis structure.

1.1. Background of the study

1.1.1. Growth in Russia

According to the database of International Monetary Fund, the pace of Russian GDP growth (in current prices) has been declining for the last four years - from 4.5% per annum in 2010 down to 1.3% in 2013, which is a clear sign of regression. The data from Russian Federal State Service reveals that in these years many industries showed the growth that was below inflation level. The economic downturn imposed a general threat on companies' growth, hence the challenge to sustain the growth has become even more acute. World Economic Forum in its most recent report on Russia names four core problems that hamper growth in Russia: corruption, ineffective bureaucracy, lack of access to finance and the inadequate education of the workforce (World Economic Forum, 2014).

Meanwhile, the research of high-growth (gazelle) Russian companies conducted by Yudanov (2007) just before the crisis hit the economy revealed that many companies had grown much faster than the respective industries in general. These companies were not hi-tech ones and still lacked access to finance at their initial stage of development. Although no considerable academic research on Russian high-growth companies have been made so far, the most recent articles in Forbes Russia (2013) and Russian economic journal Expert (2014) reveal that most of gazelles grow organically, i.e. without making acquisitions, and are trade firms in different segments: food and agricultural, medicines and etc. These firms were able to grow fast while many of its competitors in the industries had to leave the market. The managers of such companies emphasize non-institutional problems, such as difficulties to access to retail stores or dependencies on the warehouse rents as the most serious that could impede growth.

However, these rapidly growing firms did not emphasize that the businesses they ran were sustainable, that is why for the evidence of sustainable practices and related projects we turned to the other sources of information.
1.1.2. Social dimension of the sustainable development practices in Russia

In 2009 the European commission launched the project called SUST-RUS aimed at 'formulating sustainability policies with the focus on a balanced integration between social, economic and environmental policy objectives'. In 2008, the Institute for Sustainable Development of the Civic Commerce of the Russian Federation was established to address the issues of sustainable development policies in Russia. It published research publications on ecological policy, effective use of energy and the development of the network of the regional centers for sustainable development. However, these publications did not concern how sustainability policies are implemented in Russian companies.

The more specific information on sustainable development in the Russian companies can be visibly divided into corporate socially and environmentally responsible practices. As the former ones are chosen for the 'focus' of the research, the ecological practices are not elaborated upon.

The issue of corporate social responsibility in Russia is reported to be at the initial stage of development. 'The corresponding international framework and structures are little used. A basic understanding of the perception of social responsibility by companies is present especially in large Russian companies'. (CSR WeltWeit) CSR in Russia is most developed in the following areas: personnel development, workplace health and safety, corporate philanthropy and related PR-support. (CSR International, 2011) In 2012 more than 50 companies submitted reports on CSR activities (Kaliningrad chamber of commerce and industry, 2013), totally from 2001 to 2010 91 companies released non-financial reports (CSR International, 2011). Meanwhile, while 'the majority of Russian companies are still lacking compliance international standards in social and environmental responsibility', 'companies are increasingly complying with international practice and with “soft” international standards, specifically those proposed by GRI and AA1000 SES' (CSR International, 2011) and 'The code of corporate ethics' as well as 'The code of generally accepted rules and principals in environmental policy' are under development (Kaliningrad chamber of commerce and industry, 2013). Besides that, In 2004 a Social Charter of Russian Business was initiated by the Russian business community and has been signed by 230 companies and organizations. This code is quite similar to the UN Global Compact’s principles and stimulates the participants to follow progressive CSR principles. (CSR International, 2011).
1.2. Problem discussion

1.2.1. Importance of growth in an emerging market

The first motive for studying this topic is that sustainable growth and its various dimensions represent a vast field for research. According to Fleck (2009), companies’ growth is an inevitable indicator of long-term success. Growth is also generally believed to be synonymous with effectiveness and, according to Whetten (1980), as a company grows, more extensive hierarchical structures emerge in order to properly integrate new personnel, departments, product lines, etc.

Several other growth-related issues which have been moderately analyzed before in the academic literature provide a vast field for research. This is supported by the fact that little qualitative research has been done on managing growth in an emerging country market, which is the gap this thesis aims to bridge.

The key problem of growth in the emerging country markets identified by Zhou et al. (2013) is that it is often seen as a virtue in itself, which leads to managers’ loss of control of the enterprise, losing profitability and inability to see growth-related challenges that can prevent companies from fostering long-term well-being.

1.2.1. Research on corporate social responsibility in Russia

Crotty (2011) identifies that despite much research on CSR practices in transition economies and emerging ones, most notably on China, little has been investigated in how this issue is addressed by Russian companies. McCarthy and Puffer (2008) stress philanthropic activities as the most important in terms of corporate social responsibility for the Russian companies, although they emphasize corporate governance to a larger extent than CSR. Kuznetsov et al. (2009) conducted a quantitative research in order to learn what kind of CSR activities Russian companies consider as such and implement. Crotty (2011) made a qualitative research of manufacturing Russian companies to learn the motives why these companies implement CSR practices. The orientation of our study towards CSR activities is a different one.

One of the important problems for the implementation of social activities arises out of the issue that Russian companies in question are likely to be constrained by short-term pressures that are dominant in the current environment. According to Jansson et al. (2007), Russian firms have a short-term orientation, which stems from planned economy times and makes planning for the future difficult as managing is done on a day-by-day basis. Jansson et al.
(2007) illustrates it by saying that Russian companies show reluctance to make relationship-specific investment and prefer to terminate relationships rather than change activities within them. These short-term pressures may have negative effects on companies’ efforts towards implementing long-term and socially oriented projects in their strategies for achieving sustainable business and responsible growth.

Having said this, we aim at studying not only which CSR practices are employed by the Russian companies but also how consistent they are with the firms' strategies and goals.

1.3. Problem definition

We identify the research problem as to identify what kind of obstacles or difficulties do Russian companies face in the context of the industry and the internal environment during their process of growth. We seek to study how the Russian firms respond to them and overcome them. We also seek to learn if Russian companies practice some socially oriented activities in their strategies and how these activities contribute to the companies' growth. Therefore we formulate the main research question as:

- How do Russian companies sustain their growth in a socially responsible way?

In order to answer this question we clarify its constituents and formulate two sub questions.

- How do Russian companies respond to challenges of the industry and intra-firm environment during their growth?
- What activities do Russian companies do to achieve sustainable business?

1.4. Purpose of the research

The purpose of this research is to describe the current trends in terms of growth management among Russian firms, to analyze their disposition for and identify the examples of strategic innovation and corporate social responsibility practices and to provide recommendations for these firms on how they can address these issues in their strategies.
1.5. Thesis outline

The structure of the thesis is the following:

- **Chapter 1: Introduction**
  - In chapter 1 we describe the background of the study as well as formulate the research questions and the purpose of this paper.

- **Chapter 2: Method**
  - In chapter 2 we account for the research strategy, design and methods and the validity and reliability of the research.

- **Chapter 3: Theoretical framework**
  - In chapter 3 we introduce theoretical constructs and develop the theoretical model for the analysis of the empirical data.

- **Chapter 4: Empirical findings**
  - In chapter 4 we provide the data on the case companies.

- **Chapter 5: Analysis**
  - In chapter 5 we analyze the empirical data from chapter 4 based on the theoretical model from chapter 3.

- **Chapter 6: Conclusions**
  - In chapter 6 we make the conclusions of the study as well as answer the research questions and provide recommendations for the companies.
2. Method

A brief overview of the method of the thesis is shown in the Table 1.

<table>
<thead>
<tr>
<th>Research approach</th>
<th>Abductive approach</th>
<th>Qualitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research strategy</td>
<td>Multiple case-study (Yin, 2009)</td>
<td></td>
</tr>
<tr>
<td>Method of interviewing</td>
<td>Semi-structured interviews</td>
<td></td>
</tr>
<tr>
<td>Sources of primary data</td>
<td>5 interviews (9 managers from 5 companies)</td>
<td></td>
</tr>
<tr>
<td>Sources of secondary data</td>
<td>Companies’ websites</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Method overview

2.1. Research approach

Bryman and Bell (2011) identify two core research approaches that could form the basis of the research logic: deductive and inductive. Alvesson and Sköldberg (2009) also identify an abductive approach. Explaining what is a deductive research Bryman and Bell (2011) postulate that this approach represents 'the most common view of the nature of the relationship between theory and research' (p. 11), which means that the researcher deduces a hypothesis on the basis of what is known in the theory about a particular domain, which then are examined with empirical data. The hypothesis is then confirmed or rejected, this is the process of induction, when the findings are then infused back into the theory (Ibid.). The revision of the theory, which is supported by the findings brings to the completion of a deductive study.

An inductive research is a study, where the collected empirical data precedes the formulation of the theory and makes the basis for it (Bryman and Bell, 2011; Alvesson and Sköldberg, 2009). However, inductive approach may also possess some deductive elements, for example, if the researcher wants to see the limitations of his/her theory and collects additional data for this purpose. Bryman and Bell (2011), refers to these processes of conducting a research as 'iterative' (p. 13), which in its turn may serve an example of an abductive research approach (Alvesson and Sköldberg, 2009). This is the approach, which combines elements of both deductive and inductive approach, e.g. if empirical testing of the hypothesis, which is a feature of a deductive approach is combined with proposals of a new theoretical entity.
This thesis paper is proposed to follow the abductive approach due to the nature of the process of collecting data versus bringing up theory. In this thesis, first, some theoretical have been introduced before the collection of empirical data. However, as the data has been collected, there has arisen a need for more theory to explain the studied phenomena and besides that, in the end, an overall theoretical model was proposed.

Unlike deductive and inductive approaches, which are mostly used in qualitative and quantitative researches respectively abductive method may be equally relevant for both qualitative and quantitative studies. The next paragraph elaborates on the chosen method of research, which is qualitative.

Bryman and Bell (2011) stress that qualitative research is more oriented towards analysis of words, which seems to be more appropriate choice of research strategy as the above mentioned research questions are unlikely to be divided into questions which assume numerical answers. However, as posited it is not only the lack of numbers, which separates a qualitative research from quantitative. Hence, so as not to say that qualitative research is what quantitative is not, we outline some other distinguishing features. They say that in qualitative research the phenomena of social world are studied by the “interpretation of that world by its participants” and that these phenomena result from individuals’ actions and not appear separately from them. Merriam (2009) supports this idea, arguing that qualitative research is closely connected to studying people's experiences.

The main steps of the research are based on the outline provided by Bryman and Bell (2011, p.390) as well as the logical order of a deductive study. According to this outline, the first step of the qualitative research is to provide general research questions. It has been done in the Introduction chapter. Then, the selection of relevant sites was made, which in case for this thesis means selection of five IT companies in Russia. Then they mention collection of relevant data, however, they also posit that if the aim of the qualitative research is validation of the theory, which is less common, but also possible (p. 393), than specification of the theory should precede the collection. After the data will have been collected, the phase of its interpretation will be initiated. Then, empirical findings will be analyzed on the basis of the theoretical framework and the recommendations for the companies will be formulated based on this analysis. Finally, the conclusions will be made.
2.2 The research strategy

2.2.1. Case study research strategy as it is and compared with other strategies

Both qualitative and quantitative research strategies may be designed in various ways. The four typical forms of a qualitative research, according to Bryman and Bell (2011), include cross-sectional, longitudinal, comparative and case study research strategies. Yin (2009) identifies experiment, survey, archival analysis, history and case study research strategies. Yin (2009) posits that a case study 'is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident' (p.18). Merriam (2009) supports this idea by saying that case-studies represent a profound view and analysis of the phenomenon because the situations are taken from the real-life. This close connection of the research with reality supports the close link between the chosen research strategy and research method.

The variety of potential problems, which Russian companies face while trying to manage their growth, challenges of complete restructuring of business models and social responsibility are closely connected with the company's daily activities, it is difficult and hardly relevant to distinguish these problems from companies themselves, that is why case study design was chosen for this thesis. Aimed at the holistic study of the phenomenon, i.e. company's growth, case study has most of the potential to realize the academic goal. Besides that, Yin (2009) proposes that case study method may be 'limited to qualitative evidence', which fully corresponds with the chosen strategy.

There are also several drawbacks of the other research designs, the latter identified by Bryman and Bell (2011), which undermine the suitability of other designs for the purposes of this thesis. The longitudinal design was rejected due to the nature of this research, which requires either a snapshot of the retrospective and current data or a constant monitoring for several months and even years and the development of the respective processes with time is not the core aspect of our research. Simultaneously, validity of such a research is "little different" from a cross-sectional one, (Ibid, p.58) thus there is no big losses of validity since we did not choose this design.

Yin (2013) also identifies the following shortcomings of his proposed research methods. The experiment is often held in the conditions, where the studied phenomenon is divorced from its context, which is the key weakness of this method in comparison to the key study. The experiment is often held in a laboratory setting, while one or two variables are studied with a
presumption 'that the laboratory environment can "control" for all the remaining variables beyond the scope of interest' (p. 12). There is also a notion of a field experiment, which is characterized by several groups of people, who are 'treated' in different ways. Although, history helps to profoundly examine the links between the context and the phenomenon, however, the results may not be contemporary. Surveys may be constrained by the lack of variables to be studied, in order to secure that as many respondents would take part in the survey as possible, however it enables the researcher to make a generalization of the received results to a larger scale of studied entities.

Case study research design may be subdivided into single-case or multiple-case studies, with each of them can be either holistic or embedded study. For the purpose of the thesis holistic multiple-case study design has been chosen, so its specific features, which justify this choice, will be outlined. He argues that a multiple case study have a better generalizability than a single-case. The holistic case study seems to be a good solution for this thesis, as the proposed theory for the research (justified in the next section) is of holistic nature itself. Contrary to that, an embedded case study, often implies conducting a survey of independent phenomena within the case, and this research is not dedicated to studying independent phenomena.

One of the most often attributed disadvantages to a case study is its generalizability (Merriam, 2009; Yin, 2009), which is said less than for any other form of research designs (Merriam, 2009). Merriam (2009) also posits that even though a 'rich, thick description and analysis of the phenomenon' (p. 51) is what a researcher strives to get, the lack of time and financial support may undermine such efforts. Merriam (2009) and Yin (2009) argue that a holistic case study represents a huge amount of information to read, which may push the potential practitioners from getting acquainted with the research.
2.2.2. Systematic combining

The concept of systematic combining in a case study was introduced by Dubois etGadde (2002). This concept suggests an integrated approach towards a case study, which follows an abductive research approach. Systematic combining implies that different aspects of the research are intertwined. It is also noticed that the researchers, who go 'back and forth' between theory and empirical findings in the case study in the end successfully expand the understanding of both theory and data. The evolving theoretical and analytical frameworks trigger gaining new empirical data, which in its turn causes new add-ons to the frameworks. The current theoretical framework may therefore be expanded or modified.

This is just what has happened with our research. Our initial theoretical proposals were not fully consistent with each other and reality, however, gathered data allowed us to expand and link different theoretical concepts with one another. Further on, a more holistic theoretical model allowed us to gather some additional empirical data.

2.3. Literature study

Literature review is considered to form the crucial part of a thesis (Bryman and Bell, 2011). They also indicate that the literature provides the basis for justifying the research questions and building the research design.

The literature review was done in two stages. In the first stage following the deductive approach the literature on growth challenges, strategic innovation and social activities were
examined. After the empirical data had been collected there came the need for the more overwhelming, grounded theory, which would help to unite all the theoretical constructs in the one model. This second stage of literature review is related to the inductive part of the thesis.

As the basis theory for the thesis we have chosen Jansson (2007) and Grant (2013) as these books provide a good review of company's strategy and how resources and capabilities of the company contribute to company's growth, strategic and social innovation.

For the part, related to strategic growth, many articles on growth challenges have been scrutinized, such as Barringer et al. (2005), Zhou et al. (2013), Prats et al. (2012), Fleck (2009) and etc. However, Barringer et al. (2005) develop a framework for answering the question of how growth, most notably, high growth appears, rather than elaborating on growth challenges. Zhou et al. (2013) emphasizes the most important growth challenge in an emerging market. Nevertheless, most of the growth challenges section is based on the article by Prats et al. (2012), since firstly, it covers all the main growth challenges regardless of the pace of growth, although making a distinction between challenges for rapidly and slowly growing companies, secondly, it is the only article in the reviewed literature that distinguishes growth challenges in accordance with the environmental conditions besides pace of company's growth and thirdly, it provides recommendations for each and every mentioned challenge that companies may encounter.

While creating the theoretical concept of strategic innovation, the articles by Markides (1998), Berghman (2012) and Tse (2013) were considered as highly valuable. Markides (1998) explains the concept of strategic innovation and analyzes which conditions can serve as a key prerequisite to it. Moreover, the article enables to capture the difference between strategic innovation in new and established companies, as the success of this process is highly dependent on it. Berghman (2012) contributes to understanding what particular kind of obstacles a company may face on its way to strategic innovation at different stages of this process. This article also develops the idea of importance of organizational designs chosen for creating strategic innovation. Tse (2013) examines in which ways a company can identify the conditions appropriate for establishing new business models and stresses the idea of paradoxical thinking as a solution to achieving strategic innovation. Overall, the above mentioned articles contribute to the understanding of the key prerequisites of strategic innovation as well as the ways in which this process can be successfully achieved by analyzing and foreseeing the possible obstacles to it.
The articles, the main ones being written by Teece et al. (1997) and Zahra (2006) and the book by Jansson (2007) contributed to the understanding of the dynamic organizational capabilities, the concept used in both strategic innovation and growth challenges sections of the thesis.

As per the literature on what corporate social responsibility (CSR) is about, i.e. its definition in a wide sense, the two most common approaches have been shown. The first is derived from international organizations view of CSR and the second is a based upon classical paper by Carroll (1991). In order to link CSR with strategic innovation, the paper by Bocquet et al. (2013) was used as the main source of theoretical materiel, not only because it clearly distinguishes two approaches to CSR and corporate strategy and the consequences of their implementation, but also because it provides useful references on deeper research in this domain. The article by Wang (2010), analyzes in which way a company’s CSR activities can have a negative impact on its economic returns. The problem of future orientation is considered as focal while deciding on implementing CSR activities.

While studying the concept of social innovation, the definitions of it are taken from several sources, such as Young Foundation Report (2007) and Forum on Social Innovation (2000). The article by Pol and Ville (2009) adds to understanding of this phenomenon as well as contributes to the comprehension of pure social innovations and the prerequisites of their success. It also mentions the valuable notion that only certain social innovation projects could be ‘desirable’.

The theoretical concepts of growth challenges, strategic innovations and social innovations were later operationalized into interview questions (See section 2.4.3)

2.4. Case study design

2.4.1. Selection of cases

According to Merriam (2009), the aim of a qualitative study is to choose such cases that may provide much information and contribute to understanding of the studied phenomena. Choice of the cases on the basis of gaining more information from them is referred to as purposeful sampling. There are six approaches to purposeful sampling: typical, unique, convenience, snowball (chain/network), theoretical sampling and maximum variation.

We have chosen the purposeful sampling based on the convenience combined with maximum variation, which is explained by the facts academic interviews are not as common in Russia as
in European countries and many companies refused to provide us the answers to the questions, although those that were able to do it represent different segments of the industry. There has also been a time limitation, which did not allow us to find much more companies. The key disadvantage of such an approach is risk of information poverty. However, we deem that we have minimized such risks to a certain extent as we have had companies not only of different segments of the industry but also of different size. We have had a small social network company, a medium-sized software distributor company, a big and a medium sized software producers and a medium-sized online gaming company.

2.4.2. Interviews as research method

Interviews are called as most occasional source of obtaining qualitative data (Merriam, 2009; Bryman and Bell, 2011). Although, the most common form of an interview is the face-to-face interaction between the interviewer and the respondent group and collective formats are also possible (Merriam, 2009). Bryman and Bell (2011), Merriam (2009) distinguish three main types of an interview: structured, semi-structured and unstructured. Structured interviewspresume that the wording and the order of the questions for the interview are predetermined, which make it some kind of an oral form of a written survey. The semi-structured interview method implies usage of an interview guide with more or less structured interview questions, which are asked flexibly in both order and wording. Another important feature of a semi-structured interview is that respondents are asked questions, which imply answers with specific data. The unstructured interview is of 'flexible, exploratory' nature (Ibid, p. 89) and resembles more a conversation than an interview (Merriam, 2009; Bryman and Bell, 2011). Merriam (2009) argues that this form of an interview is used when 'researcher does not know enough about the phenomenon to ask relevant questions' (p. 89) and the goal of the interview is to learn in order to 'formulate questions for later interviews' (Ibid.)

The selected research method is semi-structured interviews, which is one of the most typical qualitative research methods (Bryman and Bell, 2011). As the managerial decisions are based on the managers' thinking and their perception of the company's processes it is more relevant not to get the quantitative estimation of these decisions but to understand the perceptions, which allows a qualitative interview. In this case, managers' 'rambling' (Ibid, p.466-467) provides an opportunity to understand what managers perceive most important for the studied problems. There is also no need for a standardization of interviews as, for instance, managers' possibly unclear answers may require additional clarifying questions, or the approach,
introduced in the company may be totally different from the one(s), employed by other companies, which implies a different set of questions for this approach.

Semi-structured interview was regarded more favorable for the purposes of the thesis in comparison to an unstructured interview, which is another typical form of a qualitative research. This is because bringing flexibility into how the interviewees could answer could not mean that some of the theoretical aspects of growth problems and processes, reflected in the questions, might be missed. This means that the list of questions and the sequence of asking were developed, but if managers went on to touch another aspect of questionnaires, the question from this arisen topic could be asked then.

2.4.3. Formulating interview questions

Although, as mentioned before, the questions in a semi-structured qualitative interview do not need to be as specific as in a structured quantitative interview, some aspects of the questions for the interview need to be taken into account (Bryman and Bell, 2011). The questions need to be put in order according to the respective 'topic areas' (Ibid, p. 475), and formulated 'in a way that will help to answer research questions' (Ibid.). Besides that, it is important to make certain that 'what is being asked is clear to the person being interviewed' (Merriam, 2009, p. 95) that is why questions need to be understood in familiar language for the respondents (Merriam, 2009; Bryman and Bell, 2011).

Following these rules the questions were divided into three big areas: growth challenges, strategic innovation, CSR and social innovation. Although the order of the questions could vary the question on estimated growth pace of the industry segment and the company have always been asked prior to the other questions on growth challenges in order to identify the quadrant of challenges according to Prats et al. (2012). In case of hesitations about the quadrant questions on two possibly relevant quadrants could be asked, so that either of these quadrant could be identified as the most appropriate afterwards. The questions on strategic innovation could follow the questions on problems in companies' processes if the company was related to the Q3 quadrant. In order to ensure that commonly understood terms were used during the interviews the academic terms 'strategic innovation' and 'social innovation' were replaced with their descriptive definitions.

2.4.4. Collection of data

The primary sources of the data for the research were the semi-structured interviews. The interviews with 9 managers from companies, which belong to IT-industry, but which have
taken different niches in this market, i.e. software production (Kaspersky Laboratory, Datadvance), software distribution (AntivirusnyeResheniya), network development (Doctor Na Rabote), and an Online-gaming company. The interviews with managers from Kaspersky Laboratory, AntivirusnyeResheniya and Doktor Na Rabote were taken in person in Moscow from April 2 to April 4 and lasted between one and one and a half hour each. The interviews with Datadvance and the Online gaming company were held via Skype in Kalmar on the 7th and 8th of May and lasted from 50 minutes to one hour. (The questionnaire is cited in Appendix). The interviews were held in Russian which implies that the research questions were translated from English and the answers were translated into English. No considerable linguistic, socio-cultural or methodological problems (Xian, 2008; Bryman and Bell, 2011) occurred during the translation processes. All the interviews have been recorded with a digital voice recorder to minimize the risk of missing some important information. For interviews in Moscow, special rooms were offered for the interviews in order to minimize the external noise. The interviews via Skype contained some occasional external noise and there were some faults in Internet connection during the interview with Datadvance. The interviews were taken with another group of students from the same master program, and the questions from both groups were asked separately except for few common questions.

Company’s websites were used as secondary data sources, mostly as the basis for the understanding of the companies' profiles.

2.5. Data analysis

According to Yin (2009), data analysis consists of examining, testing or recombining evidence to answer the research questions of a study, which can be referred to as one of the stages of a deductive study. Bryman and Bell (2011) propose a more specific approach to a qualitative data analysis. They distinguish analytic induction and grounded theory as two alternatives for the analysis. However, these ways of analysis imply constant interaction between finding new cases, which either confirm the hypotheses or make the solid basis for theory formulation, which cannot be executed in our research due to time limitations.

In our thesis an abductive approach to analysis has been used. It implies the use of both deductive and inductive techniques. The deductive technique is that the collected data is examined in accordance with the initial theoretical framework. The inductive technique is used, for example, in strategic innovation and social innovation domains, where the lack of theory on how they are practiced in Russia is supported with some general conclusions based on the empirical findings.
2.6. Quality of the research

For this section, Yin (2014) and Merriam (2009) were mostly used since Yin (2009) proposes deductive approach to the case study research and Merriam (2009) advocates for the inductive approach in a qualitative research. Since the study follows the abductive approach, elements of either author's views on the quality of the research are presented. According to Yin (2014), the quality of the chosen research design can be judged by certain logical tests: construct validity, internal validity, external validity and reliability. Validity and reliability are two concerns that can be approached through careful attention to a study's conceptualization and the way in which the data are collected, analyzed and interpreted, and the way in which the findings are presented. (Merriam, 2009).

2.6.1. Internal validity of the research

Merriam (2009) postulates that internal validity reflects to which extent the findings match reality and how credible the findings are with respect to the data presented. Given that the reality in the qualitative research is considered as holistic, multidimensional and ever-changing, it is crucial to make sure that our interpretations of the reality have been made strictly according to our observations from the interviews.

As our study was initiated as a deductive one, in order to ensure that the questions and theoretical constructs have been formulated correctly, and the influence of “subjective” judgments during the information collection process has been mitigated, we refer to Yin's (2014) concept of construct validity.

Yin (2014) argues that by judging construct validity of the research the correct operational measures for the concepts being studied are identified. In case of our study we built the theoretical framework and then on the basis of it formulated the questions that were used for collecting the information during the interviews. The choice of interviews as a tool of receiving the case study evidence was justified by the fact that they are focused directly on the case study topic, as well as provide important insights, causal inferences and explanations.

Three steps that can be distinguished are aimed at increasing this kind of validity: use of multiple sources of evidence and establish chain of evidence (occur at the stage of data collection) and have the draft case study report viewed by key informants (the stage of composition).
During the collection of data we used two sources of evidence: interviews as a primary source and the companies’ websites as a secondary source. By conducting the interviews with the representatives from different departments of the company (at AntivirusnyeResheniya the interviewees were the CEO, the Marketing Director and the Chief Accountant), we managed to increase the chances of receiving more detailed and objective answers to the questions, as interviewees were able to extend the answers of their colleagues when necessary. As a supplement to the interviews with the companies’ representatives we used the companies’ websites as secondary sources of data. By recording all the interviews and thus making sure that no original evidence has been lost we established a chain of evidence. According to Yin (2014), this contributes to the increasing of construct validity and as a result to the overall quality of the research, by providing a more accurate rendition of an interview and by enabling to avoid inaccuracies due to poor recall.

We also suppose the fact that the authors of the study are of the same nationality has helped us in reaching mutual understanding better and faster at particular stages of conducting the research and analyzing the data. Moreover, as the authors represent two genders, it has contributed to balancing the process by combining two types of thought styles and monitoring each other. The process of presenting and analyzing the collected data has been made individually and then after the discussion each other's opinions concerning every aspect of the findings have been exchanged. That has helped to reduce biases of an individual researcher and thought style and thus, contributed to the internal validity of the research.

As we have had common interviews with another group of Russian students, it also allowed us to discuss the possible ambiguous interpretations of the received information as well as their knowledge of our empirical data served as a control tool, which means that any occasionally invalid information would be noticed.

As a weakness of our study we can mention that no other secondary sources, for instance documents, have been used, which would have helped us to diversify sources of evidence and find out a broader range of historical and behavioral issues. (Yin, 2014).

2.6.2. External validity of the research

External validity of a research reflects how the results of the research can be generalized (Bryman and Bell, 2011). According to Yin (2014), in order to improve the external validity it is crucial to understand whether a study’s findings are generalizable beyond the immediate study, regardless of the research method used.
Yin proposes a particular insight on assessing the external validity of a research. It concerns observing the original research question(s) posed in doing a case study, particularly, the form of this question(s). In the introduction we identified the research question of our study as “How do Russian companies sustain their growth in a socially responsible way?” It implies that our study has a descriptive character and the ‘how’ question directly influences the strategy used in striving for external validity, as it is considered as the most appropriate for a case study. (Yin, 2014). Developed at early stage of the study, our research question helped to identify appropriate theory and theoretical propositions for further building of the questionnaire.

During the stage of analyzing the empirical data, the theory was enhanced by our findings and thus formed the groundwork for an analytic generalization, which is considered by Yin (2014) as an instrument for striving to generalize a particular set of results to some broader theory. While developing multiple case studies, we had an idea in mind to advance the theoretical concepts or principles, rather than simply create a case sample. This attempt to go beyond the specific case contributes to striving for generalizable findings and thus to the external validity of the research.

2.6.3. Reliability of the research

Reliability of the research concerns the issue of the ability to repeat the research in order to verify its findings (Bryman and Bell, 2011). According to Yin (2014), the goal of reliability of the research is to minimize the errors and biases in it. He argues that documenting the procedures followed in a study is one of the most important prerequisites for increasing reliability.

Bryman and Bell (2011) also distinguish the external and the internal reliability of the research. The external reliability implies 'the degree to which a study can be replicated' (p. 395) and the internal reliability means that the two researchers 'agree about what they see and hear' (Ibid.). The external reliability of a qualitative research is usually shackled by the social setting, which is dynamic and hence subject to changes (LeCompte and Goetz 1982, Bryman and Bell, 2011). However, this study does not concern this issue much and is replicable as far as the companies preserve their growth strategies. The internal reliability, implying shared understanding of what has been heard (Bryman and Bell, 2011) is strengthened via access to records of the interview and shared mother tongue by both the researches and interviewees.
The strong point of our research is that we kept the recordings of how the collection process was done and of all the data collected. We also created the interview questionnaire (see Appendix) and properly explained how the questions were formulated and categorized, as well as how we made a choice of the companies and approached them in the methodology chapter. Moreover, most interviews were conducted at personal meetings at the companies, which contributed to the process of finding a mutual understanding with the interviewees. Two other interviews were organized as Skype conversations, which helped to create a similar atmosphere as at a personal meeting by the opportunity of seeing each other and having an eye contact.

In terms of possible weaknesses we assume that the interviewees could give not fully honest answers to our questions. Another problem can be identified as a risk of misinterpretation. Despite some of the companies received the questionnaire before the day of the interview we thoroughly repeated and explained questions at the meeting, especially when we felt that the respondents did not fully grasp them or had an intention of skip the information. There have been also faults with Internet connection during one Skype conversation and some small occasional external noise during another, which both may have led to some important data could have misheard.
3. Theoretical framework

The aim of this chapter is to provide a theoretical answer to the three above mentioned research questions. This will be done by bridging corporate strategy with growth, as its ultimate goal. In order to do this, a combination of 'outside-in' and 'inside-out' will be used. First, in the 'outside-in' approach growth and its challenges will be related to company's strategy and then it will be shown how elements of corporate strategy such as strategic innovation, corporate social responsibility and social innovation can trigger company's growth, which represents 'inside-out' approach. Finally, an overall theoretical model will be developed.

3.1. Growth challenges that companies may encounter

As von Krogh and Cusumano (2001) stress, growth is the most crucial outcome for corporate strategy, which should not be left to chance. The basic strategy model, used by Grant (2013), shows strategy as a link between the industry environment and the firm (its internal environment).

During its business activities the company inevitably encounters several problems it needs to overcome. The company should be therefore responsive to address these problems. However, being responsive is not enough; the company also needs to change its actions (to alter its strategy in a certain way) and to do so the company needs to possess dynamic organizational capabilities. While the concept of dynamic organizational capabilities will be elaborated more in the next section in the relation with strategic innovation concept, this section instead elaborates on the challenges, which a company with its internal environment may face while it operates in the industry while the ultimate goal of its strategy is growth.

3.1.1. Choice of growth strategy

The first major challenge for a company in an emerging market such as Russia is to decide either to focus on growth of revenues or of profits (Zhou et al, 2013). The most common
perception of growth in the emerging markets is that it allows the company to gain the market dominant position by constantly enhancing its customer and asset base. This fits the characteristics of the growth oriented on higher sales. Acquisitions, both related and unrelated diversification and economies of scales and scopes as requirements for success are named as other features of revenue-oriented growth.

Such a pursuit for higher sales often results in the company's managers inability to deal with even-more growing complexity of the organization which often results in the deterioration of growth and loss of profits. That is why it is recommended that companies in emerging markets should be oriented towards profit-oriented growth. Its key features are cost efficiency and cost control along with related diversification and vertical integration.

However, it is the sales-oriented growth, which the companies in emerging markets often pursue. The next section puts therefore more emphasis on the problems of growth, which could arise in the company subject to its sales-growth figure and the growth of the segment growth.

3.1.2. Four groups of growth problems (Prats et. al, 2012)

Prats et al. (2012) report four different approaches on managing growth depending on the context of such a growth and the firm's growth itself. The context represents the growth pace in the industry, which may be either slow or high. According to the growth challenge matrix, the primary task for a company, when both the segment and the firm itself grow slowly is to generate growth. The company needs to link up with the market growth if its growth pace is inferior to the growth of the segment. In case of superior growth of the firm over the growth of the relevant segment, there is a general need to sustain such a growth. Finally, the company needs basically to manage the current growth pace should it be comparable to the one of the market segment.

The scheme on Image 3 below illustrates the propositions.

3.1.2.1. Growth challenges in the quadrant of generating growth

A typical market situation, which is relevant to the first quadrant of the matrix, is the one of 'mature product segments' (p. 124), while the products 'are in the later stages of their life cycles' (Ibid.). There are also some 'lock-ins', such as 'old mental models, misaligned processes and incentive systems, excessive internal focus, dysfunctional ownership structures, and non-performing partnerships', which represent common challenges for the firms in this quadrant.
3.1.2.1.1. Fears to fail and employee empowerment

Prats et al. (2012) identify fears of doing something wrong, which may lead to some kind of failure as one of the most serious challenges, that companies in this segment need to overcome. In such companies managers and employees are reluctant to experiment and/or innovate even if the current state of affairs is poor. One of the solutions may be to promote the innovative thinking from the top-management team to the bottom layers of the company's hierarchy. This can be performed by empowering employees in certain ways. However, this may not work from the beginning if the risk of failure is considered unacceptable in the corporate culture of the company. If making mistakes is no big trouble for the company's thinking than there's another problem, that is, to find a proper balance between empowerment of the employees and the limitations of their new possibilities. Otherwise, employees may find difficult to take on new responsibilities, which come with the new-powers and, in the end, get frustrated with the new obligations. That is why managers need to define the level of authority, its boundaries, which would allow employees to introduce new decisions without fear of losing their bonuses or promotion prospects.

3.1.2.1.2. Old mental models and routines

The core of old mentality problem is top managers' unwillingness to implement changes, even if they are visibly necessary while they believe that their superior position provides them with some 'privileges' and 'protection' from changes. The transformation, however, according to the authors, should be aimed at changing incentives (including non-monetary ones) and planning models rather than at some assumptions that define theses managers' behavior.
There may occur, though, another problem in the process of implementation of such changes, that is - that while managers would be occupied with securing their positions and access to resources they may fail to monitor and detect market changes, some of which may turn into general trends. The examples of successful fulfillment of changes may include training programs for executives and projects that would require interaction between employees from different departments.

3.1.2.1.3. Underestimating pace of market change

Not only managers' unwillingness to implement changes in the company's activities but also their common inability to timely detect and react to changes in the market. While the previous business model is still profitable, some managers may undertake few activities in order to keep up with the upcoming trends.

There is also a difference noticed in the approach to changes in the market between managers of large corporations units and managers of smaller enterprises. The former ones tend to adapt quicker to the changing market situation while the latter ones often fail to keep on track and often ask help outside from the company.

3.1.2.1.4. Lack of partners' credibility

Companies in this quadrant often lack financial support either from investors or other partners. They have little assurance of company's further growth potential, which is even most vivid case for very small companies, even if they have some promising technologies. The introduced solution for such companies then is to secure a deal with one partner, get the initial amount of credibility and then take use of this agreement in order to 'upgrade' its positions.

3.1.2.2. Growth challenges in the quadrant of linking up to the market growth

This is the situation, when the company faces the greatest number of challenges as the competitors start to enhance their performance and the company therefore loses its market share. The most common problem of the firms in this quadrant is their offerings, although they also detect other ones.

3.1.2.2.1. Products, with unrecognized value

If a product is technically sophisticated, although more advanced, than the analogue, made by competitors or 'value propositions' are 'inadequately articulated', customers may fail to recognize the potential value and don't buy this product, which would lead to the loss of revenues by the company. This may be the case simply because customers have another view
on the differentiation of the company's products. Closer customer intimacy is seen as a solution to this problem.

3.1.2.2. Poor marketing

Too often companies overinvest in product development and forget about marketing support of their products/services. Even if their proposed value is adequate to customers' demands, insufficient investment in marketing of the product may lead to customers' preference of competitors' solutions. The proposed solution is to participate in common marketing campaigns of a bigger partner with established name. The partner's employees may be used also as company's sales force and also some training for the company's employees with the right incentives are necessary.

3.1.2.3. Business model, which hinders further development

Business model in general or some of its parts may prove disruptive for company's growth. They provide an example of modern wind turbine industry, where the operating companies nowadays need to provide financial support to their customers in order to retain them. If a company is not capable of providing finance, then even the quality of their products is unlikely to remain the retaining factor. Another problem of a business model may be that if it is neglected and product development is used instead in the company instead, the introduction of a model for better linking of different processes may be unwelcoming. The reason for this is other managers' unwillingness to reorder its revenue channels, especially if implementation of this new business model means cannibalizing other firm's activities. Another reason, which is more valid for multinational corporations, is that headquarters respond too slowly to needs of change in a particular market, where new competitors have come.

The recommended solution then is to see for business models in the other firms of the industry and see if they can be applicable to the company. If the internal disposition for change of a business model is negative than the advice is to secure support with some people, who may be interested in improving company's way of doing things, and talk to the manager of all the processes so that he/she could explain to the opponents of the benefits of the new business model. However, it is necessary to bear in mind that, even if some support is secured, some internal deeply integrated incentive systems might prove incompatible with this model.

3.1.2.4. Problems, related to company's restructuring

There is a crucial point of problems related to company's restructuring. If customers demand new solutions, which is confirmed by high growth numbers in the respective market segment,
it may take quite a lot of time for a company to get its processes reordered in accordance with the new market requirements. Meanwhile, new firms may emerge in these new segments and cooperation with them, or acquisition may turn out to be a good solution for getting the share in this market. Another form of entering this market may be collaboration with a strategic partner.

3.1.2.2.5. Challenges of establishing cooperation with partners and suppliers.

Firms in this quadrant may suffer from unsuitable partners or suppliers as well as poor 'structuring' of the relationship with them. There is also a problem of asymmetry in size between the company and its partner/supplier, which means that the former one was not considered important for the latter, which could cause inefficiencies in cooperation. The solution then may be to re-design the incentives of the partner's staff but as this may prove difficult, the need to change the partner or supplier may arise.

3.1.2.2.6. Challenges of outperforming competitors

The challenge here is to find how to bridge the most likely widening gap between competitors' products/services and the company's ones. It may prove difficult subject to high switching costs or high 'network effects'. Benchmarking of the firms in industry is agreed upon as a good solution, however, the authors stress the necessity of going beyond that, such as to introduce difficult-to-imitate strategies or 'attack' if the competitors are locked-in by their network and business models.

3.1.2.3. Growth challenges in the quadrant of sustaining growth

3.1.2.3.1. Inefficiencies in the company's inner operational processes

If the product-segment growth is low, then the biggest challenge for a company is to monitor every single process for possible malfunctions as content of the outcome (i.e. high growth) may mislead a manager that everything runs well in the company. These faults, however small, may lead to missing long-term growth and profits, which eventually will result in the need for a strategic innovation, that is a reconfiguration of all company's resources and capabilities, and probably business model in order to produce another range of goods and/or services and regain the competitive advantage. The solution then is not to neglect the investment in the company's infrastructure and promptly react to the crisis situations.

3.1.2.3.2. Managers' unwillingness or low qualifications

Another inner-firm challenge is managers' unwillingness to implement changes when they think that everything functions quite well in the respective departments of the company. That
managers' reluctance to implement changes or their misunderstanding of the processes in the company may serve the signal for some slack managerial resources and to renew managerial team with the new members of the team being carefully selected.

3.1.2.3.3 Monitoring of customer satisfaction

Too much focus on growth may lead to lower level of customer satisfaction which may result in their unwillingness to deal with the company. Another customers may as well stop buying this company new goods as they got used to the old ones, however, the new goods may attract new customers. The recommendation for the company in such a case is to analyze the losses and benefits of the customer turnover and find a balance between the policies aimed at attracting new and retaining old customers.

3.1.2.3.4 Choice of partners and suppliers

Suppliers and partners' unwillingness to catch up with the company's pace of growth may turn out to be another challenge when there is a high level of dependence on constant supplies. It is suggested that the ability of "mission-critical" suppliers and partners should be investigated.

3.1.2.3.5 Outperforming competitors

The final challenge for the fast-growing companies is to outperform its competitors, which consist of both established firms in the market and the newcomers. The latter often able to offer the same products at lower prices or sell products without additional features that otherwise make them more expensive. The proposed solution is to find benchmarks which would help the company to beat the competitors in the other markets. However, Teece et al. (1997) emphasize that in order to sustain the competitive advantage it is important to make the processes and the resources difficult to imitate, which requires a wide use of tacit knowledge in the company.

Prats et al. (2012) also posit that the challenges may not be universal and touch upon the whole scope of the company's activities; therefore it may be useful to concentrate on improving only a particular one, such as a single product.

3.1.2.4 Growth challenges in the quadrant of managing growth

3.1.2.4.1 Short-term vs long-term goals

Here comes the analysis of the situation when both firm's unit and product segment grow fast. Managers' most important task in such a case is to find a trade-off in a number of ambivalent situations. An example of such a situation is a solution of the performance indicators duopoly,
i.e. managers in the company hesitate whether they should be oriented towards short-term or long-term goals. The recommendation is that short-term growth opportunities that help to maximize the competitive advantage should be used to the greatest extent. The managers should also keep a strict eye on the market share so that any minor fluctuations would be immediately reported and possible competitors would be identified.

3.1.2.4.2 New vs old team

Another important issue for a company in such a turbulent environment is whether to hire new specialists or whether the 'founders', who often have the leading position in the hierarchy, should preserve their positions. It is pointed out that even though the newly hired top managers often lack the tacit knowledge and the contacts with the rest of the company, if their integration has run smoothly, there is more chance that the company will continue to grow successfully. The invitation of the new managers with previous experience, if it is possible, may bring positive results to the company's performance.

3.1.2.4.3. When to introduce corporate culture

The aspect of corporate culture has also proved to be important for successful growth. Companies, which have established and declared their values from the beginning, were more successful at hiring new employees than the companies without such a background.

3.1.2.4.4. Quality of the products

There is no necessity to reach the perfect quality of the products when customer's demand is high for both the company's and competitor's products. In such a situation, total quality control is not necessary, however the most crucial errors should be handled quickly in order to produce the goods of quality which could be at least a little better than competitors’ ones.

3.1.2.4.5. Choice of partners and suppliers

Last but not least is the choice of partners and suppliers. First-tier suppliers will produce the necessary supply as it will grow, but in the beginning they have more bargaining power and therefore can offer less favorable payment and delivery conditions. A second-tier supplier, which is also aimed to grow rapidly, may therefore be a better option. First-tier partner also has a positive side, that is it can promote company's growth but in a gloomier period it might withdraw from the cooperation which can cause severe consequences for the whole business.
3.2. From company's growth to strategic innovation and social innovation

As stated in the previous chapter, grows results as an outcome of how the company responds to the challenges met in different industry environments. This section provides an 'inside-out' look on the company's strategy, i.e. we look on how suppliers (partners), customers and competitors define the company's way of exploitation of its resources and capabilities.

3.2.1. The resource-based view (RBV)

Grant (2013) distinguishes company's resources and capabilities as firm's attributes, which along with its goals and values and structure and systems, define the company's strategy in accordance with the industry environment. Following Grant (2013), Jansson (2007), postulates that one main foundation for analyzing the internal environment for strategic action is the resource-based view, which is used as a base to further penetrate the resources and capabilities of the internal environment. The RBV implies that competitive strength of a company builds on the internal resources and capabilities, providing they create value for customers. The competitive strength is referred to a company's growth in this context, as, according to Pettus (2001), the growth potential of any firm depends on the resource base it develops and, thus, analysis from the perspective of the resource-based view is important for achieving sustainable growth.

According to Grant (2013), resources are individual inputs into organizational processes, which are bundled together to create organizational capabilities. Jansson (2007), states that the capabilities possessed by organizations to utilize resources can be classified according to the different activities in the value chain or according to activities performed within the different functional areas. Therefore, organizational processes or routines are defined as capabilities. He also posits that an organization consists of a number of resources and capabilities that work together to create customers values and competitive advantage.

Resources and capabilities are regarded as a more secure base for formulating strategy (Grant, 2010), as the RBV emphasizes the uniqueness of each company.

3.2.2. From RBV to strategic innovation via dynamic capabilities.

As mentioned above according to the resource-based view firms are considered heterogeneous in terms of their resources and capabilities. However, Teece (1997) argues that at least in the short run companies are to some degree stuck with that they have and are incapable to overcome their stickiness, which means that they lack organizational capacity to develop new
competencies quickly. (Dierickx and Cool, 1989). In conditions of the changing business environment the capacity of renewing a company’s competencies becomes a crucial issue when setting a goal to build a strategy aimed at achieving sustainable growth. In a changing environment, firms must continuously invent and upgrade their resources and capabilities if they are to maintain competitive advantage and growth (Pettus, 2001). This capacity is referred to the possession of dynamic capabilities that, according to Teece (1997) are the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments. The more modern definition of dynamic capabilities sees them as "the abilities to reconfigure a firm’s resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker(s)" (Zahra, 2006).

The important issue that should be analyzed while studying a company’s strategy is that the strategic position of a firm is defined not only by its current position, but also by its past. While building their strategies and renewing the internal competencies companies should recognize that the assessment of they have already done and achieved is crucial. In other words, a company’s current position is often shaped by the path it has traveled (Teece, 1997).

In our study the concepts of dynamic capabilities and path dependencies that a company should take into consideration while building its strategies and reconsidering practices are regarded as the prerequisite for analyzing the notion of strategic innovation. The term 'strategic innovation' implies that the company reconfigures its internal environment and bring up a new strategy in order to achieve growth. While the concept of strategic innovation will be elaborated further in this chapter it is now necessary to bridge dynamic capabilities with strategic innovation, the idea supported by Baden-Fuller (1995).

According to the definition of dynamic capabilities by Zahra et al. (2006), companies may also establish strategic innovation not only as a reaction to the external changes in the business environment, but as a result of their proactive behaviour in the market. Markides (1998) argues that companies require realizing the importance of questioning the way they are doing business and think of alternative ways not only in the unfavorable market conditions.

As one of the most important obstacles on the way to achieve a successful strategic innovation, the co-existence of old and new practices (Berghman, 2012) is referred to the notion of path dependencies. While implementing strategic innovation processes a company should thoroughly examine its existing business model and what kind of limitations it can create for establishing a new model or introducing new practices.
3.2.3. From social innovation to growth

Another way to achieve growth for a company is to bring the concept social innovation into the strategy. However, there are many prerequisites for such an outcome. The first is that the company should employ corporate social responsibility (CSR) practices in its strategy. Secondly, these practices should create social value for the customers and therefore lead to gaining legitimacy by the company. Thirdly, the company needs to combine social value with other values in order to become a sustainable business and get competitive advantage. This section elaborates on the above-mentioned links between the concepts.

CSR, whatever definition is used (the problem of multiple definitions for CSR is discussed further in the chapter), implies actions, performed by the company, aimed at enhancing the quality of society/stakeholders' life/lives. The concept of social innovation (along with CSR discussed later on), roughly speaking, represents an innovative approach to such actions.

By performing CSR practices or running projects relevant to social innovation the company creates social value (Jansson, 2007). Creation of social value allows the company to gain the legitimacy. Legitimacy is gained through deriving social value to the customers; however it may be gained from other stakeholders as well, for instance, from government by adhering to the norms and regulations, imposed by it. Legitimacy may be given to an organization by another organization or a person or group of people in accordance with the organization actions.

Social value also serves as one of the values (along with economic and natural values) that lead to the sustainable business of the company. The following scheme illustrates this sentence.


The economic value is created within the economic segment by delivering the customer value, while the natural value represents being environmentally responsible. As seen from above, sustainable business can only be achieved from the joint creation of these values, of which two implement being socially responsible (as being ecologically responsible also concerns society). The more of such values is created by the company, the more sustainable it is.
considered. The growth that results from delivering these three values together is referred to as 'responsible growth' by World Bank (2004).

Finally, there is a link between running sustainable business and achieving growth. Haanaes et al. (2013), bring a following perspective on sustainable business and growth. They identify a range of companies in emerging markets, which combined both 'highly effective, innovative and scalable' sustainable practices with 'above-average growth rates and profit margins'. In order to achieve growth they employed three types of practices. The first implied substantial costly investments in 'more sustainable methods of operation', and led pay-off with lower costs and higher revenues. The second approach is to make incremental changes that lead to great cost savings, which later are invested in more advanced and sustainable technologies, which could help to promote further growth. (These two approaches regard economic values, while the one below regards social and natural values, i.e. responsible growth) Finally, some companies have managed to agree with their suppliers and customers on their use of sustainable practices, which eventually leads to appearance of new business models, which in its turn, are hardly imitable by the competitors. Therefore constituting a competitive advantage for future growth.

3.3. A path to strategic innovation

The concept of strategic innovation, introduced in the previous section, has been examined in numerous articles and considered as a process of fundamental reconceptualization of the existing business (Markides, 1998) and as a way to achieve high revenue and profit growth (Berghman, 2012). We broaden the term strategic innovation to the meaning that strategic innovation comprises all the innovations that influence the company's strategy. We distinguish therefore three degrees of strategic innovation according to the level of complicacy of such innovations: low, medium and radical ones. Hereinafter it is the radical form of strategic innovation that implies fundamental reconceptualisation of the business model. An extensive amount of literature has also proposed a number of ways for companies to achieve successful strategic innovation to increase customer value.

3.3.1. When companies turn to strategic innovation

The pressure of mature overcrowded industries make companies start looking for the fundamentally new ways to differentiate themselves and thinking outside the existing mindset (Tse, 2013). This implies the identification of the new business models, some of which may be closely related with social enterprises, which are examples of social innovation discussed
The concept of “red oceans” shows that competitors’ behavior in the market leads to lower prospects for profits and growth and commoditization of products (Kim and Mauborgne, 2005). In this case, companies are expected to break the conventional practice and start searching for a new way of positioning themselves in the industry.

Moreover, when firms are able to free themselves from the restrictions imposed by the current way of doing business or organizational structure, they can push market’s boundaries to find new gaps and investigate how existing capabilities can be re-configured in a way that fills those gaps. (Tse, 2013). According to Markides (1998), the key prerequisite for strategic innovation in broad sense is the understanding that companies should question the way they are doing business and think of alternative ways not only when a crisis hits them. Even successful companies may turn to strategic innovation by behaving in a proactive way in the market and looking at the external changes such as ones in consumer preferences, technologies, etc. Companies turn to strategic innovation when identify gaps in industry positioning, for instance, new ways of producing or delivering existing or new products to existing or new customer segments.

3.3.2. New versus established companies

Successful achievement of strategic innovation highly depends on whether a company has an established position in the industry or it is a start-up. Comparing to new entrants, established companies face it hard to employ strategic innovation due to cultural and structural inertia, fear of destroying existing competencies, satisfaction with the current situation, lack of incentives, (Markides, 1998) or difficulties in internal configuration of the activities - which is more relevant for the radical form of strategic innovation. (Camuffo, 2008). The fact that most companies innovating strategically tend to be entrepreneurial start-ups or new entrants enables to regard it easier for such companies to be led by strategic innovators who do not fear to risk. These companies have plenty of incentives to look into the uncertain future, because they have just stepped into their present and, therefore, are more likely to see new customer segments or new customer preferences emerging.

Given this, it is of high importance to analyze company's position in the industry following model by Prats et al.’s (2012) in order to go deeper to the roots of obstacles it faces on the way to strategic innovation. When it comes to established companies, in order to achieve successful strategic innovation they often face the necessity to reconcile the internal conflict in terms of
resources, strategic focus, etc. (Berghman, 2012), while other companies such as start-ups may simply not have necessary resources to support strategic innovation in its radical form. (Tse, 2013).

3.3.3. Overcoming obstacles to strategic innovation

Most successful companies enjoying record profits find it difficult to question the way of doing business and often dismiss alternative ways (Markides, 1998). They do not start looking outside the existing business model until a crisis hits them. Proactive behaviour may help to overcome this inertia of success. Companies must find out which indicators act as early warning systems. It is also crucial that strategic innovators have strong leadership skills and are able to convince all employees that strategic innovation is beneficial. On their way to strategic innovation, companies may face difficulties in discovering new strategic positions. Here the idea of paradoxical thinking might be helpful, as it enables managers to break away from biases and generate more creative solutions, thus, achieving strategic innovation. (Tse, 2013). Even in conditions of limited resources companies can employ successful strategic innovation as managers are creative and know how to use the available set of resources in order to achieve the goal.

According to Berghman (2012), the above mentioned barriers to strategic innovation can be referred to its initiation phase and are more of a cognitive nature. Strategic innovators may also not possess the right market knowledge in order to pursue the development of new strategic ideas. New mechanisms enabling to have a better insight into customers and the market will be of high importance to tackle this hurdle during the initiation phase. Another kind of obstacle may appear at the stage of implementation of a new strategic idea. At the commercialization phase of strategic innovation, the potential obstacle may be a co-existence of current and new practices, which is hard to manage. Externally, new strategic position may be incompatible with traditional business in terms of market image. In this case, much attention is paid to the adaptation of the organizational structure. Gradual separation of new competences from the core business limits and smooths a drastic structural adaptation. Initially temporary project groups dedicated to new business ideas can be set up and then they gradually become fully separate units.
3.3.4 Structural designs for radical SI

Berghman (2012) argues that the success of radical strategic innovation is highly dependent on the organizational structure or structural design of companies. The literature so far provides managers with three types of structural designs: integration, separation and loose separation. Integration strategy implies the necessity of incorporating new entrepreneurial organizations into the existing traditional organization and then forming strategic communities and knowledge management programs to better integrate both. (Kodama, 2003). The approach of structural separation departs from the traditional difficulties associated with the incorporation of radically new ventures in existing business activities (Berghman, 2012). Loose separation strategy is a more detailed approach showing that innovation units are separate from the core business, however, maintain extensive links with it. The most nuanced approach has been developed by Markides and Charitou (2004), who propose that the structural design varies depending on the degree of conflict between the new and established business model and on the phase of the radical strategic innovation. Four types of design appropriate at different stages of radical strategic innovation are total separation, over phased separation, phased integration and total integration.

3.4. From strategic innovation to social innovation

The second sub-section of this section showed, how growth may be achieved by means of implementation of CSR and social innovation processes. This growth is, as mentioned above, called responsible then and it can be achieved if a company's strategic innovation has a clear orientation on the society in general. This section elaborates on corporate social responsibility, which is seen as strategic innovation with social dimension and social innovation as the term for the radical strategic innovation in the social sphere.

3.4.1. Corporate social responsibility

3.4.1.1. Definitions of corporate social responsibility

The term corporate social responsibility is definitely not a new one, indeed it was first introduced by Bowen (1953). Since then, various aspects of CSR have been researched by many scholars, most notable of them being Archie B. Carroll. Carroll (1991) introduced a pyramid of four components of CSR, which implied that a company should not only reach economic goals but also abide the laws of the country, follow its ethical principles and be
engaged in a certain kind of the philanthropic activity. However, this definition has not become universally accepted. For example, European Commission (2011) defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. In this definition, an environmental aspect is introduced as a separate one. The World Business Council for Sustainable Development sees CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". This mixture of definitions is identified by Carroll and Shabana (2010), who write that such "complementary and overlapping concepts" as corporate citizenship, business ethics, stakeholder management and sustainability are all emphasized in various CSR definitions. So far, at least 37 different definitions of CSR have been introduced which do not include a vast number of the definitions, derived from the 'main' ones.

3.4.1.2. CSR and strategic innovation processes

Bocquet et al. (2013) identify two profiles of CSR activities which have opposite influence on the firm's strategy. One of them is a strategic approach, which implies that CSR practices go along with the company's mission, that they are planned activities, not imposed by external requirements, i.e. as much voluntary as possible, recognized by the stakeholders and able to provide specific benefits for the company. This is the example of strategic innovation in the company. When this approach is implemented it means that it corresponds with the company's strategy, which positively affects innovation processes in both strategic and product spheres.

On the contrary, another form of CSR practices, i.e. responsive CSR represents only accidental actions, which often do not correspond with the company's overall strategy. This may pose a threat to the efficiency of the processes in the company (Fiss and Zajac, 2006) as CSR practices may be regarded as constraints to innovation processes and decrease their pace as well as to creativity and freedom which are the prerequisites for innovations (Bocquet et al., 2013). Summing it up, Bocquet et al. (2013) posit that "the engagement of a firm in responsive CSR has a negative effect on its propensity to innovate (in both products and processes)".
3.4.1.3. CSR and future orientation

It has been studied that CSR may improve financial performance of companies through value creation and strategic resource development but also impede it due to its additional cost and managerial distraction (McWilliams & Siegel, 2001; Waddock & Graves, 1997). Companies with small operation scales may not cover the costs of CSR investments; new ventures may possess not enough resources for marketing support of CSR, which is necessary in order to create a positive CSR reputation (Wang, 2010). All this leads to the limited economic value of CSR for such companies. Moreover, making efforts to address CSR issues may distract managerial attention that would be focused on core businesses.

In order to understand whether the positive effect of CSR outweighs the negative one it is crucial to analyze future orientation of a company. In this context future orientation refers to the extent to which a firm emphasizes the development of future competitive advantage even if doing so may sacrifice short-term profitability (Miller & Friesen, 1982; Venkatraman, 1989). Wang (2010) argues that CSR has a negative impact on economic returns of most new ventures, whose size and newness mitigate the positive and intensify the negative effects of CSR activities. Here the moderation ability of future orientation works, as CSR generates economic value for companies that aim to build future competitive advantage, but is not helpful for those focusing on short-term profitability. Given all this, managers who believe that CSR activities are the right thing to do should formulate their companies’ strategic intent by emphasizing future orientation, which facilitates the economic returns on CSR investments.

3.4.2 Social innovation

There is no consensus among scholars regarding the relevance or specific meaning of social innovation. While some consider it too vague to be successfully applied to academic investigation, others regard the concept of social innovation valuable as it identifies an important type of innovation (Pol and Ville, 2009). According to Young Foundation Report (2007), social innovation implies innovative activities and services that are motivated by the goal of meeting a social need and that are developed not only in organizations whose primary purposes are social but also in profit-seeking firms. Social innovation seeks new answers to social problems by: identifying and delivering new services that improve the quality of life of individuals and communities; identifying and implementing new labour market integration
processes, new competencies, new jobs, etc. (Forum on Social Innovation, 2000). Thus, the key feature of social innovations is that they are aimed at improvements in the quality of life. Pol and Ville (2009) stress that the concepts of business innovation and social innovation are different, yet overlapping and thus create a set of bifocal innovations. However, it is crucial to distinguish pure social innovations aimed at improving quality of life and not showing potential profits.

When it comes to success of social innovations, a particular type of pure social innovations is subject to market failure. Governments often do not encourage innovation without a profit motive, and social innovators have no material incentives to devote their energies to the creation of pure social innovations. Governments and private interest groups can play a decisive role in institutionalizing social innovation through incentives to social innovators. They can stimulate these innovations by granting prizes to individuals or organizations. These prizes are identified as payments funded by taxpayers.

3.5. Theoretical model

Bringing all the above mentioned theory together we introduce the following aggregated model, which is based on Grant (2013) and Jansson (2007) models with integrated into it studied concepts of strategic and social innovation.

A company has its corporate strategy, which is aimed at achieving growth. The company's activities within the strategy include interaction with different industrial actors (external environment) and production of goods and/or services by exploiting its resources and capabilities (internal environment).

In the process of its functioning the company inevitably faces some obstacles, which are necessary to overcome in order to continue growth pursuit. These obstacles have been called 'growth challenges', and they may occur in the processes of interaction with the external environment as well as if the company fails to use its resources and capabilities in the right way. In order to overcome these growth challenges and pursue the growth the company needs to be responsive towards them and implement changes in its strategy by exploiting some of its dynamic organizational capabilities.

Strategic innovations, i.e. the new ways of doing a particular process of the company's strategy or implementation of new processes in the strategy are seen as another way to respond to growth challenges and to sustain growth.
The company may also come to the idea, that in order to achieve and sustain growth it needs to act in a socially responsible way. If the company's decides to implement corporate social responsibility activities to its strategy (i.e. the company has a strategic approach towards CSR) these activities are considered to be strategic innovations of any of the three degrees. In the case, when CSR activities imply the deployment of substantial amount of resources into a particular social project this social project is considered to be an example of social innovation. As soon as the social value of the company's activities is recognized by the society, the company gains legitimacy for its actions. The business turns to be sustainable then, which in the end is proposed to result in company's growth.
4. Empirical findings

The companies, whose managers were interviewed for collection of the primary data, were five Russian IT industry companies: Kaspersky Laboratory, Doktornarabote (Doctor at work), AntivirusnyeResheniya (Antivirus solutions), Datadvance and the Online gaming company.

4.1. Kaspersky Laboratory

Kaspersky Laboratory was founded as a private company in 1997. It is one of the four top world producers of software solutions for Endpoint protection. The company is engaged in development of IT security solutions, divided mainly into three groups: consumer antiviruses, including solutions for PCs, Macs and Androids; B2B products, including both small business solutions and complex often highly customized enterprise solutions, and additional services, including consulting in cyber security. The product range of the company is highly diversified within the segment of security solutions. B2B solutions may be highly customized based on the customer's needs. B2C products differ on the number of licenses and periods of their validity, and some of their add-on features are planned to be offered as a separate product as well.

The company has 35 offices operating worldwide with totally more than 2500 employees. With the main office located in Moscow, Kaspersky Laboratory has five regional groups, engaged in controlling local offices in such regions as Western Europe, Eastern Europe, Middle East and Africa, North and South America, Japan and other Asian-Pacific countries. Recently a new office has been opened in Washington, and one more office is to start functioning in Singapore soon. The company’s R&D centers are located in Russia, the U.S. and China.

About 99% of the company’s sales are made through its agents or distributors or agents. Other agents include such companies as Microsoft, IBM, Cisco, Lenovo and many others. The number of its corporate clients is exceeding 250 thousand of companies, including such big enterprises as Siemens, BASF, Russian Railways, The Ministry of Defense of the Russian Federation and others.

Kaspersky Laboratory currently operates in more than 200 countries and territories and its three largest markets are the U.S., Europe and the CIS respectively.
The company’s revenue growth was 7% for the two previous years and its turnover was $700 million in 2013 whereas the industry in whole is said to be growing at zero level or even showing negative figures.

Being a private company, as the managers say, it can allow to have a ‘strategic long-term vision’ rather than be oriented on short-term figures, such as share price.

4.1.1. Growth challenges

The company has tried to combine 'increase of production and diversification' with 'cost control'. The company has reached 'the maximum level of organic production' and now is aimed at cost control as well as at 'improving the efficiency of sales mechanisms' as well as general 'minimization of costs' while preserving relatively high R&D expenses. The company has also moved the premises of its different departments closer to each other in order to facilitate the process of managers’ communication.

The company's financial and business planning is oriented mostly towards annual plans.

One of the strongest challenges that the company needed to overcome in order to maintain the growth was 'the lack of communication between Product marketing, Sales and R&D departments', which resulted in that products did not match the customers' needs in B2B segment. However, as this problem is a quite a significant one, it will be accounted for in the strategic innovation section below. The smaller problems exist as well, though. For example, there is no unanimous agreement on how their social project (also elaborated below) could be physically designed.

In order to be competitive the company mostly focuses on enhancing the security quality of its products, deeming it its 'main competitive advantage', which is 'confirmed by numerous independent product test results'. Also, three big IT consulting companies Gartner, IDC and Forrester (all US) once acknowledged the company 'the best' in the segment of endpoint security systems, while mentioning goods organization and perspectives for future growth. Another important means of competitiveness for the company is providing professional expertise and advice to international organizations such as Interpol, which allows the company to get the acknowledgement as the world-class expert in the industry.

Business customers and consumers turnover monitoring is made on so called 'B2B and B2C trackings' (meetings), where relevant information is exchanged. One of Kaspersky Laboratory's systems enables the company to receive reporting data on the usage of the
product from what can considered as a very small number (less than 1%) of its customers, however, the quality of the forecasts of customers' behavior related to their further use of the products, which are based on these customers' reports, is regarded as sufficient. The company is now also seeking ways how to detect the customers and consumers with expiring licenses and what kind of offers can be proposed to them.

Resellers are of superior importance for Kaspersky Laboratory as they account for 99% of total company's sales in both B2B and B2C segments. Only consulting services to large industrial companies and security solutions for government needs are sold directly. The form of cooperation with partners is defined according to the skills and knowledge of its engineers, its 'readiness to consult' the clients and its planned sales volumes. There are both exclusive agents and partners, who sell competitors' products. The company mentions that the latter ones are 'the best to discuss competitors' failures and successes and to offer interesting solutions'. Kaspersky Laboratory argues to have 'the most extensive, detailed and interesting partnership programs' in the CIS market, which 'cover all aspects of cooperation'. In order to provide the best offer for partners in the market, company uses sources from its market intelligence. Meanwhile, the company is likely to reject to sign up a partnership agreement with a firm, which can't guarantee a particular sales quota, or its specialists lack necessary technical qualifications and certificates.

4.1.2. Strategic innovation

The company tends to act proactively in the market. Kaspersky Laboratory thoroughly examines its customer needs that may emerge after the client’s subscription for a 2- or 3-year license expires. This example shows its proactive thinking that helps the company to generate new solutions long before they become urgent. The approach Kaspersky Laboratory takes when it faces this kind of situations implies improving communication with its regional managers, who include both located in the regions of Russia and in other countries.

Internal processes in the company are carefully examined and constantly improved. Continual reduction of the time needed for the introduction of new products to the market requires changes within the internal organizational processes. The following situation described by the interviewees reveals what kind of actions the company once took in order to improve its efficiency. After finding out some problems existing in B2B segment and referring them to the gaps in collaboration among the company’s departments, the decision has been made to shift some Product Management functions to the earlier stage of the product development
process, R&D department. That helped to realize what was wrong with a product rather earlier and prepare it avoiding the need of making further amendments. In practice, for instance, it meant that some "initial product planning", e.g. the ideas on the software interface and features were developed in the first stage of product development in the R&D department.

So far, Kaspersky Laboratory has managed to reduce the time of launching its products from 3 years to 1 year, which in its turn positively reflected on the customer satisfaction. The company also succeeded in creating good collaboration among the departments due to their very close physical proximity enabling to form “virtual” teams for facilitating the decision-making process.

While implementing the mentioned changes the company has obviously faced particular challenges related with informing and explaining to its employees another division of duties as well as their adaptation to the new processes. However, no considerable obstacles have been encountered, according to the interviewees.

4.1.3. CSR and social innovation

Kaspersky Laboratory historically has a strong CSR portfolio. The company is engaged in a number of activities, such as charity in schools and orphanages as well as voluntary actions, such as donorship. The important issue needed to be mentioned is that these CSR practices are not advertised by the company and do not serve as a way to increase recognition of the company’s profile.

The company’s aim for the forthcoming two years is the launch of the program called 'Digital Citizenship', with the help of which Kaspersky Laboratory is seeking to follow the ‘win-win CSR strategy’ that comprises both benefiting to the society and making profits. The program has a social purpose that can be described as informing everyone about the importance of responsibility in the Internet, including protection children from possible risks in social networks. As an example of such risks the interviewees point out the common situation nowadays, when a group of teenagers start bulling their peer in a social network. The results could be highly negative for the teen’s psychological health. The company’s plans include developing solutions to deal with such kind of risks.

Since organization of all the processes within this project and establishing the connection with every end user is considered as highly costly, the idea concerning the implementation of this project was to create a digital space for people where they can find others with similar
problems and help each other. However, the period of finding this solution revealed some difficulties in decision-making process.

4.2. Doktor Na Rabote

Doktor Na Rabote is a social professional network for doctors in Russia and CIS countries. It offers doctors an opportunity to discuss their daily problems and share related medical material. The company was established in 2009 and has been capitalizing on channeling information about medicines from pharmaceutical companies to doctors. Now there are more than 230 thousand doctors in the network, which represents approximately a third of all Russian doctors. The revenue of the company, meanwhile, grew by 300% in the year 2013 and by 500% in 2012. The company's revenues in 2013 reached 1.5m USD and the net profit was 0.5m USD.

As only doctors can use the site (they are admitted to use it only after verification procedure) the company also develops some related networks: Medcampus (the network for students of medical universities) and Smartpharma (the network for pharmacists). The company has also developed a mobile application for ordinary people to receive a consultation from a doctor in the network. Meanwhile, there are only 14 employees in the company.

4.2.1. Growth challenges

The growth in the industry is commonly attributed to the growth in networks' users as they are the core audience for the investors in the social network companies. As networks for doctors is a new market segment, all companies grow quite fast there, although Doktor Na Rabote has counted to have almost twice as much new users over the same time period as all its competitors.

The company has monthly sales plans and three-year sales plans with quarter layout (it means that the company proposes sales quotas for each of the quarters in a three year period). The former ones are the most important documents to follow and the latter are corrected 2-3 times per year in order to reflect the changes in the market. There is also a presentation for all the employees, where the general development goals for the upcoming year are listed.

The company's current policy towards competitors is not to confront them, while monitoring their actions and solutions and focusing on improvements in the company's functioning itself, for instance, by making its network more user-friendly. At the same time, there is no ultimate goal to be always successful than its competitors as some competitors' actions can be copied
either by the case company or by other competitors. Doktor Na Rabote's managers explain such a phenomenon by saying that the market is quite new, not all the doctors and especially pharmaceutical companies cooperate with doctors' networks. They say that their primary task now is to persuade managers from pharmaceutical companies to invest in network businesses in general, even in many companies, while the second move will be showing that it is Doktor Na Rabote's network, which offers the most efficient outcome for the invested money.

The small number has become mostly as a result of dismissing IT-specialists with low qualifications (unless they were educated) and hiring less new ones, but with higher qualifications. The company has not changed its top management team since it was established.

The company says that its corporate culture elements have been developed and modified from the establishment of the company and now it features 'openness', i.e. each employee knows everything about what and how the company is doing now; also everyone in the firms receives a share from the profit.

Doktor Na Rabote's marketing policy does not imply showing to the pharmaceutical companies the advantages of their network in comparison to the other ones, rather than, as mentioned above, they gradually improve its features.

The company's pharmaceuticals partners are '13 of 20 biggest firms, which consolidate 50% of all financial resources in the industry' and after contacts with all of them will have been made, the other companies are 'supposed to contact Doktor Na Rabote if they get interested'. 'If they don't contact us, these 20 companies will be enough to run business successfully'. Besides that, the company cooperates with the medical research centers and private clinics and helps them with finding particular doctors for their needs. Another aspect of partnership, which is being developed now is approaching pharmaceuticals MNC together with international social medical networks in order to present Doktor Na Rabote's for international companies as their partner in the Russian market. There has never been a situation, when the pharmaceutical company refused further cooperation.

4.2.2. Strategic innovation

The proactive behaviour of the company in the market implies that it constantly examines the reasons of doctor drainage as well as the behaviour of competitors. For instance, when a doctor quits using the network due to the reason that it cannot operate on his electronic device, the company immediately tries to fix the problem. Thus, the company manages to
avoid such kind of problems with a particular device in future. However, this kind of situations so far has not demanded alterations in reconfiguration of the company’s internal processes.

4.2.3. CSR and social innovation

Doktor Na Rabote, as a start-up, is still a financially weak company and has no resources to implement any CSR activities and be engaged in socially oriented projects. The primary aim of creating a completely new market requires the maximum of financial resources as well as the attention of the managers.

4.3. Antivirusnye Resheniya

The company is mostly engaged in reselling and applying IT security solutions to B2B customers and also to govern mental structures. It also provides consulting and audit services as well as develops IT infrastructure. The company is currently running business in Russia (offices in Moscow and Yekaterinburg) and plans to expand in Armenia. The company's strongest position now is in the market in the European part of Russia.

The segment growth in terms of revenues was about 10% last year and about 17-20% in 2012 and about 25-30% in 2011. The rise of profits in the 2010 year was 41%, in 2011 it was 9%, next year - 23% and in 2013 year - 11%.

The portfolio of the company's solutions and services includes audit, expertise and consulting in the following areas: 'developing complex IT security systems, adaptation of IT systems to Russian laws and regulations, developing modern IT infrastructure and providing technical support about software suppliers' products.

The most important partners for the company are Kerio Technologies (Personal and corporate firewalls and secure mailserver solutions), Kaspersky laboratory, PineApp (email security & web filtering solutions), Infowatch (information security solutions) and Eset (antivirus and security software solutions).

4.3.1. Growth challenges

The company is close to follow general segmental growth trend in terms of revenue-growth, being a bit ahead of it, although now AntivirusnyeResheniya is oriented towards profit-oriented growth and considers profit figures as the most important performance measure. The decision to change the strategy to a profit-oriented one has been made after the changes in the
managerial incentives scheme had been introduced, which previously used to 'value the amount of services sold', which 'led to decreasing of profitability', and not 'the marginality of the deals'.

The industry is said to be 'very dynamic'. that is why the company financial and business planning is mostly focused on one year time maximum "with quarter layouts".

The company reports that corporate culture has been developing and modifying since the company was established. It includes corporate events for all the employees, including sport competitions, competence enhancement trainings, and excursions in Moscow. The employees also receive congratulations on their birthdates and the information on the company's acknowledgements, e.g. certificates from their partners. The knowledge of the company's activities in Moscow has helped to recruit personnel for the new office in Yekaterinburg.

The company has practiced inviting top managers from the industry. Their adaptation to the new firm 'ran smoothly and quickly (which took from 1 to 1,5 months)', which is explained by the close cooperation of managers from different companies, that is how managers of different companies learn how this or that company works..

The company hires professional staff to its technical divisions in order to enhance the quality of its services, and this high-quality is considered to be 'the firm's competitive advantage'.

According to company's managers, most anti-virus software companies offer quite similar solutions, that is why the products themselves are not as important for the choice of suppliers as the following criteria: 'better marginality', 'those [suppliers], who are comfortable to work with' and 'those suppliers, who are ready to invest in their business areas, who are ready to participate in the common marketing activities with us'. On the contrary, if a company 'is unwilling to participate in such activities' and 'gives low margins", AntivirusnyeResheniya will not 'encourage cooperation', unless the client designates such a company as the needed supplier. There has never been a situation when the supplier could not provide the solution asked by the client, as AntivirusnyeResheniya examines 'the suppliers' abilities' and 'their conditions of order fulfillment' (as well as discusses them with the client) before placing the order with them.

4.3.2. Strategic innovation

Proactive behaviour of the company in the market is conducted by means of the constant monitoring of the market in order to examine the customer needs. Internally the company
keeps on revising its business processes due to the emergence of new positions, departments and new ways of doing business. The ‘annual audit of business processes’ can be referred to the most important part of this practice. The latest ‘audit’ conducted in 2013 showed that the company’s business processes worked with the efficiency of 87%, which is regarded as a very good result by the company’s management.

In 2003 Antivirusnye Resheniya turned from one Customer Relationship Management (CRS) system to another and this process took them more than six months. The decision towards changing the system was justified by the necessity to improve customer satisfaction level by setting up a modern, improved CRS.

The difficulties of implementing a new system were related to a high number of employees and its constant growth, as well as the problems of retraining them. The company found the way to resolve this difficulty by choosing a gradual, rather than radical implementation of necessary changes.

**4.3.3. CSR and social innovation**

In terms of CSR activities the company has traditionally been actively engaged in a number of charity projects, with the focus on collecting clothes, toys and computers for orphanages, raising money for veterans (including those of Afghan war). The company also tends to make contributions for organizing various sport events and participate in voluntary donorship projects. The environmental issues of its CSR are referred to the following measures: automatic light switches within the whole company, a complete shift to electronic documentation and distant conferences and events that are organized for the company’s employees and its partners instead of live meetings that require transportation and thus have an impact on the environment.

While implementing its CSR practices the company has so far faced only one paradoxical difficulty connected with the search of Moscow orphanages interested in the assistance the company could provide them.

The company is currently not engaged in any social projects, referring to social innovation.

**4.4. Datadvance**

Datadvance develops and offers companies the software and consulting services ‘for predictive modeling, intellectual data analysis and multidisciplinary optimization’. It also offers training sessions and consulting services in ‘design optimisation’, ‘process automation’,
'stimulation and analysis' and 'application customization'. The company cooperates with many European companies that is why it has offices not only in Moscow, but also in Toulouse and Munich. The company now focuses on developing and diversifying its product line especially in order to expand its presence in the Russian market as the company's core customers now are European ones and its current products are mostly designed to satisfy their demands.

The most notable technological partners are Airbus group (European airspace company), T-services (Russian company, which provides services on the high-performance computing market), Sapsan (Russian; designs, manufactures and repairs equipment control systems, communication equipment, detection, telecommunications, radar equipment, data processing systems for special applications), Telum (Russian; engaged in wireless network hardware and software design).

The company's key software partners are ANSYS (US; simulation solutions), Autodesk (US; 3D design, engineering and entertainment software and services), APM (Russian; specializes in CAE software development for mechanical and civil engineering design), ASCON (Russian; specializes in integrated CAD, AEC, and PLM software solutions) and Fidesys (Russian; develops strength analysis systems).

The company also has a partnership agreement with several academic centers, for example, German institute Weierstrass, Institute for Information Transmission Problems of Russian Academy of Sciences, Moscow Institute of Physics and Technology, Keldysh Institute of Applied Mathematics and Bauman Moscow State Technical University.

4.4.1. Growth challenges

It is quite problematic to relate the company's growth to the growth of the industry segment as most of the company's competitors are private companies, which do not disclose the information on their performance. However, Datavance feels no dissatisfaction with their pace of growth, although there are no clear signs that it significantly outperforms it competitors.

The strategic decisions on the company's further development path are made every quarter on board meetings, however, in some emergent cases these meetings may occur more often and in the case the company is engaged in the long-term projects, there may be one meeting per half a year.

As per the quality of its products related to the ones of its competitors, the company argues that it outperforms its competitors on the main product dimensions, viz. prognosis models and
approximation models software for engineers, which 'has been confirmed by several comparison tests'. The other solutions, offered by the company' (besides plug-ins for competitors' software) are of the same quality as their competitors' ones.

Before the start of the cooperation with a possible future partner the company places a trial order with it, which has once led to refusal to a partnership when this trial order was badly executed. The partners offer software solutions that may prove useful for Datavance and vice versa the case company offers products, including complimentary ones, which are not developed by its partners. The partners are usually big companies due to the specific features of the products, which are aimed at processing large massifs of data. As per the problems, related to cooperation with its partners, the company occasionally failed to meet deadlines of the common projects, mainly due to the underestimation of their complicity. However, there has never been a case, when the lack or insufficient quality of partner's resources did not allow the company to carry out the project. Meanwhile, if the quality of the partner product decreases, the company may refuse to continue partnership. In the same time, the partners never refused to cooperate with the company.

The alumni from a department of the Institute for Information Transmission Problems are often offered jobs in the company. Most of the company's employees combine their duties in the company with work in the academic field; some of them have got a PhD degree.

The top management employees, in their turn, are usually hired by the company for their positions. They quickly adapt company's way of doing business and there have been no conflicts between the newly hired managers and their subordinate employees.

The corporate culture activities, identified by the company include some joint leisure activities for the employees and offers of the related merchandise products (cups, t-shirts) with company's logos. The working environment is defined by the company as a friendly one, which implies, for instance, that 'ordinary employees can easily talk with the top managers'. There are also several employees, who came to work in the company because they felt at ease and were in good relationship with some of the already working employees. It is virtually 'the close relationship of the first founders of the company', which served the basis for these features of the corporate culture, that is why it can be said that they were developed initially.

4.4.2. Strategic innovation

The company’s internal processes haven’t so far experienced considerable changes embracing the whole business model. The interviewee rather stresses that constant small gradual
changes in a form of adaptations are more likely to occur in future and have already taken place while the company’s development process. In most cases the company’s management made a decision not to change the approach of doing business in general, however paid attention to such factors as: targets for selling the products, how the duties are divided among the departments and specialists or how R&D process is organized.

As an example of the company’s reaction to emerging problems and therefore the indicator of changes the interviewee recalls the situation when the client’s needs had not been understood properly, which led to his dissatisfaction with the project. The reason of that was lack of competence of the employee engaged in method developing. The result was replacing the employee and focusing more on closer contact with the customer.

When it comes to the potential external factors which can be referred to these changes the interviewee mentions an opportunity to get an order from a big customer. However, first of all the internal roots are taken into consideration while planning and making the changes. These internal factors can include, for instance, the requirements of current or new projects and tasks.

In terms of problems faced during the implementation of the changes no considerable obstacles can be mentioned. However, it is worth saying that when deciding whether to allocate resources to new projects or remain financing current plans the company does not sacrifice the latter. The dilemma can be explained by the lack of employees currently engaged in the company’s activity and therefore limited opportunities to embrace both processes at the same time. In case of urgent projects or when the customer is considered as highly important for the company, Datadvance can become flexible in terms of resources and their allocation, including providing additional resources for the customer.

4.4.3. CSR and social innovation

Datadvance has no CSR portfolio and the only practice which can be referred to social activities is its educational projects. They include such teaching activities as lectures and webinars conducted at Moscow technical universities by the company’s employees. The listeners to these lectures and webinars might be later offered jobs in the company.

While introducing and implementing these projects the company has encountered neither internal nor external obstacles which are worth mentioning in this context.
4.5. Online gaming company

The company was founded as a limited liability company in 1996. The online gaming company is a part of group of the companies, which is engaged in promoting and launching (but not developing) online games on the territory of the Russian Federation and the CIS. The other activities of the group of companies include 'mobile dimension', on-line cinema and a professional-amusement park for children.

The company’s offices are located in Moscow and Luxembourg. There are totally around 200 employees in the group of companies. The number of users exceeds 2 million people and is constantly increasing. The company is 'one of several leaders' of the industry.

The current projects that the company is engaged in are eight popular online games.

The company’s list of partners includes such online game developers as Ndoors, Ncsoft, Yd online and many others.

4.5.1. Growth challenges

The company is 'one of several leaders' of the industry.

The company is aimed at increasing the number of online game users, however, when it comes to choice between either 'strategy that is oriented towards increase of profits' and 'strategy that is oriented towards increase of revenues' it opts for the latter.

The company's managers are aware of daily and monthly performance results, while 'they account for the quarter results (what has been done according to the plans, what has not and what new things have been found) on road map sessions'. However, the company aims to be flexible, which means that the 'prearranged activities for the quarter may be redefined should that be necessary'. The company also monitors the changes in the 'over-than-year trends'.

When it comes to the quality of their products, the company says that its strategy is to bring out the 'very top games', with the closures of the games projects, which do not correspond with this definition any longer. The company stresses that its approach is different from some of its competitors, who launch several games at once and see the results after that. Instead, the company has a preliminary thorough selection of the possible game projects. These games are chosen from the game developers' offers.

The game developers are 'on the top of the pyramid' for the company as it does not develop the games itself. The company chooses the game developers according to their portfolio of
games, on the basis of good prior knowledge and relationship with the company; generally the partner needs to be 'a good listener' and 'decent'. The company also noted several cases of their partners' failures to fully comply with the requirements to the game, however, there has never been a situation when the partner deceived the company by taking on the duties it couldn't fulfill a priori. As the company itself is oriented towards games, which 'would be a success during several consequent years' it seeks partners, which also 'have long-term orientation and do not seek instant profits'. There also many other groups of partners, such as marketing companies, software and hardware providers. They also adhere to the taken responsibilities and do not fail to comply with them due to lack of resources either with the one case exception of a large hardware company. It once failed to repair the broken piece of equipment in due course which led to the shutdown of all the company's activities. As this happened in the New Year holidays\(^1\), the company had huge losses of money, users and reputation. The dispute between the companies has become known to mass media, which raised the disputes about the responsibility for the incident.

The company practices hiring top managers and top project managers for their positions. With the experience and competences that they have the process of adaptation to the company's way of doing business and practices may take up to 2-3 months, which is considered 'rather fast' by the company. This time span may be longer if the problems in the respective area for the new manager are 'more significant'.

Further on, the company invests a lot in its personnel, which is one of its corporate principles. It means that it hires the postgraduates and provides them with necessary skills and qualifications as well as develops the competences of other employees. This is referred to as a principle of the corporate culture of the company. Another important aspect of the corporate culture is to judge the employees on their attitude towards work and not on the achievements, which are considered a logical result of a good job rather than a goal in itself. The manager explains that it is the quality of the work, the attention to details is what the attention is paid to and not the revenues, gained from the results of the work. These principles of the corporate culture have been developing with time. It is believed in the company, that the job seekers choose this company to work for because they feel that their values and attitude towards work correlates with the company's ones. Overall, the company stresses that its corporate culture (and even not the 'top games' strategy) is its 'most distinctive feature compared to the competitors'.

\(^1\)In Russia, people have a New Year holiday week, not Christmas holidays.
4.5.2. Strategic innovation

The key factor once lying in the core of changing the organization of internal processes was human one. Besides the fact that the company several years ago initiated the program for young specialists, what is more important it totally changed the attitude towards their potential employees’ background. If previously they highly valued people good at playing the games the company was launching and promoting as that people were considered to be able to provide the best support for the users. Currently the company’s orientation is directed towards people of other background. Their playing experience is not relevant in terms of deciding whether to recruit them or not, rather their ambitions and passion towards devoting themselves to that industry are paid the whole attention to.

According to the interviewee the roots of these changes are regarded as internal ones. The initiative was forwarded from the company’s managers who expressed the desire to work with the people who were open and passionate in what they did. The managers’ primary goal was set as creating a united team of people enjoying to work with each other.

The company has not avoided difficulties while turning these changes into reality. It faced the reluctance from the people who did not share the values of the company to the necessary extent as well as did not want to believe in new values. However, due to the successful introduction of the changes the interviewee states that these obstacles have not been considerable enough for preventing the company from realizing the idea.

In can be also mentioned that more or less considerable changes in the company’s internal processes take place every 2 to 3 years, while small alterations are implemented constantly. For instance, every month new details can be added to a project.

4.5.3. CSR and social innovation

The company’s CSR activities include charity for orphanages and children treatment centers. In 2013 on the forum of one of its games the company organized raising money for buying toys, furniture and books for the children in one Russian treatment center.

It is engaged in the project with a social purpose related to the development of the educational amusement park for children, called “KidZania”. 'This park is expected to start operating in 2015 and will become the biggest one in Europe, hosting more than 1 million guests annually'. (1rrre.ru)It will give the children the opportunity to evaluate various professions by
acting as one or another employee in the infrastructure created in order to make the process of
games and learning more realistic.

According to the executive director of the company the project’s goals are fully consistent
with the company’s values. He stresses that the ability to assist people in their personal
development has always been in the list of the company’s core values.

In terms of the difficulties on its way to implement this project the company has so far faced
no considerable obstacles worth paying attention to in the context. Partially it can be
explained by the fact that the project is currently at the stage of development and not all
resources have been allocated to it so far. As for the raising money for the treatment center the
participants mention the difficulty.
5. Analysis

5.1. Choice of growth strategy

As long as Kaspersky laboratory says that it has almost reached the peak of its productive capacity and is now focusing on controlling costs it may be judged that it is now following strategy that is oriented at the growth of profit. AntivirusnyeResheniya has clearly stated adherence for the profit-oriented growth strategy. These companies have thus the opportunity to miss the threat of 'growth fetish', identified by Zhou et al. (2013). In order to overcome this threat both companies have successfully employed some of their dynamic organizational capabilities. Kaspersky laboratory took advantage of its capability to monitor the market and analyze and correlate its capacity with the company's ability to satisfy demand. AntivirusnyeResheniya showed the dynamic capabilities to monitor its performance and to change the mechanisms of incentive systems in order to achieve the desired outcome, i.e. growth of profits. Growth is thus hereinafter seen as the result of the exploitation of a particular company's dynamic organizational capability.

Meanwhile, Doktor Na Rabote mentions that there are about two-thirds of non-member doctors and seven large pharmaceutical companies that are not their partners, there is plenty room for further expansion. Datadvance is aimed at expanding in the Russian market and the Online gaming company answered that it is oriented towards higher sales growth rather than higher profit growth. Therefore, we argue that three these companies are oriented towards 'sales-oriented' growth strategy according to Zhou et al. (2012) and may be prone to the 'growth fetish' problem. This is especially acute issue for the Online gaming company, which now faces oversaturation of the market and no innovative top quality games it could sell. Therefore, we conclude that the company lacks the dynamic capability to change its strategy towards the games it sells and can't adapt to the new market situation or this capability is poorly developed. Meanwhile, there are plenty of opportunities for growth in Datadvance's and Doktor Na Rabote's markets, thus these companies are not likely to encounter the 'growth fetish' challenge in the near future. The Online gaming company has just met this challenge of the oversaturated market thus it has fewer opportunities to grow in its current market. For Kaspersky laboratory these opportunities exist mostly in other countries' markets and for AntivirusnyeResheniya - in the Ural, Siberian and Far East markets of Russia as well in Armenian market. However, as the latter two companies are more inclined to profit-oriented growth strategies, the pace of expansion in these markets may not be fast.
5.2. Growth challenges by quadrants of Prats et al. (2012) matrix and companies

Kaspersky laboratory’s main growth challenge is to sustain growth, since it reported sales growth figures that are higher than competitors' ones and indicated that its competitors grow quite slow. It is therefore found in the Q3 quadrant of Prats et al. (2012) matrix.

The main growth challenge of the other four companies is to maintain growth. AntivirusnyeResheniya and Datadvance reported high growth figures that is comparable to the ones of their respective segments, while, according to Doktor Na Rabote that all the companies in the segment of networks for doctors are growing very fast and the Online gaming company said that both the company and the segment had been growing fast until recently - therefore these four companies are attributed to the Q4 quadrant.

The growth challenges, relevant for the particular quadrant and how the companies dealt with them will be analyzed in the sections below.

5.2.1. The growth challenge to sustain growth

5.2.1.1. Inefficiencies in the company's inner operational processes

According to Prats et al. (2012) the problem of is that accumulation of many small inefficiencies may"start to reinforce themselves in a negative way leading to an overall erosion of competitiveness and growth".

There are some problems in the company, which can be seen as inefficiencies in the company's inner processes according to Prats et al. (2012). For example, underinvestment in corporate infrastructure once led to the great problem of bad communication between managers from different departments. The distance between managers have been seen as unimportant by the company due to availability of means of communication, however it turned out to be that such problems lead to the overall misunderstanding of the task. As the offices of different departments have been moved to a very close proximity to each other, the company realized the need to reshape its corporate structure. This reflects its dynamic capability to alter the corporate structure.
A problem of different managers’ opinions (for example, on the design of the social project) is also seen as small and natural one, however because of these different thoughts this project is still not launched.

5.2.1.2. Managers' unwillingness or low qualifications

Prats et al. (2012) argues that due to their unwillingness or low qualifications some managers are inclined not to implement any changes in the way their departments function, which may impede growth. The company does not mention that the difficulties to implement changes in the company's strategy were caused by the managers’ opposition to them or by their insufficient qualifications to implement them. This indicates that the company has the general dynamic capability to implement changes in its strategy.

5.2.1.3 Monitoring customer satisfaction

Prats et al. (2012) say that too much focus on growth may lead to lower level of customer satisfaction which may result in their unwillingness to deal with the company.

As well as company monitors its business consumers' and customers' preferences it is more likely that it will adapt its products to these preferences. However, that does not solve the problem that some business customers or consumers, who do not like changes or new features in the software (which would be preferred by the other customers), may stop using the offered products. Besides that, the company 'monitors the behavior' of some its business customers and consumers to make generalized assumptions on whether they will continue to use the product or if they need some additional features to continue to use or if they will stop to use the product. Although the number of the monitored clients seems very small (less than 1%), the company argues that it is a sufficient amount as the real behavior of all its business customers and consumers correlates with the behavior of the monitored ones. The company then introduces changes in its products based on the data received from the monitored business customers and consumers. Therefore we conclude that the company has the dynamic capability to react to changes in its clients' demands.

5.2.1.4. Choice of partners

The right choice of partners and suppliers is very important for sustaining company's growth (Prats et al., 2012) On the one hand, suppliers and partners' unwillingness to catch up with the company's pace of growth may turn out to be another challenge when there is a high level of
dependence on constant supplies. On the other hand "value-adding strategic partners help to cement the market dominance and trigger further growth"

As sales partners account for 99% of company's sales we can conclude that the company's growth is dependent on these partners. It raises the probability of an unpleasant case when some of them may fail to comply with their sales quotas. Therefore the company examines the potential to sell and provide related services of a future partner in order to minimize the risks of its non-compliance with the sales quotas. This examination is virtually the practical implementation of Prats et al's (2012) proposal to investigate partners' abilities. In talks with its non-exclusive resellers the company learns about competitors' moves and after it has learnt and analyzed them it is able to offer mutually beneficial partnership programs for the resellers. These proposals of programs based on the competitors' actions are an example of dynamic capability to adapt to partners' interests while preserving company's own interests in the pursuit of growth.

5.2.1.5. Outperforming competitors

According to Prats et al. (2012) new competitors in the market may take new niches in it and grow dramatically there as well as offer lower-price or diversified solutions in the company's niche segment and thus undermine its market share and growth.

The company managers have named only one small product segment [endpoint software], where the quality of its solutions are recognized as high by independent agencies, therefore its competitiveness, if it is based only on this dimension, may be challenged by the competitors. However, the differentiation of B2C products, with add-on features for additional or separate fee and customization of B2B products makes it unlikely that the competitors would outperform the company by offering diversified products. As per the competition in price by having cost advantages, there are also competitors that provide their solutions on freeware terms, however, their quality does not seem to be comparable with payable software. The improved cooperation of the departments regarding development of the product is an important part of company's tacit knowledge, which would be difficult to imitate for its competitors because this knowledge will be comprised in the new organizational processes and routines relevant to the product development. We conclude that the company has cost advantages, which is combined with the differentiation advantage founded on abilities to differentiate software for business customers and consumers and offer customized solutions for business customers as well as the tacit knowledge, rooted in the product development
processes. Therefore, the company has the dynamic capability to outperform competitors by offering competitive products even in case of market change.

5.2.2. The growth challenges of managing growth

5.2.2.1. Short-term vs long-term goals

The first common challenge for the companies in this quadrant, is to manage growth in the situation of both high company growth and product-segment growth. While managing the growth they face a specific challenge of choice between short-term and long-term goals. According to Prats et al. (2012) orientation on short-term goals is preferable so that the company could quickly react to the changes in the market and competitors' actions. Otherwise, the company can lose its market share as competitors will start to outperform the company.

It turned out that all the four companies combine quarterly (or even monthly) plans with annual ones. The content of these plans varies among the firm, though. For example, for Doktor Na Rabote it is important to adhere to monthly sales plans while the company's corporate presentations with non-sales goals are brought out every year. On the one hand, these annual plans are not a sign of short-term orientation. However, on the other hand, the company notices that it is difficult to bring totally new ideas to the social network market thus it is sufficient to provide presentations with these ideas annually. Nevertheless, the monthly sales goals remain the most important goals to be achieved; hence the company is seen as short-term oriented one. The company has been preserving its leadership position in the segment; therefore we conclude that the company has the dynamic capability to timely and in the right way respond to changes in the market even though responses to spontaneous changes can’t be reflected in the annual plans with the annual goals. (The difference between the general view on dynamic capabilities as capability to implement changes and this capability is in its right and timely use, i.e. right and timely implementation of changes, while the analysis of improper use of the dynamic capabilities in general lies beyond the scope of this research).

Meanwhile, other three companies have three general quarterly plans, which comprise not only sales-goals but the goals for other companies' activities. Only AntivirusnyeResheniya does not provide any further comments on how it these goals are corrected and met in the conditions of market dynamism. Datadvance reacts to changes in the market by increasing the frequency of meetings, where the revision of the goals may be made if it is seemed necessary. The Online gaming company daily monitors competitors' activity and has the possibility to
adjust its goals to outperform these activities. The outcomes of such approaches are also different. Both AntivirusnyeResheniya and Datadvance are satisfied with their pace of growth (of profits and revenues respectively). The online gaming company, however, could not respond to the decreasing pace of market growth and could not gain the highest market share either. Thus, AntivirusnyeResheniya and Datadvance possess the same dynamic capability as Doktor Na Rabote while the Online gaming company seems to lack it.

5.2.2.2. The quality of products and/or services

Prats et al. (2012) emphasize that companies' striving for growth often ends up in the product or services of inferior quality. However, too much focus on quality management is not necessary either.

The companies have different approach towards the quality of their products or services, however, none of them seems to strictly follow Prats et al.'s (2012) proposal of their slightly better quality in comparison to competitors' offers. For instance, the closest strategy towards the proposed one is run by Doktor Na Rabote. It does not position its achievements in the development of the network as superior ones in comparison to the competitors (with the exception for the number of network users), mostly focusing on what it does well and improving its interface (the latter [in the meaning of small improvements to the quality] is considered important by Prats et al. (2012). In the same time, as mentioned above, the number of the network users is significantly higher than in the competitors' networks, therefore the conclusion is that the 'quality' of the case company's network is higher than the competitors' ones. Datadvance offers better solutions on its core specialization, and the software of almost the same quality as its competitors in non-core areas. It also can slightly improve competitors' products by adding plug-ins to them.

Adaptation of either social network features to users' demands or software features to the clients’ demands is the sign of the dynamic capability to adapt the product to the changing demands without losing much on costs related to quality control. For these two companies the quality control means control that the network or the software respectively are free from faults in the program code and execute the functions requested by the user. These costs would have been higher if the companies had the initial strategy to develop a perfect solution that would be free from any faults in the program code and satisfy all the customers' demands. We therefore conclude that these companies possess the above mentioned dynamic capability to maintain enough high quality.
This dynamic capability is poorer developed in AntivirusnyeResheniya and in the Online gaming company because in their strategies they are both aimed to sell top quality services and games respectively. The difference between the companies, however, is that AntivirusnyeResheniya offers them to a limited number of clients, while games of the Online gaming company are offered for the mass public. There are doubts, if AntivirusnyeResheniya turns to customers, which will pay less, if the 'rich' ones cease to buy its services as well as if the Online gaming company will sell niche games or games of poorer quality in the current situation of slow growth. Thus these companies currently do not possess the dynamic capability to maintain enough high quality as they sell only very high quality solutions.

5.2.2.3. New top managers

Prats et al. (2012) argue that if the company hires new top managers for their positions than it may be difficult for them to adapt to the company's routines and the process of adaptation may take a long time, which is necessary in the dynamic market environment and which can otherwise influence growth in the negative way.

There are differences in approaches towards hiring top managers for their positions among the companies. Doktor Na Rabote as the youngest company of four has small staff; it has not yet had the necessity to invite new top managers. Three other companies have had such an experience but it is difficult to evaluate whether what they call 'fast adaptation' (the average time of adaptation is 2-3 months) can be confirmed as really fast. This is because we do not know what the processes include and we do not know companies, where this adaptation process takes longer or shorter time. However, as the companies are satisfied with the adaptation pace and do not mention substantial problems, while the new managers are getting used to the new internal environment, it may be concluded that the case firms generally successfully overcome this challenge. These three companies therefore seem to have the dynamic capabilities to hire professionals for top-management positions and to facilitate the adaptation process for the manager or for what his or her area of responsibility consists of or for both.

5.2.2.4. Corporate culture

The corporate culture principles are important in the period of rapid growth of both the company and the segment as many employees get "dramatic pressure and stress, which causes them to leave the company" (Prats et al., 2012). The corporate culture should be thus aimed at decreasing the stress factor while contributing to hiring of the new personnel.
The phenomenon of corporate culture is known to all the four companies; however, the understanding of its meaning varies among them. That is why the influence of corporate culture activities on growth is also different.

Both Antivirusnye Resheniya and the Online gaming company see personnel development (for example, in the form of educational trainings) as an important part of the companies' corporate culture. Antivirusnye Resheniya combines personnel development with joint corporate activities and an incentive system. These companies have both developed and modified the principles of corporate culture with time. Both firms argue that the employees may have chosen the case companies as their employers because of the employees’ knowledge of the companies' corporate culture principles, hence these principles contributed to the hiring. Besides that, the process of recruitment ran in parallel with the company growth and the development of corporate culture principles. Therefore, we conclude that these companies have successfully developed the dynamic capability to adapt their corporate culture to minimize turnover as well as to facilitate recruitment.

For Doktor Na Rabote, corporate culture implies managers' openness (which is made possible due to small staff) and monetary stimuli (also ascribed to the small staff). Meanwhile, Datadvance's managers' openness comes mostly as the result of people's previous knowledge of each other. This mutual knowledge is relevant for some of the company's new workers as well. Thus, it is more of this knowledge of the employer rather than the knowledge of its corporate culture that made these new employees choose this firm as their employer. We do not believe that the related merchandise (pens, t-shirts) offered by the company may be attributed to the corporate culture, nor do we deem it be the reason for an employee to join the company. These two companies have not changed much their approach to corporate culture activities since their establishment, therefore we conclude that these companies have not developed the dynamic capability to adapt their corporate culture to minimize turnover as well as to facilitate recruitment.

5.2.2.5. Choice of partners

The partnership with a company from the first tier is very useful for the case company, however such partner's withdrawal may bring many negative consequences, which in the end result in the loss of growth pace (Prats et al., 2012). The four cases show that a company's relationships with its partners are not limited to the principle that 'big company is a good partner because it is big'.
Doktor Na Rabote, though, is the company, for which this idea is the most relevant as it chose only the big pharmaceutical companies as their partners. Fortunately for the company's growth, there has been no withdrawal from a partnership by a pharmaceutical company nor have there been other big problems in the partnerships. When choosing the game developer the Online gaming company focuses on the quality of the games provided by it, its corporate values and not on its size. Nevertheless, some deadlines for launching of the games have been missed, although not because of partners' unwillingness to fulfill its obligations. The Online gaming company also had great financial and reputational losses after one of its technical first-tier partner refused to timely repair or replace the broken place of equipment, which was subject to warranty. Missed deadlines in common projects with first-tier partners also happened with Datadvance. Still both failures to comply with the dates and the size of the partner firms are attributed by the Datadvance to the complicated nature of these projects (which require substantial resources, sometimes not foreseen ones) and not to the partners' wrong actions towards the case company. Finally, AntivirusnyeResheniya emphasizes several features, which are necessary for its possible partner, where its size is not mentioned. As the company so far has had no substantial problems in cooperation with their partners, we make a conclusion that these chosen attributes of a partner are right as long as the case company's growth is the result of the cooperation.

Overall, it is difficult to judge whether there are other possible partners that the case companies may turn to in order to decrease the amount of current problems caused by existing inefficiencies in cooperation. So far, Datadvance and the Online gaming company could not get rid of all important problems, related to cooperation with their partners, while Doktor Na Rabote has not yet succeeded to sign partnership agreements with more first-tier pharmaceutical companies. Therefore, we conclude that although these three companies have not had any major problems with losing partners these three companies have not yet fully developed the dynamic capability to choose the most suitable partner for cooperation or the dynamic capability to offer appealing terms and conditions of further cooperation. On the contrary, AntivirusnyeResheniya's policy of choosing its partners indicates that the company possesses these dynamic capabilities.
5.3. Strategic innovation

5.3.1. How strategic innovation is practiced in the companies

The analysis is focused on distinguishing particular forms of strategic innovations, introduced by the investigated companies. These forms are low, medium and radical strategic innovations.

It terms of analysis of strategic innovation and the main prerequisites for the exploitation of dynamic capabilities, which are related to this concept (Baden-Fuller, 1995; Zahra, 2006), Kaspersky Laboratory, Doktor Na Rabote, AntivirusnyeResheniya and the Online gaming company are considered to be the companies having implemented particular forms of strategic innovation and acting proactively in the market. According to Markides (1998), companies’ proactive behaviour is the main prerequisite for implementing strategic innovations. Thus, the above mentioned four companies have a prerequisite for a more advanced form of strategic innovations.

The example of proactive behaviour of Kaspersky Laboratory is its constant improvement of the communication with the regional managers, showing how the company reacts to the challenge of customer satisfaction. Before the client’s subscription for an antivirus program expires, Kaspersky Laboratory contacts its regional offices and thus generates the solutions until they become urgent. Therefore, this is the way the company tries to retain its customers by providing them with particular offers aimed at substituting the expiring license with a new one. This example of proactive behaviour enables to regard the company as a proactive one and thus to conclude that it is capable of introducing future strategic innovations (Markides, 1998).

Moreover, Kaspersky Laboratory has already experienced particular changes in the internal processes that facilitate strategic innovation. An example of them is the new model of product development, which resulted from the changes in the functions of the departments, i.e. some functions were transferred from Product Management to R&D Department. According to the three identified earlier types of strategic innovation, we refer the new model of product development to the medium degree of strategic innovations. We consider this innovative action of Kaspersky Laboratory as strategic, as product development is one of the company’s strategic processes, and, what is more, it is a strong prerequisite for the company to initiate radical strategic innovation.
Given that Doktor Na Rabote has already taken a proactive approach in its behaviour in the market, the company has an important prerequisite for introducing future strategic innovation processes of more advanced character (Markides, 1998). Moreover, being a start-up company, Doktor Na Rabote has a potential opportunity to avoid the obstacles, which prevent companies from initiating and achieving successful radical strategic innovation. We refer the mentioned obstacles to cultural and structural inertia, fear of destroying existing practices, lack of incentives, etc. (Markides, 1998). It is easier for start-up companies to be led by strategic innovators who do not fear to risk.

Doctor Na Rabote has so far experienced no changes in its internal processes that could be referred to radical form of strategic innovation. We explain it by the fact that it is a new established company, which neither has faced the necessity of implementing radical strategic innovations, nor still possesses the necessary resources for supporting them. (Tse, 2013). However, so far the company has launched two additional social networks (Medkampus and Smartpharma), as well as developed a new mobile application. We refer these new products to the medium degree of strategic innovations, as they influence the company’s strategy, by diversifying its product portfolio and approaching new market segments.

The constant proactive behavior of AntivirusnyeResheniya concerning both the external environment and its organization of the internal processes say that it possesses an important prerequisite for future strategic innovation. (Markides, 1998). The example of changing the Customer Relationship Management system that once occurred in the company cannot be fully referred to the AntivirusnyeResheniya’s reconfiguration of its business, that is radical strategic innovation. However, it explains how the company can implement changes in its processes that serve the basis for the most advanced form of strategic innovation. The decision to change the system was caused by the company’s attempts to improve the level of customer satisfaction and thus indicates its proactive behaviour in terms of monitoring customer preferences. We refer these changes to the low degree of strategic innovations. This new system is aimed at improvement of customer development process and, thus, influences the company’s overall strategy. Moreover, the changes in the company’s system of incentives from sales-stimulating towards profit-stimulating triggered the decision to change the company’s overall strategy from sales-oriented to profit-oriented one. We consider these changes to be the strategic innovation of a low degree, and a sign of proactive behaviour, which also facilitate the company’s capacity of implementing radical strategic innovations in future.
The completely changed approach in terms of recruiting new people indicates the signs of the Online gaming company’s proactive behaviour, as it was aimed at improving communication between the company’s managers and other employees. Moreover, the Online gaming company’s launch of a new product, on-line cinema, indicates the changes in the product portfolio and, thus, in the company’s strategy. We refer it to the medium degree of strategic innovations and state that it is a strong prerequisite for more radical changes in future.

The four above mentioned companies show proactive behaviour in the market and have so far introduced some forms of strategic innovations.

Although small adaptations to the business operations made by Datadvance indicate that the company is capable of constant monitoring of its business, these changes have not been proactive ones. The situation concerned with the employee’s lack of competence shows that the company has not acted proactively when deciding to appoint this person for the project and has not taken into consideration all potential difficulties. Overlooking “early warning signals” prevents Datadvance from reacting to the problem before the complications start to appear, as it was in the case of the customer dissatisfaction with the project. This lack of proactive behaviour gives low chances for the company to question its existing business and introduce future strategic innovations. (Markides, 1998). We also state that the company has so far implemented no strategic innovations that can be referred to one of the three forms identified above and, thus, no strategic actions have been undertaken in order to contribute to the company’s growth. That gives the company even lower chances for introducing radical strategic innovation in future.

5.3.2. Obstacles to strategic innovation

When it comes to the difficulties the companies have encountered while introducing strategic innovation processes, we state that these obstacles have not been considerable enough for the companies so far, as eventually all of them have managed to implement the changes. However, the obstacle faced by AntivirusnyeResheniya is worth paying special attention to as it protracted the process of implementing strategic innovation in the company.

Markides (1998) argues that established companies often face the problem of structural inertia as well as fear of destroying the existing practices while implementing strategic innovation. Being an established company in the market, AntivirusnyeResheniya faced an obstacle on its way to implement the changes of Customer Relationships Managements system, related to overcoming the problem of retraining a high number of employees. This challenge appeared
at the implementation stage and was connected with the already existing internal practices of the company and their co-existence with the new practice. (Berghman, 2012). However, what is worth mentioning is that at the initiation phase AntivirusnyeReshenia experienced no considerable obstacles preventing from introducing changes. This is explained by the incentives the company’s managers possessed at the initiation phase and their ability to explain the benefits of the changes to all the employees of the company. The gradual implementation of the necessary changes conducted by the company’s managers assisted in making them successful. It helped the company to introduce all the changes step by step and solve the problems emerging at each stage of implementation. This gradual approach explains why the process took six months, but at the same time it helped to avoid considerable obstacles caused by the co-existence of the old and new practices. (Berghman, 2012).

While implementing the changes concerned with a new system of incentives AntivirusnyeResheniya has faced no obstacles. The success of this strategic innovation is explained by the strong leadership skills of the company’s managers and their ability to convince the employees that these changes are beneficial (Markides, 1998).

According to Markides (1998), established companies often face the problem of lack of incentives when deciding to introduce strategic innovation. Although Kaspersky Laboratory is a rather big company and already established in its market it has found the incentives to initiate and successfully implement the transfer of functions, described earlier in this chapter. Moreover, neither its structural inertia nor other difficulties have become the considerable obstacles for Kaspersky Laboratory on its way to strategic innovation. (Markides, 1998). The positive results both in higher customer satisfaction and in better internal communication between the departments show the success of the strategic innovation implemented in the company.

When it comes to Doktor Na Rabote, it has faced no obstacles while initiating and launching its new social networks and the mobile application. We explain it by the fact that, as a start-up company, it possesses a strong innovation capacity and a mechanism of incentives, which has enabled to implement strategic innovation.

While introducing strategic innovation in a form of a new product, the Online gaming company have not encountered any obstacles. The new dimension of on-line cinema that the company has chosen for its strategy is considered as compatible with the company’s core business and the image of the Online gaming company in the market. That helps to explain the success of this strategic innovation. (Berghman, 2012).
5.4. CSR and social innovation

As stated in the theory chapter, CSR activities if they are related to 'strategic approach' (Bocquet et al., 2013) constitute part of company's strategic innovations. The concept of 'social innovation' is the form of CSR activities, which is close to radical form of strategic innovation.

Analysis of the case companies’ CSR portfolio enables to reveal how they address achieving responsible growth by gaining legitimacy, either from the companies’ stakeholders other than customers or by delivering social value to the customers. We analyzed that among the below mentioned CSR activities there are none that can be referred to as 'pure' social innovations, i.e. projects without aimed to gain profits from them.

Kaspersky Laboratory and AntivirusnyeResheniya have developed CSR portfolios with practices, which are belong to ‘strategic approach’, as they are planned and they are pure voluntary activities and are not the result of any external requirements (Bocquet et al, 2013). Besides them, AntivirusnyeResheniya implement some ecological practices in its daily routines (automatic light switchers, reduced paper use, etc.). These practices do not play the important role in the companies' strategies; therefore, we refer them to strategic innovations of low degree. Nevertheless, they are also important for triggering growth and they are able to positively influence the other strategic innovation processes in the companies. Given the orientation of Kaspersky Laboratory towards the long-term goals, its CSR portfolio is supposed to have a strong positive effect on the company’s economic returns from these CSR activities. (Wang, 2010). In other words, the company has a prerequisite to sacrifice its short-term profitability in order to build a future competitive advantage. The future orientation of AntivirusnyeResheniya is rather short-term, which indicates that the economic returns from the CSR investments are not so high, as they could be in case the company more emphasized long-term goals and the development of future competitive advantage. (Wang, 2010).

What is more, the aim of Kaspersky Laboratory's forthcoming project called 'Digital citizenship' is to improve the acquaintance of the society with the bases of online security, which in its turn has a positive effect on the society in general.

The CSR activities besides the project of the educational amusement park for children of the Online gaming company are rare and indicate that the company has not yet fully developed its CSR portfolio. However, the project it is currently engaged in indicates the social aspects that the company has started to pay attention to. This project is considered by the company’s
management as fully consistent with the core values of the company related to the personal development. That means that this project is implied as a strategic approach of the company and is able to provide benefits both for the society and the company itself. (Bocquet et al, 2013). As it concerns strategy and demands a lot of resources we therefore refer to it as very close to social innovation, i.e. radical form of strategic innovation.

The only Datadvance's CSR practice is the engagement of the company's employees in teaching activities, aimed at both mass education and further recruitment of the most skilled listeners. This is also an example of 'strategic approach' as the teaching is consistent with the company's strategy, however as it does not require much transfer of the resources we see it as low level strategic innovation.

Having all the resources allocated to the development of the core business, Doktor Na Rabote currently employs no CSR activities and is engaged in no social projects. As its core activity already brings social benefits to the society by helping Russian doctors to communicate and discuss important issues and problems, no additional social projects are expected to appear within the company’s strategy at least in the near future. When taking a step towards implementing CSR activities, it is important to emphasize the long-term orientation of the business in order to make these CSR activities generate economic value for the company (Wang, 2010). However, it seems that Doktor Na Rabote can currently hardly sacrifice its short-term profitability targets and focus more on long-term business orientation, as being a young company it needs to allocate all its resources to the development of the core business and keeping it profitable.

As a result, in order to achieve sustainable business and grow responsibly, two of the case companies (Doktor Na Rabote and the Online gaming company) gain legitimacy from their users and customers respectively by delivering social value to them. Doktor Na Rabote implements it by organizing its social network for Russian doctors, which helps them to communicate, discuss relevant issues and share the experience, while the Online gaming company participates in the construction of the park for children, who may become its customers in future as well as whose parents are current clients of the company.

AntivirusnyeResheniya gains legitimacy from the society in a broad sense by taking part in various charity projects and the Datadvance gains it from the listeners of its employees' lectures and webinars. Kaspersky Laboratory gains legitimacy from its business customers and consumers when it sells antivirus software and from society in a broad sense when participating in charity programs and its social project “Digital citizenship”. Meanwhile, only
AntivirusnyeResheniya delivers a certain form of natural value by introducing environmentally friendly solutions to its inner-firm organizational routines. That means that of the five case companies only AntivirusnyeResheniya has come close to running sustainable business and growing responsibly.
6. Conclusions

In this chapter we present a brief account of our findings on the two sub-research questions, on the main research question as well as provide practical recommendations for the case companies' managers, specify the limitations of the current research and finally come up with ideas for future research.

6.1. Research question 1

The challenges, which Russian companies need to overcome while growing, may be attributed to either internal or external environment of the firm. Our research suggests that the solution to respond to these challenges is to exploit some of the firms' dynamic organizational capabilities, which are supposed to vary depending on the particular challenge.

The general of these challenges is to define whether the company should be oriented towards pursuit of higher sales figures or higher profits. In case of sales-oriented growth the company is likely to face the 'growth fetish' challenges (Zhou et al., 2013). In order to notice the prerequisites for this challenge the company needs to have the dynamic capability to monitor the market situation, especially market capacity, and alter its strategy to adapt to these challenges.

Following Prats et al. (2012)'s model we have distinguished four quadrants depending on the pace of the segmental growth and the growth of the case company and attributed the most common challenges for the respective quadrant to each of the companies.

There is only Kaspersky laboratory, which was placed into the quadrant of 'sustaining growth' and thus we analyzed the necessary dynamic capabilities on the example of this company.

If there are some inefficiencies in the company's inner processes, which may be regarded by the management too incremental to fix, they may become vivid one day and prevent the company from normal functioning. The case of Kaspersky laboratory shows that in order to overcome this challenge (especially, when the inefficiency is noticed in the cooperation of different departments within the company) a company may need to have the dynamic capability to change the corporate structure.

The readiness of company's managers themselves to implement amendments to the company's strategy to address the changes in the market is crucial; that is virtually the general dynamic capability to react to changes.
The problem of retaining customers is also important for the companies in this quadrant. The example of Kaspersky laboratory shows that this challenge may be overcome by monitoring customers' behavior and the dynamic capability to adapt the products (or service) to changes in their demands.

In order to keep on high track of growth the company should feel secure about its partners and suppliers. Analysis of their abilities before signing the contract is a good method to achieve it. However, the possession of the dynamic capability to adapt to partners' interests while preserving company's own interests is also very useful.

Finally, as seen in the case, it is the dynamic capability to outperform competitors by offering competitive products even if the market changes.

Further on, based on cases of Doktor Na Rabote, AntivirusnyeResheniya, Datadvance and the Online gaming company we identified the dynamic capabilities, which are important for the companies, operating in the industry conditions of Q4 quadrant of Prats et al. (2012)'s matrix.

In order to find the balance between short-term and long-term goals three of the above mentioned case companies (except for the Online gaming company) seem to take use of the dynamic capability to timely and in the right way respond to changes in the market.

As Doktor Na Rabote and Datadvance do not pursue to reach top quality of their solutions we conclude that they have succeeded in overcoming the related challenge by possessing the dynamic capability dynamic capability to maintain enough high quality. Meanwhile, neither AntivirusnyeResheniya, nor the Online gaming company seem to have this dynamic capability.

All three companies that hired top managers for their positions (Doktor Na Rabote did not do that) have successfully overcome the challenge of their adaptation to the corporate business routines due to the possession of the dynamic capability to facilitate the adaptation process for the manager or for what his or her area of responsibility consists of or for both.

Prats et al. (2012) suggest that it is the principles corporate culture of a company, which may serve the way out of difficulties. Even though all the companies have some corporate culture activities we conclude that AntivirusnyeResheniya and the Online gaming company have successfully developed the dynamic capability adapt their corporate culture to meet the changes in the respective market segments, which has not been done by Doktor Na Rabote and Datadvance.
The risk of possible partner's withdrawal from cooperation, which can lead to serious losses is minimized by AntivirusnyeResheniya, which has developed the dynamic capability to choose the most suitable partner for cooperation. Meanwhile, three other case companies do not seem to possess either this dynamic capability or the capability to offer appealing terms and conditions of cooperation.

The case companies possess also some dynamic capabilities, which allow them to act proactively, i.e. before the challenge hits them. This proactive behavior may serve the prerequisite for different forms of strategic innovation activities.

The analysis of the strategic innovations implemented in the five companies indicates that three companies (Kaspersky Laboratory, Doktor Na Rabote and the Online gaming company) has so far turned to medium degree of strategic innovation, concerned either with the changes in the model of product development, as in the case of Kaspersky Laboratory, or with the launch of new products. The results showed that the strategic innovations were successfully conducted by the companies. We conclude, that having introduced this form of strategic innovation these companies have a strong prerequisite towards implementing innovations of a more radical character.

AntivirusnyeResheniya has introduced a low form of strategic innovations, which includes changes in its customer developments processes, as well as a new type of the company’s system of incentives. The implementation of these strategic innovations gives the company a prerequisite for initiating and introducing radical strategic innovations in future.

Moreover, the identified proactive behaviour of the four above mentioned companies also indicates that they have a prerequisite towards introducing future strategic innovation.

Datadvance has so far introduced no strategic innovations and demonstrated lack of proactive behaviour, which indicates that it does not possess the prerequisites necessary for implementing radical strategic innovations in future.

The way in which the companies in question tackle the obstacles appearing on their way to implement strategic innovations indicates that the companies are able to address the difficulties correctly in order to achieve the desired results. Although being rather big and established in the market companies Kaspersky Laboratory and AntivirusnyeResheniya have managed to find incentives and solve the problems of structural inertia while initiating and implementing the strategic innovations. AntivirusnyeResheniya turned to the gradual process
of implementing changes in the Customer Relationship Management system, thus solving the problem of co-existence of the old and new practices.

Doktor Na Rabote has managed to implement its strategic innovations, which we explain by the company’s strong innovation capacity and a mechanism of incentives.

The successful implementation of strategic innovation by the Online gaming company is explained by the high compatibility of the new product with the company's core business and its image in the market.

6.2. Research question 2

In order to achieve sustainable business most of the case companies have introduced several strategic innovations, which address socio-environmental issues.

The analysis of the CSR activities of the companies (except for Doktor Na Rabote, which is not engaged in them) showed that they have been employed in consistency with the employed strategies, i.e. the companies have 'strategic approach' to these activities. By addressing the issue of gaining legitimacy from the companies’ stakeholders, the companies make efforts towards turning their business into more a sustainable one, by delivering not only economic but also social and natural values to the society.

The CSR portfolios of the three of the investigated companies (Kaspersky Laboratory, AntivirusnyeResheniya and the Online gaming company) include such activities as participation in charity and voluntary projects, as well as organization of the internal processes in an environmentally friendly way (only AntivirusnyeResheniya). The social projects, which Kaspersky Laboratory, Datadvance and the Online gaming company are engaged in, also show how the companies deliver social value to the society or its particular groups.

In order to achieve sustainable business and grow responsibly, two of the case companies (Doktor Na Rabote and the Online gaming company) gain legitimacy from the users and customers respectively by delivering social value to them. AntivirusnyeResheniya and Kaspersky Laboratory gain legitimacy from the society in broad sense, while Datadvance gains it only from the listeners of its employees' lectures and webinars. The only company which delivers a certain form of natural value is AntivirusnyeResheniya and that enables to conclude that the company has come closer to running sustainable business and growing responsibly than the other four case companies.
6.3. Main research question

Both the above mentioned ways to overcome particular growth challenges or the actions aimed at running business in a sustainable manner matter when it comes to managing growth in a socially responsible way. It is necessary to bear in mind that all the processes in the company, i.e. responding to a particular growth challenge or to several growth challenges at once, proactive moves aimed at strategic innovation and introduction of socially oriented activities run in parallel in a company. Without overcoming of current challenges the company is unlikely to be successful, for instance, in handling the activities aimed at bringing benefits to society.

Thus we conclude that in order to manage the growth in a socially responsible way Russian companies exploit certain dynamic capabilities to overcome current obstacles in either industrial or internal environment. These dynamic capabilities and obstacles vary depending upon the chosen growth strategy (sales- or profit-oriented one) and the difference between the growth pace of a company and the segment, where it operates. The companies also act proactively to implement certain changes in their strategies processes, i.e. implement strategic innovation. The companies also usually have CSR portfolios in their strategies, with the related socially oriented activities being consistent with the strategies. These portfolios include charity as well as some social projects, although none of these projects can be identified as an example of a social innovation.

6.4. Recommendations

6.4.1. Growth challenges

The general recommendation for the Datadvance and Doktor Na Rabote is to monitor their respective markets and their capacity very attentively so as not to fall into the 'growth fetish' trap. As Datadvance only starts to expand in the Russian market and Doktor Na Rabote has a lot market to conquer it may be preliminary for them to turn to profit-oriented growth strategy, although in future it may prove useful. It is already important for the Online gaming company to turn to such a strategy now as it has fallen into this trap.

For Kaspersky Laboratory the general recommendation is to go on with what they do in terms of overcoming the growth challenges, however, a better detection and action towards elimination of incremental faults in the company's processes would seem a good idea.
As the Online gaming company has reached the point of the saturated market and does not feel that it can grow fast there anymore we suggest that the company learn how to change its strategy in such a situation. Besides turning to the profit-oriented strategy stated above, one of the proposed solutions is to turn to offer not only 'the very top games', but also games with above average quality. The company has not mentioned a thorough analysis of the non-core partners' abilities, and therefore doing so is also recommended as long as the company had big problems with one of its technical partners. We also notice that it may be useful for the company to come up with 'customized' partnership agreements for its future partners.

For Datadvance, we propose that the company could economize on the very thorough control of its core software (if it is doing so right now) as long as it outperforms competitors' solutions. It is also recommended that the company monitor the reasons for delays in launching the projects, which have been developed in cooperation with a partner so as to notice the possible signs of the partner's intention to withdraw from the cooperation. We also deem that a good thing to do for the company is to develop its corporate culture principles into such ones that would lead to the encouragement of the personnel to work for the company, especially in the times of difficulties.

The main recommendation for Doktor Na Rabote is to turn to smaller pharmaceutical companies for partnership agreements as they can also bring revenues for the company and as long as the company gets more new partners it will get more bargaining power in settling the agreements with bigger companies. Smaller partners may also be more secure in terms of not withdrawing from the partnership, even though the company does not face such a problem with big pharmaceutical companies. As the company goes on growing it may also need to hire more people, which would imply that the current principles of corporate culture would no longer remain relevant. Therefore it may be important for the company to start to think how to adapt its corporate culture principles for the future.

Finally, in the case of AntivirusnyeResheniya we would argue for economizing costs on the quality control of the provided services as long as this quality remains a bit better than the proposed by the company's competitors.

6.4.2. Strategic innovation

For better understanding of the external challenges, as well as finding proper solutions to implementing radical strategic innovations in the company, Datadvance should take a proactive behaviour implying questioning the way in which the company is doing its business.
For Kaspersky Laboratory, AntivirusnyeResheniya and the Online gaming company, as rather big and already established in the market companies, it is especially crucial to maintain the mechanism of incentives so that they work well for initiating future strategic innovation of a more radical character. It is also important for them to have a team of people, creative and free from biases, and thus capable of pursuing the idea of strategic innovations. What is more, the companies are recommended to take a gradual approach, while implementing radical strategic innovations in future as it assists established companies in avoiding serious obstacles related to co-existence of old and new practices.

Doktor Na Rabote should also constantly revise its mechanism of incentives for introducing more advanced forms of strategic innovation in future. In addition, as it is still hard for the company to implement radical strategic innovations due to the lack of resources, we recommend Doktor Na Rabote to keep introducing medium and low forms of strategic innovations, which are less complicated and require fewer resources, however can influence the company’s strategy.

6.4.3. CSR and social innovation

The results of the analysis revealed that not all the investigated companies employ the activities in their strategies, which are necessary for achieving sustainable business and further growth.

Having the CSR activities and social projects aimed at delivering only social value to the society, Kaspersky Laboratory and the Online gaming company should diversify and cover the environmental issue in their CSR portfolios in order to add a natural value to the overall value bringing to the stakeholders and thus to achieve sustainable business.

Datadvance with only teaching activities in its CSR portfolio, as well as Doktor Na Rabote still need to develop their CSR portfolios in order to deliver all the three values to the society and thus achieve sustainable business. When taking a step towards implementing CSR activities, it is especially crucial for Doktor Na Rabote, as a start-up, to emphasize the long-term orientation of the business in order to make these CSR activities generate economic value for the company.

For AntivirusnyeResheniya, as a well-established in the market company, which has a strong portfolio of CSR activities, it is also important to start to focus on long-term orientation of its business, as it can help to intensify the positive effects of its CSR activities.
For the future engagement in CSR, the companies should bear in mind that 'strategic approach', i.e. the consistency of the related activities with the strategy, in implementing it is the best solution as it enables the CSR activities to become easily recognized by the stakeholders and positively affects all the innovation processes in the companies.

6.5. Limitations of the research

Due to the problems related to limited availability of the case companies, which agreed to take part in the research we identify several limitations of this research that may limit the generalization of the findings as well as their validity.

It turned out that all the case companies belong to the same IT industry, although this study has not aimed initially at studying cases within one industry, which means that the results may not be generalized to the other industries. Besides that, as the researchers had the same case companies as the other research group of Russian students we have limited our findings only to fast growing firms.

Although the companies' activities are spread over the boundaries of a one region we assume that the findings might be different for the companies, which are not headquartered in Moscow.

The companies' managers were often pressed with their time, which could imply that the provided answers were not always full and overwhelming. We also regard the possibility that they might not always be sincere in the answers or some important details have been omitted by them, which would decrease the validity of the research.

In cases of Datadvance and the Online gaming company there were only one manager, who answered the questions, thus there was no one to correct or to add what has been said.

The research may have weaker reliability than proposed initially as the Online gaming company asked for not revealing its name in the research.

6.6. Future research

There are several dimensions of the proposed future research on the topic. One of them is the inter-industrial quantitative study on the growth challenges and performed social activities, which the Russian companies face during the growth. The second alternative for future researchers is to investigate how different institutions influence companies' strategies towards growth and social activities. Besides that, there is a niche for the analysis of how sustainable
business practices are implemented by the Russian companies, with more attention towards environment-oriented activities.
7. References

7.1. Books


7.2. Articles


Dierickx I.; Cool K., (1989), Asset stock accumulation and sustainability of competitive advantage, Management Science, 35 (12), p1504-1511


7.3. Electronic sources

AntivirusnyeResheniyawebisphere [Online]. Available at: http://www.arinteg.ru/

CSR International (2011), CSR in Russia (Guest Blog) [blog]. Available at: http://csrinternational.blogspot.se/2011/01/csr-in-russia-guest-blog.html

CSR WeltWelt, Russia's profile; website [online]. Available at: http://www.csr-weltweit.de/en/laenderprofile/profil/russische-foederation/index.nc.html

Datadvance website [Online]. Available at: http://www.datadvance.net/

Doktor Na Rabote website [Online] Available at: http://www.doktornarabote.ru/AboutUs/

Expert (2014), [Crisis is secondnature to 'gazelles'] [Online] Available at: http://expert.ru/south/2014/14/gazelyam-krizis-po-plechu/ [In Russian]


Forbes Russia (2013), [Growth leaders: The fastest growing Russian companies] [Online], Available at: http://www.forbes.ru/infographics/kompanii/245620-lidery-rosta-samye-bystrorastushchie-chastnye-kompanii-rossii


International Monetary Fund website[Online]. Available at: http://www.imf.org/

Kaliningrad chamber of commerce and industry (2013), CSR in Russia [pptx]. Available at: http://www.kantiana.ru/eu4u/Summer_school_2013/CSR%20in%20Russia.pptx

Kaspersky Laboratory website [Online]. Available at: http://www.kaspersky.com/


SUST-RUS, website [Online]. Available at: http://sust-rus.org/en


World Economic Forum (2014), Russia's Regions Drivers for Growth: 4x4 [pdf]. Available at: http://www.weforum.org/reports/russias-regions-drivers-growth-4x4

1rre.ru, [The biggest in Europe park for game education is to open in Moscow] [Online]. Available at: http://www.1rre.ru/news/doc/78633/ [In Russian]

7.4. Interviews

**AntivirusnyeResheniya**

Chief Commercial Officer, interviewed in Moscow 2014-04-04

Chief Accountant, interviewed in Moscow 2014-04-04

Marketing and PR Manager, interviewed in Moscow 2014-04-04

**Datadvance**

Vice-director of Intellectual Data Analysis Department, interviewed via Skype 2014-05-07

**Doktor Na Rabote**

CEO and co-founder, interviewed in Moscow 2014-04-03

Manager, responsible for marketing activities and PR, co-founder, interviewed in Moscow 2014-04-03

**Kaspersky Laboratory**

Brand Manager, interviewed in Moscow 2014-04-02

Business Development Manager, interviewed in Moscow 2014-04-02

**The Online gaming company**

Senior Project Manager, interviewed via Skype 2014-05-08
Appendix

Questionnaire

Growth challenges

1. What is your company's strategy? Do you achieve these results mostly by cutting costs or by taking use of economies of scope?

2. How do you assess growth rates in your industry and segment in general and your company's growth - as relatively low or quite high?

3. What financial and business plans are seen as the most important for planning company's activities - quarterly, annual or from 1 to 5 years plans?

4.1. If the segment and the company grow slowly

   4.1.1. How do you usually respond to an employee's wrong decision or failure?

   4.1.2. Do you practice empowering employees, especially low-level ones with higher authority? If yes, when and how was it done and for what purposes? (Did you have the situation when the employees were given too much responsibility and in the end failed to fulfill their tasks?)

   4.1.3. How could you explain the decline in growth? (Could you say that the reason was that the company went on selling old-dated products/solutions?) ((If yes, could you explain it by managers' unwillingness to implement changes, introduce new business models? Did you solve this problem? How?))

   4.1.4. Have you lost your customers? What would you attribute this loss to? Did you solve this problem? How?

   4.1.5. How do you choose your partners and suppliers? What are the criteria for their choice? Did you have difficulties with raising money/ getting advance payment for a project? Did you solve this problem? How?

4.2. If the segment grows faster than the firm

   4.2.1. Do you have subsidiaries? Do/Did you have problems of their slow growth caused by slow decision-making processes in the parental company?

   4.2.2. Have you had a product with no demand for it? What would you attribute lack of demand to? (Was there no demand for the product because the buyers did not know how to use it?)

   4.2.3. Have you had a situation, when your competitors had launched new products in the new segment and you did not?
4.2.4. Have you made an overall restructuring of your company? Were there any troubles with the functioning of new departments? What were they?

4.2.5. Did you feel you need to change the whole business model (although you understood it was impossible) in order to market a particular product?

4.2.6. Do you develop overall business plans or particular products? Did you have difficulties with positioning your goods? What kind of?

4.2.7. How do you choose your partners and suppliers? What are the criteria for their choice? Did you have difficulties with raising money/supplies from a well-established firm or were you given a refusal? How did they motivate the refusal? Did you solve this problem? How?

4.2.8. Do you feel that your competitors are always ahead of you in this or that respect? In which one? Did you solve this problem? How?

4.3. If the firm grows faster than the segment.

4.3.1. What value chain processes do you deem to be the most important in terms of making end product?

4.3.2. Have you had the situations when everything worked as had been planned but there were proposals (or you had them) to change something? If yes, please, give us some examples. If no, were they top managers, who did not want to take the responsibility for making the decisions? Did sometimes managers fail to make a common decision in such situations?

4.3.3. How do you monitor your customer turnover and behavior?

4.3.4. How do you choose your partners and suppliers? What are the criteria for their choice?

4.3.5. How would you characterize your competitors? What would you call your competitive advantage?

4.4. If the firm and segment grow fast

4.4.1. Does your company attract new people for the top management positions? If yes, how fast and effective is the process of adaptation of these new employees to the company’s business practices? Do they quickly reach mutual understanding with other employees?

4.4.2. How can you describe the company’s corporate culture? Was it created originally or shaped in the process of the company’s development? Do the corporate culture principles positively affect the company’s attractiveness for potential employees?

4.4.3. How can you evaluate the quality of your products comparing to your competitors’ ones?
4.4.4. How do you build relationships with suppliers and partners? What is your target when choosing them?

**Strategic innovation**

1. Have you ever questioned the organization of business processes in the company? If so, can you give an example?
2. What was the reason for it?
3. What are the results?
4. Have you faced difficulties of integrating old and new business practices while modifying the processes?

**CSR and social innovation**

1. What is Corporate Social Responsibility for your company?
2. Do you consider it as an integral part of the company’s activity?
3. Do you take part in any non-commercial socially oriented projects, aimed at benefiting the society in general? If yes, provide examples and tell us about their development processes.
4. What kind of obstacles have you faced while establishing CSR activities in the company?