

# The scope and limit for the development of corporate social responsibility in the Baltic States as a strategy of corporate communication



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**ABSTRACT:** Corporate social responsibility (CSR) is a comparatively new term in the Baltic States' business vocabulary. The value of the present study is the customer approach. The study examines stakeholders' attitudes in Baltic States towards CSR activities of companies. The systematic examination of the current state of CSR development from the perspective of corporate communication and consumers will benefit the overall understanding of what the role and value of CSR is in the Baltic States. The study aims at defining the current point of CSR development with its characteristics, qualities, perspectives and tendencies. This would further enhance the understanding of future perspectives — scopes and limitations — for CSR development in the Baltic States. The empirical study uses a survey questionnaire as a research tool. The survey took place in the period of February–March 2010. The sample of the study is opinion elite (persons in society who comment on different societal aspects in the media: opinion journalists, politicians, business leaders, 3rd sector leaders, expert associations, etc.) in the Baltic States. A study will give an insight into the present and future tendencies of the development of CSR. It will also give a perspective for corporate communication practitioners about CSR and how it works in a post-communist society, as a strategy for organizational communication and reputation building.

**KEYWORDS:** corporate social responsibility (CSR), corporate communication, Baltic States, consumers, stakeholders, opinion leaders



## INTRODUCTION

The last decade of the twentieth century was significant for the Baltic States, both for society and the market. In 1989 the Baltic States regained their independence from the former Soviet Union and became democratic states with a free market and unlimited opportunities for service and product development. The market in the Baltic States, similar to other Eastern European countries, has gone through tremendous changes and rapid development. The adaptation to Western-style economies and their standards was very fast. This was accelerated by the aim of many

countries to access the European Union. For that, many criteria were set and objectives fulfilled. Eastern European democracies in 20 years of development often went through stages that required many more years for an average Western economy. As members of the European Union (EU), the Baltic States are developing largely according to EU standards. Yet the countries of Europe are not homogeneous structures, therefore national differences and peculiarities, as well as historical backgrounds must be taken into consideration.

Corporate social responsibility (CSR) is a comparatively new term in the Baltic States' business vocabulary. According to Anand,

more and more corporations are slowly realizing that companies today have a much larger role to play in the communities in which they operate — and that it is crucial for them to devote some amount of their time, energy and resources to impact the lives of the less fortunate. These efforts will go a long way in building up the goodwill of a company, altering public perceptions, and communicating to the government, company employees, shareholders, customers, and the media that it is a company that can be trusted, and therefore a company others would respect and want to do business with (2002, p. 74).

Because CSR allows the communicating with and reaching out to so many target groups of an organization, it is considered a useful strategy of an organization. Yet at the business and political level corporate social responsibility is a new and under-researched term. Though during the last ten years this concept has gained attention from the media, researchers, practitioners and decision makers of various fields, the first official policy papers in Europe were introduced only at the beginning of this century. The most important of them is the Green Paper "Entrepreneurship In Europe" by the European Commission, issued 21 January 2003 (European Commission, 2003).

The rapid development of the Baltic States in all fields of the economy has led to impressive results in terms of market stability and growth and the well being of all of the Baltic countries and societies. But rapid development has also brought a variety of side effects, as poor conceptual understanding of CSR, cultural and behavioral influences from the Soviet past, and a lack of resources to practice CSR.

In the modern world CSR has been somehow introduced in almost every democratic country in Europe, but information on the state of its development and influence is still chaotic and often unclear. In terms of this research, CSR is regarded as a corporate communication strategy of organizations. Therefore it involves several parties, broadly defined as:

- an organization with its management and employees,
- shareholders and investors of the organization,
- stakeholders of the organization,
- media organizations themselves.

The opinion of each of these groups influences the way CSR is performed and helps to define the study results. Yet the opinion of each of these groups is often under-researched both in European countries as well as in the Baltic States.

## **BACKGROUND AND DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY IN THE BALTIC STATES**

It is almost impossible to define when CRS as a concept and as a business strategy was introduced in the Baltic States. As there are no institutions or organizations that could deal with CSR issues as well as there are no organizations which have defined implementation, research and data about CSR in the Baltic States among their main objectives. Publications on CSR as well as a growing demand for conferences and seminars on the issues of CSR can be used as one of the indicators that define the beginning of the CSR “movement” in the Baltic States. According to these indicators (indicators which can define the beginning of CSR, for example an organisation’s public messages in the media about their CSR activities, CSR Annual Reports or organizations Environmental Reports, also different stakeholder oriented activities (campaigns) connected with CSR style thinking in the organization’s strategy and tactics, etc.), corporate social responsibility in the Baltic States was introduced at the very beginning of this century. Yet some episodic and occasional CSR projects and initiatives had been conducted already since the middle or the end of the last decade by large corporations for example the Estonian Energy Company, in 1998, and some international companies who invested in the Baltic States and who started their business in the new Baltic market.

In September 2001 the United Nations introduced the Global Compact for enterprises in the Baltic States. The Global Compact is a worldwide initiative introduced by United Nations’ Secretary-General Kofi Annan in January 1999. The aim of this initiative is to advance responsible corporate citizenship, so that business can be part of the solution to the challenges of globalization. The initiative brings UN agencies, labor and civil society together to support nine principles in the areas of human rights, labor, the environment, and anti-corruption (UN Global Compact, Online).

Despite different communication and information efforts of the participants of the Global Compact in the Baltic States, there is a limited number of companies who have joined the Compact now. “All business in a democratic country begins with the public’s permission and exists by public approval,” wrote one of the first public relations experts, Arthur W. Page from AT&T back in the beginning of the last century (Clark, 2000, p. 364). This is only one of his insights that still carry importance for many of today’s corporate communication and CSR experts.

CSR has already been on the agenda in many Baltic States-based corporations, organizations, non-governmental organizations (NGOs), public relations or corporate communication consultancy firms and professionals for a few years. Some organizations consider CSR as an integral part of their activities, while others measure CSR only as a marketing tool or even consider it as an unnecessary luxury for a business.

Although the influence of CSR on businesses is not clear, public relations and the corporate communication field have already integrated this concept as a part of the reputation building process. There have been debates in society about whether CSR really fulfills its role for the sake of society or is it merely for appearance and a marketing trick of businesses. The other debate in the Baltic States is important both for the corporate communication field and business — does CSR change the attitude of stakeholders and customers towards the company?

## **TOWARDS A DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY**

Introduced several decades ago, corporate social responsibility is still lacking one, broadly accepted definition. The term is explained differently in various sources. For instance, some definitions focus on external groups of a company, while others emphasize its internal environment. Moreover, some definitions deal with stakeholder interests, while others refer to wider perspectives — local community, environment, society, etc.

Traditionally a concept of CSR differs slightly between European countries and the USA. In the USA, social responsibility has focused more on a philanthropic model. In this model, companies make their profits according to the legal demands. Afterwards they donate a part of their profits to different issues of public concern not requiring any benefit in return. In Europe CSR is being defined as a part of business operations. The European model focuses on CSR as a part of core business, stating that socially responsible companies not only donate some profit to society. Instead they operate in a socially responsible manner. This is a way a company may and must invest in the community. Another difference between the USA and Europe exists in terms of perceiving CSR. Corporate social responsibility in Europe emphasizes the working environment and employees, while in the USA more attention is devoted to the role of the company in local community and environment (Baker, 2003a; 2003b; 2004).

One of the definitions given by The World Business Council for Sustainable Development in its publication *Making Good Business Sense* states that “Corporate Social Responsibility is 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 the local community and society at large” (cited in Baker, 2004). This definition emphasizes the contribution of business to its internal and external interest groups without specifying any means of achieving this contribution. The definition is based on the assumption that CSR is a commitment, while other definitions refer to CSR as a concept or practice. Yet another definition focuses on the voluntarism and CSR as a way for a company to communicate and demonstrate its internal values. For example, the Center of Non-Governmental Organizations in Latvia has defined CSR as “good business practice, which demonstrates corporate values and principles and shows that an organization

has voluntarily included social, environmental and human values in its everyday operations and in relationships with stakeholders — employees, clients, partners, local community and others” (Ziedot.lv, online).

The definition presented by the organization CSR Europe focuses on CSR from its value generating aspect, and therefore it defines CSR as a process of “how a company manages and improves its social and environmental impact to generate value for both its shareholders and stakeholders by innovating its strategy, organization and operations” (CSR Europe, 2000, p. 7).

In the European Union, the European Commission has put in an effort to define and to harmonize the perception of CSR among its member countries. The European Commission has designed its own definition of CSR and it says that CSR is “the concept of organizational activity which helps the organization to voluntarily integrate social and environmental aspects in its everyday activities and operations as well as in co-operation with stakeholders” (Social.lv, online). The European Commission gives also another, more concise definition of 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” (European Commission, 2003, p. 7). In order to avoid a faulty presumption of the term “corporate social responsibility” as applicable only to large corporations, the European Commission has introduced a new term called “responsible entrepreneurship.” Responsible entrepreneurship is a synonymous for CSR in the small and medium enterprise sector.

The European Commission defines responsible entrepreneurship as the way “to run a business . . . , that enhances its positive contribution to society whilst minimizing negative impacts on people and the environment. It means the way in which entrepreneurs interact with their stakeholders on a daily basis: customers and business partners in the marketplace, employees in the workplace, the local community and environment” (European Commission, 2003, p. 1). According to this concept, responsible entrepreneurs should follow five basic guidelines:

1. Treat the customer, business partners and competitors with fairness and honesty,
2. Care about the health, safety and general well-being of employees and consumers,
3. Motivate their workforce by offering training and development opportunities,
4. Act as “good citizens” in the local community,
5. Respect natural resources and the environment (European Commission, 2003, p. 1).

All the above-listed definitions have a number of similarities. Summarizing core concepts of all these definitions, the following explanation of what corporate social responsibility is may be outlined. Corporate social responsibility is a concept or strategy or every day practice of the company regardless of its size. The company, apart from operating in a legal manner, reacts to demands of its internal

and external stakeholders and voluntarily contributes to solving different public, environmental, human or other issues. By doing this, a company communicates its values, ethics and principles that are part of its core business.

## **THE SIGNIFICANCE OF CORPORATE SOCIAL RESPONSIBILITY FOR A BUSINESS**

The primary goal of any business activity is their profit making. From the perspective of owners and CEO's of companies, CSR is valued for its impact to profit. In 2003 two independent studies were launched in order to examine the attitudes of executives towards social responsibility. The first survey was launched in Davos during the World Economic Forum, while the other was launched by the public relations firm Hill & Knowlton.

The later study revealed that most of the surveyed executives believe that the main objective for managing corporate reputation and being involved in socially responsible activities is to increase sales, in some cases also to promote a strategic partnership. Among the groups that influence this process, CEOs mentioned customers (60–90 per cent), employees and NGOs. The Davos study also showed that companies believe in corporate social responsibility as more important in the future, although they do not specify time and resources companies are going to invest in CSR initiatives (Baker, 2003b). Yet, the investments largely depend on the demand of stakeholders towards the businesses.

APCO Worldwide in 2004 launched a Global CSR Study in order to find a connection between opinion elite's perception of CSR and their behavior. The study was based on the premise that communicating about CSR means talking to people who listen. Therefore the study surveyed 419 representatives of the so-called opinion elite, which, according to APCO, forms up to 10 per cent of each society. Opinion elite is defined in terms of media consumption, interest in public policy and civic participation (Apco, 2004a). According to the results of this study, opinion elite is receptive and responsive to pro-active communication of an organization about its CSR initiatives. Moreover, such communication directly influences their decision forming and impacts behavior. For example, respondents said that they have purchased (72 per cent) or recommended others to purchase (61 per cent) products or services of a socially responsible company. Such positive information has a slightly greater impact on behavior than negative news about a company. As a response to negative news, 60 per cent of respondents have stopped buying and 53.2 per cent have recommended others to stop buying products or services of the company (Apco, 2004a). According to this study, public opinion companies may act responsibly because of their business interest as well as pressure from internal and external groups. Media and government, followed by non-governmental organizations, customers and employees are recognized as stakeholders that put the most pressure on the company to behave responsible (Apco, 2004a).

While there is an ongoing debate about the impact of CSR on the attitude and behavior of stakeholders, in practice companies often lack a long-term strategy in terms of their CSR initiatives. The long-term perspective is one of the aspects that differentiate companies that are adapting community programs, ethics, values and CSR strategies in order to respond to external demands and pressure from companies that use CSR to express their core values and policies. The first are often referred as “compliance CSR” while more fundamental and correct second ones are referred as “conviction or values-led CSR” (Baker, 2003a; 2003b).

The observed lack of long-term perspective of companies towards CSR is in conflict with the overall attitude of almost 79 per cent of fund managers and analysts who consider the management of social and environmental risks as a positive impact on a company’s long-term market value, but no short-term impact. This attitude was revealed by the survey of European fund managers, financial analysts and investor relations officers “Investing in responsible Business” in 2003 by CSR Europe, Deloitte, and Euronext. Another finding of this survey shows that there is a strong belief of the sample group that CSR will be a significant factor in any investment decisions in the nearest future (52 per cent fund managers/analysts, 47 per cent investor relations officers) and that companies will voluntarily integrate better social and environmental practices in their business operations (95 per cent) (CSR Europe, 2000, p. 5).

## **RESEARCH QUESTIONS, METHODOLOGY AND DATA COLLECTION**

The main research question of this paper is:

What is the scope and limitation of corporate social responsibility as a strategy in corporate communication if the influence of CSR on the value and image of a company is analyzed from the perspective of potential consumers?

In order to answer the main research question, the author should answer a number of subquestions including: Is there a perspective for corporate communication in the sector of corporate social responsibility? Are potential consumers interested in and informed about the CSR activities of companies? What challenges corporate communication may expect concerning corporate social responsibility? What limitations corporate communication may have concerning corporate social responsibility? What factors influence the role of corporate communication in corporate social responsibility?

The goal of current research is to describe and analyze a perception and attitude of opinion leaders who are also potential consumers of different businesses in the Baltic States towards corporate social responsibility. Empirical research conducted as part of this work aims to collect attitudes and opinions about corporate social responsibility among opinion elite in the Baltic States. The process of collecting information for the research has a descriptive nature with an aim of drawing a picture of the current situation. The findings of the research illustrate and describe

what socially and economically active consumers in the Baltic States know, think of and consider important regarding corporate social responsibility, responsible companies and how it influences their attitude formation and behavior.

The research tool used in the study was an e-mail (250 e-mails in every country, where the selection principle was the respondents' activity in the media in the previous 2 years in the opinion stories section of main daily newspapers in each Baltic country) questionnaire. This method was chosen as appropriate for the research due to several factors. The advantage of this method is its low costs and potential to contact a large number of potential respondents. Yet, the disadvantage is the difficulty of calculating the exact number of questionnaires distributed and people reached. The questionnaire was chosen as a method for the research because it was the most appropriate survey type that allowed the collection of varied information from the respondents. Yet, the questions were similar to all the respondents in every Baltic State country (Lithuania, Latvia and Estonia) that gave a chance to compare answers and evaluate tendencies.

The present research questions in the survey questionnaire repeated and combined the questions from two different sources. The first source is the first pan-European Survey of consumer's attitudes towards corporate social responsibility conducted by CSR Europe in co-operation with Mori in September 2000. The second source is the global CSR survey conducted by APCO Worldwide in spring 2004. The questions and answer possibilities were taken exactly from both surveys, mixed and put in an order to suit the particular research.

The questions of the survey were multiple-choice questions. In order to include any possible reaction or answer of respondents different from the given choices, most of the questions offered the possibility of expressing the opinion under the "other" choice.

The sample population of the research is opinion elite in the Baltic States. Opinion elite is described as the most active and informed segment of society, in terms of social and economic activity, media consumption and influence on decision making of other social groups. According to APCO Worldwide observations, opinion elite form up to 10 per cent of each society (Apco, 2004a). The opinion elite is chosen as a sample population for the research for two main reasons. Firstly, this group is active in its own attitude and opinion defining and forming as well as behavior change. Secondly, this group actively communicates with other groups and more than others influences the decisions, attitudes and behavior of their peers.

In the case of corporate social responsibility, the opinion elite is a very important group that is or may be the most informed and active group in reacting to the social activities of the company and responding with changes in their behavior. Considering the small-scale nature of the research the expected size of sample could vary. From 30 to 250 respondents (Denscombe, 1999, p. 24) were expected to participate in the research to consider it reliable. The author of the present paper aimed to achieve a response to the survey between 100 and 200 respondents in every Baltic country.



To identify sample, a number of sample requirements were defined for the survey. Sample representatives should match the following criteria:

- aged between 30 and 50 years,
- monthly income above ~ EUR 300,
- working and/or living in the capital cities of the Baltic States,
- Internet users.

In the analyses of the survey results, the education level of the respondents was considered as well.

In order to maximize the objectivity and reliability of the research, quote sampling elements were applied to achieve the representative of the sample. A sample had to represent the chosen population and its proportions (Fink, 1995). The population studied was divided into subgroups according to their gender and age. The proportion of people in each subgroup had to be reflected in sample proportions (Fink, 1995, p. 69). The chosen sample consists of proportions close to 50 per cent male and 50 per cent female respondents. The respondents were divided into four age groups: 30 to 35 years, 35 to 40 years, 40 to 45 years and 45 to 50 years. Each group formed close to 25 per cent of the total sample.

Non-probability sampling was used in the survey. According to this type of sampling some members of the sample have a chance of participating in a survey while others do not (Fink, 1995, p. 68). This strategy was used due to the fact that the chosen sample is a quite specific group. Considering the social and economic activity of the prospective respondents, their openness and availability for traditional survey tactics was called into question. In addition, neither of the available data basis contained the sample population necessary for the survey goals. Both of the arguments preferred non-probability sampling over probability sampling (Fink, 1995, p. 17).

Finally, the snowball sampling method was adopted for the survey. This method relies on identified members of the sample that participate in the research and afterwards suggest other potential respondents appropriate for the sample requirements (Fink, 1995, p. 19). The sampling started from 10 respondents and each of them was asked to identify between 5 to 10 other respondents. Research was conducted between 25 February and 15 March, 2010. During this time period 350 filled questionnaires were received from all the countries in the Baltic area.

## **FINDINGS AND DISCUSSION**

The aim of this work was to answer the question as to what the future possibilities — scope and limitations — are for corporate social responsibility in the Baltic States as a concept or strategy in corporate communication work. The study concentrated on the picture that was created from the perspective of opinion elite in Lithuania, Latvia and Estonia.

The current state of development of corporate social responsibility in many ways is similar to the situation in other European countries. Respondents are informed about the existence of corporate social responsibility, yet often they are not confident about what exactly this means, and what to demand regarding the social responsibility of companies. Intuition often tells them what to expect from a socially responsible company, and in their mind this is often connected with the positive image and attributes of the company. Yet, the link between a company and public benefit is quite weak — respondents of the present study often consider social responsibility as an extra benefit rather than a norm for company operations.

In this case the author considers that the development of CSR in the Baltic States will follow a similar pattern as in other developed economies of Europe and will not have deep post-communist influences anymore.

### **The demand for social responsibility will increase the demand for corporate communication**

Present research results show that more and more companies in Europe turn to CSR as a means for communicating with their stakeholders, because stakeholders expect and react to it accordingly. The study clearly indicates that demand for socially active and responsible companies in the Baltic States will increase. This means that demand for CSR consultants and implementers will increase. Consumers expect from companies to be more socially responsible than they are. Potential consumers notice changes but expect them to be more radical.

In line with the study results, the author sees several tendencies in the market that will fasten the appreciation of CSR among companies. There are more and more international companies entering the market of the Baltic States. Many of them have a history of practising and communicating CSR. This means that potential consumers get more information and factors for comparison and the decision making process. In the case of tight market competition where all the other variables are very similar, CSR may become a crucial factor in customers' decisions.

Another important factor is the economic well-being of the country. As the income level of consumers in the Baltic States increases, decision-making increasingly will focus on added-value factors rather than basic financial considerations. Currently consumers regard product and service as the main factors for evaluating the company. It would be only well grounded if these factors would keep their leading role. Meanwhile, the social factors are those that make a difference between very similar products.

### **Corporate communication would play an important role in the development of CSR in the Baltic States**

Although the author considers corporate communication and corporate social responsibility as two separate fields, in the Baltic States probably more than in the other (bigger) European markets, these fields will largely overlap and contribute to

each other. This is due to the small market size of a country. In corporate communication and communications in general there is no strong differentiation of products and specialization. Therefore corporate communication may take an important position in contributing to the CSR field. The author considers several functions of corporate communication as very important in the nearest future which would assist the development of CSR. These are:

- communication,
- education,
- quality maintenance,
- cooperation.

### **Corporate Social Responsibility may serve as a positive impulse for the development of the corporate communication field**

Increasing demand for corporate social responsibility in companies should enhance the corporate communication field in general. Currently, the corporate communication field in the Baltic States focuses on certain functions. At the same time some corporate communication aspects are underdeveloped and inactive. One of them may be the internal communication of companies. Considering the fact that consumers in the Baltic States primarily expect CSR to be applied internally — for the employees — as well as the tendency of consumers to believe that the employees may be the best way of the company to communicate its CSR, the role of internal communication will increase. The demand for such services will increase due to three main factors:

1. Consumers demand it already,
2. Considering the small size of the Baltic States and their markets, word-of-mouth advertising often is the most influential and employees are the best channels for a company to spread this message,
3. CSR is efficient and real only if an entire company lives with it. The role of corporate communication would be very crucial to communicate with employees and make them live with the corporate message.

### **Social responsibility, if properly realized and communicated, may serve as a long-term added value for the image and reputation of a company**

Potentially corporate communication can play a very active and strategic role in developing and enhancing the field of social responsibility. The study introduces several discrepancies between the situation in the Baltic States and other European countries. These discrepancies should be perceived by corporate communication consultants as a potential field of their influence and service.

The first and probably the biggest challenge in the nearest future for corporate communication is to eliminate a void of information. Currently, Baltic States'

consumers lack two important factors: they are not educated about CSR, so they do not know how to deal with it, and they are not properly and regularly informed about CSR. For communication officers it would mean introducing and explaining a new and stable concept on the agenda of companies and consumers. Afterwards it would mean developing strategies for realising and activating this concept. This is a field for communication officers to carry out strategic informative and educational public communication campaigns both for the wider public and for companies.

Also the role of corporate communication is more tactical — a mediator between the company and public in terms of ensuring regular and proper communication about CSR. Probably the biggest challenge for communication officers at the current state would be to identify and create such channels of communication that would turn consumers' from a passive to an active and even a pro-active role.

Another important role of corporate communication would be to create and communicate the pioneers and role models of CSR. Therefore corporate communication may successfully integrate social responsibility in its strategies in order to enhance more and varied communication possibilities.

Here the other challenge for corporate communication in terms of CSR is introduced by the study. Although consumers in the Baltic States are expecting companies to be more active in their social responsibility, they do not perceive this as a two-way communication process. This means that consumers, according to the survey, are expecting responsible activities from companies and are willing to “reward” such companies by their behavior. CSR from many perspectives would seem beneficial for the company itself. Consumers consider CSR as a factor in their buying decision-making process; consumers may purchase products and services as a response to news about social responsibility of a company. Yet consumers do not do that actively, and they do not react to negative information about responsibility of a company either.

### **The scope of corporate communication strategies in CSR will increase with more educated and demanding consumers**

The current situation may be described thus — there is no active demand for CSR in the market from consumers. Consumers do not see themselves as players in this field and therefore the basic demand-supply link is pretty weak.

The author sees that in the future this link will naturally become stronger. Firstly, this is because of the influence of non-governmental (NGO) institutions. Consumers already note that NGOs have had a great role in enhancing CSR in the Baltic States and NGOs are perceived as opinion leaders in this sector. But the current state of the NGO sector is very underdeveloped in the Baltic States. NGOs rarely take on an active or watchdog role for the interests of society. Meanwhile the latest tendencies show that NGOs become more aware of their functions and more educated in the use of media and messages. This means that with the increase of the

watchdog quality of the non-governmental sector, consumers will also get more information and pressure to demand from the private sector a socially responsible attitude towards public interests. At this moment CSR communication will become two-way and will require different strategies from corporate communication.

### **NGOs will set new scopes for communicating CSR**

The author believes that the role of NGOs in corporate social responsibility as well as corporate communication will increase and define new scopes for strategies. In the Baltic States the cooperation between NGOs and corporations is developing and becoming more obvious and strategic as each year passes. Considering the fact that the EU and the Baltic States governments had formulated an active position to promote public-private partnership as an integral part of the economy, the corporate communication field in the near future will have to develop or support long-term strategies of such cooperation and CSR is an important element in it.

### **Media increasingly will perform a role of watchdog for CSR**

The survey indicates that broadcast media and especially the internet is potentially the future communication channel for CSR. The most active part of society already uses the Internet in the Baltic States as its primary source of information and expects all information about companies be available there. The tendency “if you are not on the Internet, you do not exist” has a tendency to become more visible also for CSR; therefore communication practitioners should look for new ways to use this channel.

In general, media may take on a more active role as watchdogs for social responsibility of companies. Currently, when criteria are not clearly defined and companies are not active in using CSR in their communication with the public, media takes on a passive role in this process. But the situation will change when CSR becomes a factor that will allow valuing a company and questioning its openness and transparency.

### **There are certain challenges for corporate communication to overcome in the field of CSR**

In the future CSR will introduce new challenges for corporate communication and the communication industry in general. Some of these challenges are already outlined on the discussion agenda of researchers and practitioners in Europe. First of all, the need for a clearly set definition and setting of CSR will increase. The discussion about where the border between an average legal and fair company and a socially responsible company is will only increase. Already consumers in the Baltic States indicate that a company can be perceived as socially responsible only if it voluntarily invests and goes beyond standard legal requirements. A corporate communication role would be to communicate this difference.

The author also identifies certain limitations or threats for the development of CSR in the future. Increasingly organizations that are concerned with the protection and safeguarding of public interest admit that it is often difficult to segregate a truly socially responsible company from one that appears as such and manipulates its communication effectively. Tendencies in the world give signs for the Baltic States that the watchdog symptom will increase and that market self-regulation also will bring in new methods to distinguish fair companies from unfair in terms of CSR.

Therefore, in the future the pressure on companies will increase to demonstrate and report on their CSR activities more accurately, involving various channels of communication. This means that the role of corporate communication in the CSR field will be active and important.

### **Demand for transparency and honesty will increase the role of corporate communication in CSR**

An increasing tendency for media and the public sector to play watchdogs and advocate the interests of society in terms of social responsibility for companies may be an important factor that will hasten the development of CSR criteria and definition.

Two of the above-mentioned factors — media and NGOs — together with the increasing role of investors in the economy of the Baltic States, will determine new requirements of transparency and honesty, as well as responsibility of companies. This may mean that the “show-off” tendency for companies will decrease. The pressure from external groups as well as investors’ interests, may lead to a tendency that management and owners of a company would start to appreciate CSR as part of a business that contributes to the business.

In this case the role of corporate communication will increase in terms of planning and launching long-term, efficient CSR strategies that are based on existing values. The pro-active style of communication will increase.

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