BEYOND IDENTITY WASHING: CORPORATE SOCIAL RESPONSIBILITY IN AN AGE OF SKEPTICISM

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Abstract: Organizations need good reputations among their stakeholders. One way of creating a better reputation might be the engagement in Corporate Social Responsibility (CSR) or Corporate Responsibility (CR) programs. However, since several organizations have been greenwashing their communication (suggesting a responsible attitude without actual backing in behavior), stakeholders have become skeptical when confronted with CR communications. We aim at helping organizations who want to show their activities in this skeptical environment. In order to do so, 1) we describe the dynamics of skepticism, 2) we will give examples of greenwashing, and 3) we suggest ways to avoid the impression of greenwashing and give a fair hearing to real CR programs and strategies.
Keywords: CSR, CR, greenwashing, skepticism

BREZ ZAVAJANJA: DRUŽBENA ODGOVORNOST V DOBI SKEPTICIZMA

Povzetek: Organizacije morajo ohraniti dober ugled med svojimi deležniki. Eden izmed načinov, kako izboljšati svoj ugled, je izvajanje programov v okviru družbene odgovornosti. Toda deležniki so vse bolj skeptični glede družbene odgovornosti, saj je kar nekaj organizacij v zadnjem letu zavajalo javnost glede svojih aktivnosti, povezanih z družbeno odgovornostjo. Naš cilj je pomagati organizacijam, ki želijo v takšnem skeptičnem okolju komunicirati svoje družbenoodgovorne dejavnosti. Najprej orišemo dinamiko skepticizma, nato navedemo nekaj primerov t. i. zelenega zavajanja in predlagamo, kako se izogniti vtisu o zelenem zavajanju.
Ključne besede: družbena odgovornost, zeleno zavajanje, skepticizem

1. INTRODUCTION

A strong reputation is an important asset of organizations. Favorable reputations enable firms to charge premium prices, enhance their access to capital markets and attract better applicants and investors (Fombrun, 1996). An organization can do several things in order to strengthen their reputation. For example, research has shown that the greater a firm's contribution to social welfare, the better its reputation (Fombrun and Shanley, 1990). In that sense, it seems logical to link Corporate (Social) Responsibility (CR) to reputation – and ultimately to overall corporate performance.

However, a reputation reflects the *perceived* success of an organization in fulfilling the expectations of multiple stakeholders (Freeman, 1984; Fombrun, 1996; Bronn and Vrioni, 2001). A reputation refers to what people think of an organization, which leads to several potential problems: first, the expectations can be too high to be fulfilled. Second, the organization could be successful, but stakeholders do not know it. Third, something might be perceived as successful, but this success is not reflected in the actual policy of the organization, let alone behavior of its members. Especially in the latter case, knowing the importance of a good reputation, organizations can be tempted to brush up their reputation. They provide a better looking picture of the organization than actually feasible. Especially in times of crisis, an organization can be tempted to engage in window dressing and portfolio pumping to save its face and try to gain short-term advantages. In CR contexts, this type of window-dressing is called 'greenwashing'. According to the Concise Oxford English Dictionary, greenwashing is *disinformation disseminated by an organization so as to present an environmentally responsible public image.*

2. GREENWASHING

Greenwashing is the use of marketing or public relations practices to create a misleading impression of an organizations environmental performance. Greenwashing often exaggera tes good practices while downplaying or ignoring harmful activities. Broadly, greenwashing aims to deflect criticism and build reputational capital while allowing an organization to conduct business in ways that might be viewed as unacceptable if people knew about them. Specifically, companies use greenwashing in the hope of alluring eco-conscious consumers, allaying protests of activist stakeholders, enhancing their corporate reputation, increasing shareholder value, and circumventing government regulation through pre-emptive, voluntary campaigns. If greenwashing is found out, it has negative consequences. It creates cynicism among stakeholders, reducing credibility and trust in all corporate communications, making it more difficult for well-meaning corporations to communicate their real CSR achievements. Greenwashing distorts markets by depriving consumers of the ability to make informed purchasing decisions, and it damages corporate governance, because shareholders cannot make informed investment and voting decisions. For all its many ills, greenwash has had some positive reaction effects on CSR – it has created an increase in the demand for independent certification bodies, increased in the knowledge and sophistication of consumers, and increased the expectation of transparency and candor concerning corporate communications and behavior. One way this manifests is in the rising number of companies that publish annual CSR or sustainability reports, which aim to communicate a full picture of a corporation's social and environmental performance. As more information on all aspects of corporate behavior becomes available, greenwash will become riskier and less effective (Ivey, 2007).

While in the short run greenwashing can seem to be profitable for organizations, it can have serious negative consequences in terms of trust. An audience that becomes aware of the misleading attempts by organizations can become skeptical and even cynical towards this organization, and towards all reports on environmental performances. As an influential blogger suggests, "Be suspicious of all environmental claims. Don't trust anything unless you have verified them yourself." (Unsuitablog, 2008).

3. DILEMMA

A good-willing company faces a dilemma in the rise of skepticism: disinformation is in the eye of the beholder. A skeptical audience will see more greenwashing; good practice will be seen as an exaggeration. Any good initiative will be received with questions about which harmful activities are downplayed or ignored. And this will become stronger every time. Skepticism breeds cynicism. Unsuitablog again, "Use your common sense and your instincts. If it doesn't feel right then it probably isn't." (Unsuitablog, 2008) Although skepticism might be seen as justified when a company is making claims which are not true, companies who are honest, and who put an effort of being a responsible company also have to deal with this skepticism. This presents a real dilemma for companies, who would like to present what they are doing to create or sustain a favorable reputation,

but this might have a contrary effect because of the skeptic responses of stakeholders.

The corporate communications of companies orchestrate the various forms of internal and external communication. This orchestration, or coordination on CR communication is very complex, considering that on various stakeholder level interests and stakes differ. Corporate communications includes the presentation of the organization and its CR programs to employees (of course), shareholders (obligatory), and other stakeholders. Since most companies are present on the web, the websites almost all (Birth, Illia, Lurati and Zamparini, 2008) include separate pages on their CR programs. Besides the presence on the web, many companies issue annual reports, which almost all have chapters on their CR activities. Other companies issue separate annual CR reports. All these communications can create accusations of greenwashing, even when a company is not actively using marketing strategies to promote itself by its CR activities.

In a skeptical environment, you cannot afford yourself clumsy corporate communication. The perception of greenwashing is easily attached. Corporations who do not want to run this risk, might even refrain communicating their green efforts, or even stop investing in green activities as it costs a lot of money while the harvest of a cynical public will be suspicion! It might work contra-productive. Therefore it is of utmost importance to understand greenwashing and cynicism in order to certify the positive consequences of honest good work.

We want to stress that we do not aim at facilitating greenwashing in any way. If a company lies to its stakeholders about its efforts in taking responsibility for our earth, they have to be punished. A bad reputation is only a first step. However, greenwashing companies give rise to skepticism in society. For a cynical audience, clumsy communication is easily framed as discommunication, hence greenwashing. In this paper, we want to help organizations who deserve credits for their CR efforts to communicate this in this skeptical environment.

The objective of this paper is to help organizations be aware of the danger of CR communication in an age of skepticism. In order to achieve this, we will first show the dynamics of skepticism. Second, we will give some examples of typical greenwashing strategies. Finally, we will suggest guidelines for communicating CR efforts in a way that will diminish the chance of being accused of greenwashing by skeptical stakeholders.

4. SKEPTICISM

When a company communicates about its CSR initiatives it is very likely that the initial response of the consumers will be one of suspicion. (Bae and Cameron, 2006). Suspicion is a state of mind of the individual, in which one actively considers different and possible contrary assumptions on the motives or the honesty of the behavior of someone else (Fein, 1996). Individuals get suspicious when the real motives are not clear or when more or contradictory motives are possible (Szykman, Bloom and Blazing, 2004). Consumers might get suspicious about the motives of a company when this company is donating money for a good cause (Bae and Carmeron, 2006). The main target of a company will still be gaining as much profit as possible, while donating money to a good cause is usually motivated by a willingness to help society. These contrary motives are not easily linked in the cognitive process of an individual, so the real motives or intention of the company are not easy to unravel. This heightens the possibility of suspicion, which in itself will enhance the change of attributing the motives of the company externally (Bae and Cameron, 2006; Becker-Olsen, Cudmore and Hill, 2006).

Skepticism is defined as a tendency towards disbelief (Obermiller and Spangenberg, 2001; Pirsch, Gupta and Grau, 2006). It is frequently used in combination with the term cynicism (Mohr Eroğlu, and Ellen, 1998). The latter is perceived as distrust in others which occurs when an individual thinks that the behavior of others is mainly based on egotistic motives. This distrust is almost always present. Cynicism can be viewed as a personality trait, whereas skepticism is not always present and is situation dependent (Mohr et al., 1998). Cynical people might react with more skepticism in certain situations. Heider's attribution theory (1958) can be used to analyze skeptic responses. Individuals give internal or external attributions concerning their own or others' achievements and or behavior. Consumers could understand CSR activities of the organization by attributing the motives of a company. Within this framework, internal attribution will have consumers focus on the honest, intrinsic motives of the company's CSR activities; whereas external attribution will focus on the external motives, like profits, improving the reputation, or the pressure of public opinion or from stakeholders (Forehand and Grier, 2003). When consumers make an external attribution for the motives of the company and perceive them as profit-driven, this would mean the consumers are skeptic about the (sincerity of the) motives of the company for initiating the CR activity.

The effects of skepticism have been tested before: the levels of skepticism on the motives of the company to be engaged in CR are main predictors of the ultimate success of a CR campaign. CR activities have a positive influence on the attitude towards the company when the motives are attributed as sincere (Bae and Cameron, 2006; Becker-Olsen et al., 2006; Forehand and Grier, 2003; Yoon Gürhan-Canli, and Schwarz, 2006). A negative effect was found when there was much skepticism, which also has an effect on the consumer purchase intentions (Becker-Olsen et al., 2006; Ellen, Webb and Mohr et al., 2006). When consumers think that a company solely initiates CSR activities for profit reasons, then ultimately the purchase intentions will be lower.

5. GREENWASHING STRATEGIES

To give an impression of greenwashing strategies, we will show some examples of three indicators of greenwashing: vague words, suggestive pictures, and communication that are aimed for superficial impressions without the absence of proof.

The first strategy is the use of buzzwords, and vague or fluffy language. Take, for example, the word 'eco-friendly', or 'environmentally friendly'. Without insights in *how* the product is friendly for the environment, this remains an empty statement. Savedge (2009) lists other words frequently used in marketing campaigns (see Table 1).

A second strategy for greenwashing is the use of suggestive pictures. Again, the message is fluffy or vague, but here a picture says more than a thousand words. For example, the advertisements shown below suggest positive effects of the organizations or the products for the environment. Especially in a skeptical environment, these suggestions give rise to serious doubts about the sender of the message.

A third typical indicator for greenwashing is the absence of proof. In a skeptical environment, suggestions are counterproductive. In a similar vein, suggestions that a company is "relatively green" (compared to the rest), are problematic. Such claims are superficial without evidence backing the statements of the company. 'Scientific jargon' may look as evidence, but it is also problematic.

Table 1: Frequently used greenwashing words in marketing (based on Savedge, 2009)

Greenwashing term	Description
Biodegradable	In reality, it means nothing. Most products will biodegrade, or break down, eventually, but that does not mean they are eco-friendly. In addition, there are no independent agencies that certify this label as accurate.
Cruelty-free	Unless this label is accompanied by a certificate, it does not mean a thing, it is not legally defined and there is no agency that verifies the claim.
Free range	The label brings to mind animals roaming free in an open pasture, grazing in clean fields and drinking from fresh, cool streams. Unfortunately, this is rarely the case. For a start, the U.S. Department of Agriculture has only defined the term for labeling poultry, not beef or eggs. So a "free range" label on eggs is meaningless. The vague wording of the definition makes it meaningless for poultry as well. According to the regulations, in order for poultry to be labeled "free range," the chickens must "have access to the outdoors for an undetermined period each day". This means that having the door open for mere five minutes each day is good enough to get a stamp of approval from the USDA (even if the chickens never had never seen it open).
Nontoxic	Another pointless label that is neither legally defined nor certified.
Recyclable	Just because a product is labeled "recyclable," it does not mean that you will actually find a place to recycle it. Contact your local recycling center to find out what products and materials are accepted in your area.
Recycled	The term "recycled" is legally defined by the U.S. Federal Trade Commission (FTC), however, it is not verified by the FTC or any other agency. So what is the point? Another problem with this label is that the FTC does not distinguish between pre-consumer and post-consumer waste. Post-consumer waste has already been used at least once and returned to the waste stream (i.e., a yesterday's newspaper). Pre-consumer wastes, such as shavings from a paper mill, have never been used. Your best bet is to look for products with the highest percentage post-consumer waste possible.

Figures: Examples of greenwashing pictures used in marketing campaigns.

DON'T THROW ANYTHING AWAY THERE IS NO AWAY.

Saab BioPower

nature.

Fuelled by

6. CR COMMUNICATION STRATEGY: AVOIDING GREENWASHING IN AN AGE OF SKEPTICISM

Given the importance of good reputation and the skepticism in society toward CR communication, what can you do? We propose the following 4-step strategy:

1: Check your motives.
In an age of skepticism, you will have to be very careful in your communication. If your motives of CR communication are not fundamentally embedded in your organization, you better stay away. In order to look good, you have to be very good – and deserve the credits that you are claiming. If short-term image success is your hidden goal, think again. Other companies get in trouble for just clumsiness, so half-hearted greenish activities will bring you into real trouble. Check your motives: do not get involved with greenwashing.

2: Find a fit between your business goals and your CR goals.
A logical link between the company and the CSR domain is of utmost importance. A recent experiment in which fit was manipulated we found less skepticism among consumers in the fitting

condition compared to a non fitting CSR domain (Elving, van den Heuvel and Doets, 2009). The company has to be aware of the links between the company and various CSR domains. Fit is in many cases obvious (an Energy company delivering Green Energy; a diapers company supporting pregnant women in the Third World), but sometimes it is harder to find the fit between the company and the good cause. This fit has to be communicated in these cases, and probably should be the start of CSR communication. Why does this good cause fit the company? Although fit showed reduced levels of skepticism (Elving, et al., 2009), companies need to be careful with fit. A tobacco company supporting a society of cancer patients might be seen as a perfect fit, but probably will not lead to less skepticism among the stakeholders, because the fit is focused on the unhealthy or damaging aspects of the product, which seems to be controversial.

A Dutch company can serve as a good example here. This organization has a long tradition in logistics services. This organization is at this moment very engaged in reducing its CO_2 emissions by informing their employees to drive more gasoline effective, encourage employees to use energy-efficient lamps in their homes. The choice for this green policy is a hard one for a logistics company who has thousands of vehicles and several planes. A second CR program acts as a logistics advisor for the UN World Food Program. Employees of the organization have for instance been helping this UN program with the food and water distribution in the Darfur region in Sudan. By aligning their efforts with their daily business (travel and logistics), they were able to tell a coherent story.

To show the fit between the goals, a symbolic action could help to make the point clear. For example, as a kickoff for the reduction of CO_2, the CEO got rid of his Porsche sports car, which he traded for a hybrid car.

3: Start looking inside before going outside.
When companies start thinking about adopting a CSR policy or strategy they normally start an inquiry within the company to see what has already been done. Especially large organizations normally find out that they already support various local initiatives, such as a sports club, or/and manifold environmental groups etc. Those were initiated by local employees or managers, without the knowledge of the top management. But do not be naïve in communicating local initiatives as a company policy. Skeptical stakeholders will check whether this is really a policy or just a local initiative.

Further, the start of a CSR program needs to be initiated within the company. The reputation the company has among stakeholders is also based upon the behavior and communication of the employees (Van Riel, 1995; Cornelissen, 2008, Elving, et al., 2009). A company advertising high quality services, whereas their personnel do not act accordingly, will face a reputation damage. CR can be used for motivational reasons as well. Employees will find extra motivation in doing good, and they will be more proud of the company. Employees can act as brand ambassadors, and in the war for talent, a solid CSR program can attract the key talents for the company. Furthermore, since CR involves People, Planet and Profit (Carrol, 1991), the working conditions, wages and compensation are among the issues to be tackled when companies create an integrative CR policy. Corporate Responsibility has to do with the various responsibilities of organizations, which includes economical, legal, ethical and philanthropic responsibilities (Carrol, 1991). For a global operating company, these responsibilities might be complex to handle; for instance, working conditions are regulated by law in most Western societies, but not in the developing countries. It is interesting to see whether working conditions in the latter need to follow those in the Western world, when a company operates in both worlds. In addition, the compensations and bonuses of the top managers should ideally be part of the CR policy and/or corporate strategy, because this might interfere with CSR communication, when the company compensates their managers in the manner found extraordinary by stakeholders which results in skeptical responses.

A small observation one of us had as a teacher can serve as an example. During class, Wim gave the example of the bank which claimed to have a very powerful CR policy ('t Hooft, 2009). The bank indicated that they had changed the strategy to embed CR. A student in that class indicated that she worked at that bank for four years 18 hours a week, but had never heard of it through their internal media. She was flabbergasted to hear her organization was a leading CR company in the Netherlands.

4: Communication with external stakeholders: be clear and have your proof ready.
When someone does good, he or she probably will like to tell that to the outside world. The same counts for companies; if you run a CR program which helps society in some way, the company will start communicating about that. As we concluded above, a CR program can motivate employees and attract key talent to the organi-

zation, but the results of the CR program need to be told. Various forms of CSR communication have been adopted by companies. All are communicated to their employees, and a recent study showed that more than 80% of the Fortune 500 companies report on CR on their websites (Sen and Bhattacharya, 2001). As we have discussed before, companies need to be clear about their CSR. Buzzwords, jargon, scientific formulas and other greenwashing elements should be avoided. Companies can only benefit from their CR communication when they can prove their claims and the success of their CR programs.

7. CONCLUSION

In this paper, we aimed for a better understanding of the challenges organizations face to avoid the impression of greenwashing in skeptical environments. We need more research to find out exactly what kind of CR communication will inhibit or create skepticism. Does a choice for policies to reduce the carbon foot print always enhances good behavior of the organization and its members on the whole spectrum of energy consumption? Does the CEO of a windmill company also needs to drive in a car which supports this choice, or will (s)he be able to drive the environmental unfriendly sports car? Does a company which operates globally need to pay the same wages in Bangladesh as it does in the UK or the US? Does a company need to reduce all its compensations and bonuses to be a real CR company? To limit the amount of skeptical responses from stakeholders our initial response would be yes; however, we need more empirical studies on the effects of CR on stakeholders' attitudes to be sure.

The consequences of corporate greenwashing activities have led to skeptical reactions from stakeholders to any CR-related activities. In order to get what you deserve, good projects need good communication in order to achieve a good reputation. In an age of skepticism, neither of these three 'goods' can be taken for granted. Therefore we stress that good projects are important – you cannot get away with greenwashing anymore, and rightly so. Organizations cannot afford clumsy communication, and taking your responsibility in business deserves a crystal-clear message. Given the skeptical audiences, organizations have to be very aware of their public relations activities. It has to be better than just good in order to convince your stakeholders of your good intentions.

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