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A TREATISE ON CORPORATE SOCIAL RESPONSIBILITY NON-COMMUNICATION

Abstract. The aim of this paper is to consider the question of the suitability of the conspicuous communication of corporate social responsibility (CSR) practices that is gaining popularity in the business world. Though it seems a plausible activity, the communication of CSR, in many cultures, might be misunderstood by various stakeholder groups as unnecessary bragging. This conceptual paper is based on the comparison between various traditions of conspicuous communication and noncommunication about CSR. A critical point of view is used when discussing mainstream corporate practices in CSR marketing communication. A case study is also used to illustrate the specifics of a self-evident approach to CSR, The distaste for unnecessary bragging has its background in culture, religion, legislation and/or, as our case shows, also in ideology. Keywords: stakeholders, CSR, conspicuous communica-

tion, non-communication, Slovenia

Introduction

A plethora of distinguished authors are nowadays publishing works on stakeholder theory and CSR without close inspection of the question of conspicuously communicating various CSR practices to the wider public. The credo is that this is an important practice to achieve a competitive advantage and subsequently increase sales, provided, of course, it isn't found to be merely a matter of whitewashing or greenwashing.

Contrary to the prevailing enthusiastic approaches towards CSR communication, self-evidence together with non-communication of CSR practices seems also to be an interesting but seldom studied strategy (Golob et al., 2009: 460). The authors describe four types of interconnection between CSR behavior and CSR communication: ignorant, cosmetic, strategic and self-evident. According to the last type the company manages issues at the

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substantial level to conform to stakeholder expectations, thus practicing a genuine relationship with stakeholders. While the CSR activities are numerous and intensive, there is little or no marketing communication about them.

The excellent results of such a strategy were popularized with the companies that used and produced strong cultural capital and wanted to reinvent business and society, such as Ben & Jerry's, The Body Shop¹, Patagonia, etc. The fact is that they did not use many marketing communications to publicize their CSR activities in order to build-up their reputation as producers or retailers. The bulk of their communication activities were connected with the causes they supported². The common denominator of their genuine quest was the "linked prosperity" (Embley, 1993). Such a mission has been willingly accepted by relevant stakeholders and freely broadcast by the media and consequent positive word-of-mouth. Consumers have eventually beaten a path to their doors (Holt and Cameron, 2010: 2). Later on many tried to emulate their success mostly by conventional cause-related marketing campaigns and CSR public relations techniques. Often such campaigns with no clear strategic connection to the core business turned to cosmetic communications only, without meaningful result (Porter and Kramer, 2006). The results can be, of course, worse, counter productive for the company and the whole idea of the CSR. But even if the strategy is sound there is still an open question whether conspicuous communication about the CSR activities in the different parts of the globe is a valid endeavor or not.

However, according to Watzlawick et al. (1967), the notion of non-communication that we are discussing in this paper can be understood as an oxymoron. The authors theorize that in the context of interpersonal interactions (a case of a schizophrenic person) communication is behavior and vice versa. So since behavior in any interaction transfers meaning, and is therefore communicating, it follows "that no matter how one may try, one cannot not communicate. Activity or inactivity, words or silence, all have message value: they influence others..." (Watzlawick et al., 2010: 49).

Following this axiom, the title of this paper should perhaps be modified. But as with many so-called axioms in the social sciences, there are always exceptions. First, consider, for instance, a case of deliberate non-communication, such as a player in a game of poker, a yogi in deep meditation, or the guardsmen in front of Buckingham Palace pretending to be a statue. They,

¹ »I believe that if companies are in business solely to make money, you can't fully trust whatever they do or say. They may create jobs, pay taxes, contribute to charity and provide an array of goods and services, but all that is incidental to their real purpose, which is to make profits for their shareholders« (Roddick, 1991: 22).

² We communicate with passion – and passion persuades. We preach and teach; we educate and inform. We do not, for example, train our staff to sell; I hate high-pressure sales techniques« (Roddick, 1991: 25).

of course, transmit messages but are not actually communicating. Communication in its original Latin meaning (communicare – to share, to make common) is a two-way process of giving and receiving in order to form a kind of communion.³ Non-communication seems in these cases an art, a superhuman ideal and a well-rehearsed and winning strategy. Secondly, there is also the notion of non-communication by delegated communicators, such as is present, for instance, in the courts. And, finally, consider the case of wordof-mouth communication, or free media coverage, where others voluntarily communicate instead of us, too.

In spite of these reservations, we accept a broader meaning of Watzlawick's axiom regarding multifaceted transmission of messages, which is important in the context of contemporary understanding of marketing communications, although somehow taken too literally. In the following text we shall distinguish between the non-conspicuous communications (Morsing, 2009) that is essential to an organization's silent transmission of messages concerning its CSR practices, and its preplanned marketing communications about it.

This paper begins with the analysis of varieties of CSR that are present especially in Europe. The reasons from cultural, religious and legislative perspectives are presented to illustrate the importance of specific institutional contexts (Sorsa, 2008) in which CSR develops in many European countries, compared to the Anglo-Saxon situation. Special emphasis is then given to the differences in CSR communication, with the emphasis on practices that can be characterized as a form of non-communication. A critical view of conspicuous communication of donation aspect of CSR is then duly elaborated. The paper concludes with a presentation of the case of Slovenia, where we analyze the role of ideology in connection with the non-communication of CSR.

Varieties of CSR

Corporate social responsibility is the answer to the crisis of neoliberal capitalism, a means to bridge the gap that remains after the collapse of communism, mostly in the Eastern European countries. It is a way to "re-embed" the economy in a wider societal context (Midttun et al., 2006: 369). The authors compare this concept of social embeddedness (see also Granovetter, 1985) as seen in the USA and in Western Europe. According to some authors, the USA was the first to embrace the agenda of (explicit,

³ »Communication is a two-way process of reaching mutual understanding in which participants not only exchange (encode – decode) information but also create and share meaning« available at: http:// www.businessdictionary.com/definition/communication.html (accessed 10 November 2011)

i.e., self-interested) voluntary CSR (Matten and Moon, 2008). Those who are well off can donate to those less fortunate. But the fact is that European CSR evolved much sooner, at the beginning of industrialization, and was not based on religion or charity but on business ideology that understood the connection between the workforce and broader community welfare and their profits (Juholin, 2004). Voluntary acceptance of CSR is somehow in conflict with the European institutional framework of the economy. Many vital fields such as employee rights and environmental protection are mandatory and codified and thus not left entirely to the discretion of the individual firm. The European attitude towards CSR should be therefore characterized as "implicit" (Matten and Moon, 2008). The European scene is, however, not uniform but can be divided into at least four different contexts, namely, Continental, Nordic, Mediterranean and British. The differences in CSR are similar to the varieties of capitalism (Hall and Soskice, 2001). They are a consequence of legal, cultural and religious reasons. Nordic countries with their social democratic business system feature the highest level of social protection and the universal welfare state. Labour unions are strong and wage dispersion is compressed. A somehow different situation can be seen in the Continental countries, with their stronger reliance on the insurance-based, non-employment benefits and old age pensions. Mediterranean countries differ by concentrating more on employment protection and early retirement provisions. Wage structure is by collective bargaining also strongly compressed (Midttun et al., 2006).

There are other specifics, too, that are more relevant to our treatise and can be studied country by country. For instance, the social commitment of companies in continental European countries such as Austria is traditionally strong, especially in connection with the local and national challenges of CSR (Mark-Ungericht and Weiskopf, 2006). Another example is France, where the economic structure is still very different from that of Anglo-Saxon countries, especially because of the significance of the public sector and the role of the state (Antal and Sobczak, 2007). The authors emphasize the historical origins and other reasons such as culture and the Catholic religion for the specific attitude towards CSR, which has otherwise a long tradition in France since 1977. France opposes the voluntary approach to CSR and instead prefers government influence and mandatory rules for companies. On the other hand, in Britain the labour unions are weak and wage dispersion is wide (Midttun et al., 2006) and "explicit" forms of CSR, such as in the USA, are predominant (Moon and Matten, 2008), although some would disagree.

More and more explicit forms of CSR are now present in Europe, too. The reasons could be in the globalization process or in the failure of the welfare state in many countries, which are now facing financial troubles, high levels of unemployment, lay-offs even in the public sector, urban unrest, etc. Companies are called upon to take a more engaged stand in solving some of these problems. The interest is mutual since companies realize that intensified interest in local and national problems, their employees, the environment, etc., could bring better business results as well as keeping the stricter state law at bay. To sum up with Moon and Matten (2008), as much as the Americanization of CSR gains momentum in Europe, there still remain many distinctly European features that produce a kind of mixture of explicit and implicit elements of CSR.

CSR communication as a better mousetrap

Together with the growing interest in explicit CSR, a plethora of authors are trying to prove the importance of CSR communication for achieving a competitive advantage (Lantos, 2001; Maignan and Ferrell, 2004; Parvinen et al., 2007; Wang, 2008). There are, however, few attempts to explain the reluctant stance towards public disclosure of CSR practices in some countries which differ in their attitudes from the predominant Anglo-American view of CSR (Bertolin Antal and Sobczak, 2007). The authors explain the French historical, religious and cultural reasons, while Morsing and Shultz (2006) emphasize the moral reasons of Denmark in comparison with other Nordic countries.

In the following, we will give an overview of different practices of CSR non-communication in European countries that show a different logic from the predominant Anglo-American style of conspicuous CSR communication.

Traditionally, Danish firms were established as socially responsible enterprises with a strong obligation to the development of local communities. They invested in socially responsible deeds as a part of their obligation to society and the environment, without the need to conspicuously communicate about it. A similar situation is also found in a study in Finland, where planned communication about CSR plays a minor role and where all depends on the dialogue with stakeholders (Juholin, 2004). Things are changing nowadays. Many firms are starting to use the imported tactics of conspicuous communication of their CSR (Morsing, 2003). In this article the author particularly addresses the assumption that the consumers should be the primary target of the communication about CSR. Consumer studies in Denmark found that consumers do not want companies to communicate too much about it. CSR can thus become a playground for corporate spin doctors (Morsing, 2003). Not all Nordic countries share the Danish or for that matter Finnish attitude towards conspicuous communications about CSR. Morsing and Shultz (2006) present some empirical evidence from

reputation surveys in Denmark, Norway and Sweden. Their results show that Danes are less accepting of open CSR advertising and PR than Swedes and Norwegians. They prefer more discreet communication in the form of annual reports or corporate websites. There is, however, a strong similarity about the preference of non-communication. Only 10% of the Nordic population holds such a view. Of course attitudes are changing over time, as seen in the opinion change of the Danish public in their acceptance of more conspicuous means of CSR communication.

A similar distaste for CSR communication to the larger public is found in France, too, since it is in conflict with the Catholic culture (Bertolin Antal and Sobczak, 2007). Discretion is deemed more sincere. This belief strongly influences the French legislation on company's social reporting. Reports on CSR must be submitted to work councils and governmental agencies rather than communicated to the general public (Bertolin Antal and Sobczak, 2007: 14).

The American practice of conspicuous communication about CSR is quite the opposite, and we therefore critically chose a renowned American author to question such a practice. Ralph Waldo Emerson (1803–1882) reputedly said, »If you b*uild a better mousetrap, the world will beat a path to your door*«. Actually he wrote in Common Sense, published in 1855, the following: »If a man has good corn, or wood, or boards, or pigs to sell, or can make better chairs or knives, crucibles, or church organs, than anybody else, you will find a broad, hard-beaten road to his house, though it be in the woods« (Cooper and Kelleher, 2001: 176). From a strictly Emersonian view, the authors ponder, persuasion about products, services or ideas would be unnecessary and even unethical (Cooper and Kelleher, 2001). Of course, here the eternal question arises, namely, how does society then come to know that someone has invented a "better mouse trap"?

To further understand the problem of conspicuous communication about CSR we need to emphasize the role of other stakeholders besides consumers that are detrimental to the success of such communication, since "... the more a company communicates about its moral values, the more likely the company is to attract the attention of critical journalists and hereby to put its reputation at stake" (Valentin in Morsing, 2003: 151). Any organization is interwoven in a network of stakeholders, and transcends the legal or formal boundaries of a company. To earn support from stakeholders with various and sometimes conflicting interests, a company has to earn its legitimacy as a constructive player in the ever-changing environment. CSR activities are the contemporary way to pursue environmentally and socially accepted roles. Legitimacy can be achieved by means of either substantive or symbolic management (Ashforth and Gibbs, 1990): deeds and words, therefore. As the symbolic way of gaining legitimacy is much easier and is consequently predominant in modern business, the question about the kind and the magnitude of communication remains open. Ashforth and Gibbs (2001: 185) discuss ways of protesting legitimacy and hypothesize that "the less legitimate the constituents believe the organization to be, the greater the need to gain legitimacy and the greater the effort to gain legitimacy". The greater the effort, the more suspicious it is. The authors label this phenomenon as the "self-promoter paradox" (Ashforth and Gibbs, 1990). The answer to this paradox probably lies in moderate and honest dialogical marketing communications to relevant stakeholders who need to be aware of the company's activities in the field of CSR, but at the same time not to be too aware of them. The authors, in connection with this, quote Martin, who argues that implicit forms of communication are more credible than explicit, and Wortman and Linsenmeier, who claim that protestation is more successful when indirect and subtle (in Ashforth and Gibbs, 1990).

The case of Slovenia

This paper intends to present some socio-political background for the early CSR practices in the state (society) owned enterprises in Slovenia that may contribute to the development of this important field in CSR studies. Slovenia can, in the context of our paper, be regarded as a country with a mixture of Mediterranean, Continental and even Nordic European characteristics and it is specifically known for its egalitarian values, strong welfare or rather social state (Rus, 1990) state, and the relative strength of its labour unions. By analyzing the historical developments in this country, we are introducing the role of politics and ideology into the debate on CSR communication. We believe that ideology, besides cultural, religious and legislative reasons, can also explain the distaste for the spread of conspicuous CSR communication in Europe.

An interesting experiment with the absence of public disclosure of CSR practices took place in Slovenia especially prior to its independence in 1991 (see Golob et al., 2009). A socialist system of self-management distinguished Slovenia and the rest of former Yugoslavia from the real socialistic Eastern bloc countries (Patterson, 2003). A company had to be both socially and economically effective, with the emphasis on the former achieved ideally through a kind of industrial participatory democracy. The formal independence of individual companies was declared, when in fact there was a constant struggle by managers for full implementation of this against the collectivist politics of the ruling (i.e., the only) party. One can find the uniqueness also in the declared social embeddedness of companies as a "conditio sine qua non" of every business endeavor. Again this in fact often proved to be just pretence for the already mentioned collectivistic interests. Although

the experiment of building interdependence between a company and its social environment, seen through contemporary lenses, contained a strong note of social responsibility, at the same time it tried to negate the true (economic) individuality of the company that is a prerequisite of any business systemic function. The role of managers was not in confronting the environmental contingencies but in the strict fulfillment of bureaucratic directives (Bučar, 1989).

Distinctive CSR elements such as care for employee housing and overall but modest wellbeing, the need for development of local and broader community infrastructure, and the obligation to help sporting, cultural and voluntary organizations through donations rather than sponsorship, were massively developed (see also Golob, 2006). At that time, as compulsory practices, socially interconnected enterprises were obliged to share their wealth with broader society (what in practice often meant to support the economic inefficiency of other companies and under developed regions) without conspicuous marketing communications about this. The reasons for such practices were purely ideological and not business-related. CSR was thus considered as self-evident and conspicuous marketing communication would seem redundant. To brag about such good deeds would also be improper and would be interpreted as a technocratic assault on the basic principles of socialist ideology and thus present a serious offence against various written and unwritten laws that would cost managers dearly.

There were some exceptions to the rule of discouraged marketing communication of companies, with the gentle but still bold action of individual managers in Slovenia. These exceptions were manifested through intensive efforts toward individual company excellence, backed by creatively salient marketing communication, the knowledge and production of which was well developed in Slovenia from the mid-60s on, by some companies. The story of this development in Slovenia is one "... of surprising willingness to work against the prevailing Marxist skepticism toward advertising and marketing" (Patterson, 2003: 182). It can not therefore be misinterpreted as a form of ignorant stance toward CSR; the process was not an easy one, since a huge amount of strength was needed to persuade politicians that these services were useful and congruent with the predominant socialist values and at the same time with the interests of the economic system of self-management. Despite the institutional security that came in the 80s with the gaining of a certain amount of legitimacy, the industry could not abandon its defensive posture till the 90s (Patterson, 2003). From these times, the first CSR (ecologic but not societal) related strategic long-term marketing communication campaigns were developed, such as for fruit juice producer Fructal - "in cooperation with nature" in the late 70s, or for the Paloma paper mill - "caring for our natural wealth" in the early 1980s.

After joining the EU and embracing the discontinuous and rather undigested rules of capitalism, things in Slovenia rapidly changed. Disappointed with the poor economic efficiency of the socialist system, the business community then uncritically embraced the idealization of the market economy in its outdated classical form (Bučar, 1989; Golob and Bartlett, 2007). Companies become abruptly disembedded from society and driven by the neoliberal concoctions of the basic governance principles, with the emphasis on the dominant role of stockholders (Friedman, 1970). The main rationalization for such a discontinuity was the concept of the so-called "national interest", connected with the irrational fear of foreign ownership that might tear up the fabric of the social embeddedness of companies that were widely expected to share their wealth with the national or local sporting, cultural, educational, communal, etc., organizations (a role that had, of course, by then already severely deteriorated). This melted with the poor management skills, lack of efficient inspection committees in the state owned companies due to their political placing, and ineffective legislation caused collapse of many reputed companies that were very efficient in the old socialist system. Some of such stories ended in the realization that the so-called national interest was nothing more than the individual or privileged group self-interest of the "nouveaux riches". A reaction to this disillusionment was seen in the born again agenda of memories of the "good old past". But since the concept of CSR strongly resembled the outdated ideas of the self-management system it was and sometimes still is belittled by the financial press (see Kos, 2011).

However, CSR is now slowly gaining popularity in Slovenia, but as for the type of CSR communication, we could establish that implicit CSR is still the prevailing form with a continuing reluctance even to report it. However, research shows that CSR reporting gained pace in the 2000s and is slowly growing, especially at Slovenian "blue chip" companies, mostly due to the needs expressed by the financial community when a company enters the stock exchange (Slapničar, 2004). The Slovene Corporate Governance Code issued by the Ljubljana Stock Exchange is very narrow and primarily aimed at protecting stockholders' rights (Golob and Bartlett, 2007). Without any other official standards for CSR or its reporting in Slovenia, the rationalization given by managers about this subject is often in the claim that they already perform CSR through sponsorship and donations, and that is in their view, the whole story of CSR (Golob, 2006).

Conclusion

CSR is a »categorical imperative« for further development of a market economy. It is the way that enlightened self-interest can become its legitimate engine during the environmental and moral destruction of the world. Despite the victory over (East European) socialism, which simply was not a sufficiently development-oriented concept, it is essential for capitalism to change itself, too, to fall into the space left vacant by its recent opponent. With that, classical capitalism is condemned to lose its identity - to become something else.

CSR when substantively performed in practice need not be explicitly and conspicuously communicated in order to achieve the trust of stakeholders and thus superior business results. A self-evident approach is also another efficient and credible option that has to be taken into consideration, especially in parts of the world where globalization is still "incomplete" and where historical, religious, cultural, legislative and ideological reasons demand restraint in CSR communication. Non-communication or more realistically silent communication of CSR, in the context of a self-evident approach, is not however, an excuse for hiding the absence of CSR, as some might assume, since deeds speak for themselves. When, eventually, CSR grows into a necessary part of new business "social contract" self-evidence could become a universal approach, even a norm for the future.

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