

CORPORATE SOCIAL RESPONSIBILITY AND MASS MEDIA: LATVIAN CASE

Laura Lielgaidina¹, Laima Berzina², Ineta Geipele³

¹Riga Technical University, Latvia, laura.lielgaidina@inbox.lv

²Riga Business School, Latvia, laima.berzina@gmail.com

³Riga Technical University, Latvia, ineta.geipele@rtu.lv

crossref <http://dx.doi.org/10.5755/j01.em.17.1.2287>

Abstract

Being socially responsible is actual topic for all organizations today. More and more companies worldwide subscribe to the principles of corporate social responsibility (CSR) and a significant number of organizations have made public commitments to the financial, social and environmental impact of their operations. However CSR promotion in Latvia is on the stage of development and media plays significant role explaining CSR significance to society and providing with information about benefits of CSR activities. Unfortunately there are still several misconceptions on media side about CSR activities and importance.

The study focuses on the lack of media understanding and support in promoting CSR activities done by organizations. In the paper authors have described several cases which show issues regarding promotion and communication of CSR idea, best practices of companies and benefits society could receive from activities related to CSR. The authors have also described theoretical aspects of CSR, approach to sustainability and importance of sustainability measurement tool "Sustainability Index".

Keywords: corporate social responsibility, CSR, mass media, sustainability, sustainability index.

JEL Classification: M14, Q01.

Introduction

At the moment when Corporate Social Responsibility (CSR) is only on the stage of development in Latvia, media plays significant role. Thus any misconception on media side creates obstacles in promoting and explaining CSR significance to society, as well as providing society with information about benefits which could be received as a result of CSR activities.

There are some views on CSR topic which differs from the ones usually defining CSR. In Latvia widespread is assumption that CSR is only one of marketing and Public Relations (PR) activities in order to promote company and its products. Although it can be agreed that good CSR practices improves companies image it should be stressed that it is not the main aim of CSR. Of course companies wouldn't be interested in CSR if they wouldn't gain any benefit for themselves. However CSR is more about win-win situation, when company creates benefits not only for itself but also for society.

The objective of the paper is to explore and describe main issues of Corporate Social Responsibility promotion in Latvia especially considering cooperation between companies and mass media.

Methods applied to reach the goal are as follows: case study, monographic, logical, analytical, descriptive research and interviews. Main research sources include unpublished documents (files) of companies and associations, experts' opinions as well as information from Internet resources.

Theoretical background

There has been developed several definitions about CSR already since the middle of 20th century, nevertheless it is difficult to define it in one sentence due to spaciousness of the topic. If defined very concise CSR could be considered as an activity or complex of activities to ensure companies sustainability. And sustainability is what matters in building successful business, where all the involved stakeholders gain benefits.

The European Commission has defined 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". CSR at least covers human rights, labour and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption.

However considering difficulty to define and measure CSR it is in a way difficult to implement it and explain to society. Lately there have been developed tools which help in measuring CSR in longer term. GRI or global reporting initiative is a tool for measuring corporate social responsibility. GRI works towards a

sustainable global economy by providing organizational reporting guidance. It is a form of value reporting where an organization publicly communicates their economic, environmental, and social performance. In Latvia tool which measures company's performance of CSR is "Sustainability Index" („Ilgtspējas indekss"). This is a strategic management tool that provides enterprise performance assessment in all aspects of corporate responsibility in line with international standards.

In each section within the SI the following aspects are evaluated: the Management (policies, processes, principles, objectives, etc.) is weighted at 30%, Integration (decision making, responsibilities, education, stakeholder engagement, reporting) at 25%, and the Performance and Impact at 40%. Weighting is also attributed to Assurance (certificates, awards, etc.), which have a weighting of 5% in total.

Sustainability Index:

- helps companies to develop, implement and evaluate a responsible business practice;
- helps to integrate corporate responsibility principles in the business strategy;
- provides an important analysis, indicating the most successful performance and also the spheres that need to be improved;
- offers the opportunity to keep track of the performance dynamics and compare it to the results of other companies;
- provides an opportunity to use the index results in the company's communication.

"Sustainability Index" is GRI based but adapted to local environment. "Sustainability Index" in Latvia was introduced in 2009 and the first evaluation of companies was given in 2010. There were 70 companies participating (50 in 2011), which is clear proof that CSR is known for enterprises operating in Latvia, however not for very many.

Regarding information related to already about "Sustainability Index", experience from last event shows that there is no interest from mass media to promote such events. There were very few companies from mass media side who provided with information about the results of "Sustainability Index". At the same time those who did not publish any information about "Sustainability Index", are very active in publishing, for example, information about accidents at work places. There is either lack of understanding or lack of willingness to understand CSR idea, and see that successful implementation of some of CSR activities would help to avoid mentioned and quite often published accidents at work places.

In Latvia apart from "Sustainability Index" importance of issue has been promoted mostly by international companies operating in Latvia as well as several international organizations like American Chamber of Commerce (AmCham) and Norwegian Chamber of commerce. Promotion has been done through leading by sample and by organizing several seminars. However as AmCham indicates there is still a long way ahead to overcome some common misconceptions about CSR. According to Arjan Tupan, Co-Chair of the AmCham CSR Committee, „The biggest question for Latvian companies still is not only what CSR is, but more what it can do for them, apart from being a marketing term pushed on Latvia by foreign companies”.

According to European Union strategy 2011-2014 for Corporate Social Responsibility the development of CSR should be led by enterprises themselves. Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example, to promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability. Enterprises must be given the flexibility to innovate and to develop an approach to CSR that is appropriate to their circumstances. Many enterprises nevertheless value the existence of principles and guidelines that are supported by public authorities, to benchmark their own policies and performance, and to promote a more level playing field. Trade unions and civil society organisations identify problems, bring pressure for improvement and can work constructively with enterprises to co-build solutions. Consumers and investors are in a position to enhance market reward for socially responsible companies through the consumption and investment decisions they take. The media can raise awareness of both the positive and negative impacts of enterprises. Public authorities and these other stakeholders should demonstrate social responsibility, including in their relations with enterprises.

Approach to sustainability

Sustainable development was defined in 1987 by the World Commission on Environment and Development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". This definition, which has become widely accepted, implies that

sustainable development requires maintaining a balance between improving human well-being and preserving the planet, as it is not possible in the long run to maintain economic and social development without access to healthy ecosystems with the ability to recycle waste products.

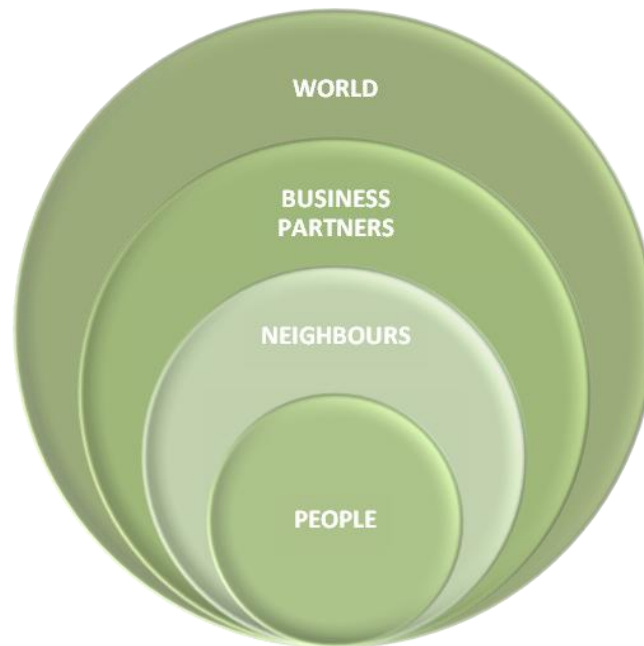


Figure 1. Stakeholders¹

Stakeholders are the people who influence or are affected by business. Four groups of stakeholders are engaged in addressing sustainability impacts (Figure 1):

1. **People:** employees and their families. They are engaged in various ways including training and development programs, internal magazine and intranet, employee engagement survey, management site visits, and dialogue sessions.
2. **Neighbours:** communities near operations, including local governments and non-governmental organizations (NGOs). The goal is to be a good neighbor by understanding their concerns and responding to their feedback. Whenever it is possible to hold open-house days and site visits, community meetings and advisory panels, as well as volunteering and community development programs.
3. **Business Partners:** suppliers, contractors, distributors, customers, and investors. It is highly evaluated to cooperate with a high proportion of locally-based suppliers. Communication with distributors of products through specially designed networks and keeping in close touch with customers through the delivery of quality products that enhance the sustainability of their projects, meetings, service centers, and satisfaction surveys. Aim is to be the business partner of choice.
4. **World:** representatives of society at large, such as environmental and other interest groups, governments and regulators, universities, and the media. Partner with civil society organizations to increase the effectiveness of our sustainability activities and advocate positions on regulatory and public policy issues directly with regulators as well as through trade associations. Aim is to be a good corporate citizen.

More detailed illustrative explanation of these groups is shown in Figure 2.

¹ Sustainable development report



Figure 2. Types of Stakeholders²

Social responsible enterprises set goals to be the enterprises of choice for each of key stakeholder groups. This is why it is often talked about the three building blocks of sustainability. First, competing effectively in the marketplace. Second, reducing impact to environment. And third, reaching out to better engage stakeholders: neighbours, business partners, customers and, of course, each other. These three building blocks represent the “how” of sustainability (Figure 3):

- Continuously increasing competitiveness. This means improving operational excellence and efficiency, and following high ethical standards to achieve long-term sustainable growth. Offering innovative products and services for a sustainable, energy-efficient industry also increases competitiveness.
- Reducing the negative impacts of operations. This means providing a safe and healthy workplace, as well as minimizing environmental footprint and inconvenience to neighbours. Doing so helps building positive, long-term relationships with stakeholders. It is essential to encourage business partners to take the same approach.
- Reaching out key stakeholders whose support is crucial for to succeed. Creating long-term relationships with these groups increases competitiveness and helps to find new ways of reducing impacts.

This is approach how to create „SMART WORLD TOGETHER”.

² Communication and Stakeholder Involvement Guidebook



Figure 3. Approach to sustainability³

It is necessary to enhance the sustainability of business. This means different things to different people. For customers, it means offering innovative value propositions in every market company serves. For the communities in which company operates, it means being a good neighbour and a good environmental steward. For employees, it means striving for zero-accident work environments, providing competitive compensation and benefits, and offering exciting career development opportunities. Company will only prosper if its stakeholders prosper (Zambrano, 2011). It means continuously improving the way companies do business to ensure that they sustain success, and do it in a way that our planet can continue to sustain us, and generations to come.

Results of research

Situations described below shows lack of media understanding and support in promoting CSR activities done by companies. The below mentioned cases will also prove above mentioned assumption that there are still several misconceptions on media side about CSR activities and importance.

The company which has been one of stakeholders in further described cases is building materials producer which operates worldwide including Latvia. Along with basic business activities, company attaches great significance to corporate social responsibility by implementing various projects dedicated to promotion of social welfare and environment protection as well as secure, healthy and safe work environment for employees and subcontractors.

Opportunity Fund, Bird days and Sustainability Index are only some of the cases where company has faced lack of mass media support, however these are the cases which are supposed to be important not only for company but for society. Therefore media support is in interest of much wider public than only the company, because as a result of successful implementation of projects related to CSR activities society would receive many benefits.

Opportunity Fund is an initiative with the aim to support the development of region. Opportunity Fund finances several projects several times a year submitted and evaluated by local society. There are written press releases when fund is opened for applications, about progress and results. However press releases are published only by local newspaper. No interest is showed from other media. As a result information availability is limited and those who could be interested in opportunity provided by fund do not receive information.

Bird days and Euro Bird watch are events organized in cooperation between company and Ornithology association. Event is organized in order to educate society about nature and protect diversity of it. There are excursions for kids free of charge as well as opportunity for everybody else to go in nature together with professionals and get to know more about diversity of birds. Mass media is not willing to take

³ Building a smart world together

their own part in CSR and in place to support promotion of such activities are requesting to pay for each article which promotes and communicates activity if it is told that activity is in cooperation with company. Such requirement from side of mass media limits information availability to society and promotion of best practices.

Here also should be mentioned that it might be in interest of media just to ignore topic and stick to their assumptions as the way CSR now is treated by them gives for media opportunity to earn additional profit. This has been done first of all through making to pay for information publicity to those who see it as important and necessary for society and is ready to decrease own profit. Other reason why media might not be interested in promoting CSR is assumption that people are more interested in bad news than in good ones. Thus they might think that society won't be interested in information provided about CSR and they will lose their customers if not providing with what expected.

Nevertheless while media will look on CSR as PR activity information availability about benefits and best practices will be limited. As media thinks this is the way how companies are increasing their profit, media feels like it deserves also some share from those profits.

There is lack of information for this paper about cooperation between companies and mass media in other countries regarding CSR. Such information would be useful to be used for developing plan how CSR should be communicated and how cooperation with mass media should be developed in order to achieve highest benefits for all stake holders.

A successful sample on CSR promotion is Poland. There is established nongovernmental organization which provides in-depth focus on the concept of corporate social responsibility. Their mission is to make the idea of responsible business widespread as a standard in Poland in order to increase companies' competitiveness, to satisfy society and to improve the state of the natural environment. Unfortunately there is no information how works cooperation between organization and mass media.

Currently in Latvia is missing such organization which would be responsible only for coordinating CSR activities. As already mentioned there are several organizations which take some initiative however their main business/focus is not CSR promotion. Establishment of such organization as in Poland would increase society awareness and would attract more interest from the side of mass media.

However while there is no such an organization, local companies and other organizations should take some initiative in educating mass media about CSR. The best way would be to start gathering and evaluating information about best practices in other countries. Further on some plan should be developed and more active cooperation with mass media should be started.

Conclusions

Analyzing CSR promotion in Latvia, following conclusions were made:

- Companies who pay significant attention to CSR has faced lack of mass media support and understanding about CSR which has resulted in problems to promote and communicate idea of CSR, best practices of companies and benefits society could receive from activities related to CSR.
- The main problem in above described cases is misinterpretation of the CSR idea, which arises from the lack of understanding and probably lack of information as topic is new and not well known for large part of society. In order to solve the problem it is important to understand the main assumptions and how people see and understand this topic. Especially important is to understand mass media point of view as they are powerful tool for educating rest of the society.
- Also important is to find out people assumptions about other people understanding of CSR as their own thoughts might be influenced by these assumptions.
- It is necessary to explain to mass media the main idea of CSR and its importance. It also should be explained to them how important their role in educating society is.
- The changes in decisions taken by mass media will not happen if they will not feel the need for that from the side of society. Also should be considered that changes will happen only if majority will follow that.
- It has been observed that in seminars organized about CSR mass media is not actively participating. Nevertheless it could also be fault on the side of those who are organizing events as it might be that mass media do not have enough information available. Therefore other step which could be taken by those promoting CSR is more work on involving mass media in events.

- In conclusion it can be said that mass media is just a part of our society which reflects current situation in Latvia – lack of information and understanding of CSR and some resistance to accept new. Therefore mass media the same as the rest of the society should be educated and this is in the hands of those who not only knows more but also cares about society and its future in the long term.

Acknowledgment

This work has been supported by the European Social Fund within the project «Support for the implementation of doctoral studies at Riga Technical University».

References

1. Bernhut, S. (2002). Corporate social responsibility, with Pratima Bansal. Ivey Business Journal March/April 2003. Retrieved: http://wwwold.iveybusinessjournal.com/view_article.asp?intArticle_ID=375
2. Building a smart world together (2009). A practical guide to sustainability, p.20. Retrieved: http://www.cemex.com/pdf/SDR2009/CX_SDR2009_eng.pdf
3. CEMEX supports local communities (2011). American Chamber of Commerce. Retrieved: http://www.amcham.lv/index.php?kd_id=256
4. European Commission (2011). Communication from the Commission to the European Parliament, the Council, the European economic and social committee and the Committee of the regions. Retrieved: http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf
5. Gretchen, H. (2002). Communication and Stakeholder Involvement Guidebook. Battelle&ERM, p.73.
6. Our Common Future (1987). The Report of the World Commission on Environment and Development. United Nations World Commission on Environment and Development, Oxford University Press. p. 416.
7. Social investment guidelines (2009). Unpublished material. p.8.
8. Sustainability Index (2010). Retrieved: <http://www.ilgtspejasindekss.lv/page.php?id=21>
9. Sustainable development report (2009). Full version, p.82. Retrieved: http://www.cemex.com/InvestorCenter/files/2009/CX_SDR2009_full.pdf
10. Sustainable Use and Management of Natural Resources (2005). EEA report, Volume 9, Issue 2, pp. 72. ISSN 1725-9177
11. Wilson, M. (2003). Corporate sustainability: What is it and where does it come from? Ivey Business Journal March/April 2003. Retrieved: http://wwwold.iveybusinessjournal.com/view_article.asp?intArticle_ID=405