

# Organization, Discourse Ethics and the Interpretation of “Political CSR”

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**Abstract:** The political theory of corporate social responsibility (CSR) claims that the current social role of multinational corporations can not be described merely with the classic and economic CSR paradigms which are based on an instrumentalist view where the various corporate stakeholders are considered in decision-making only in as much as they are powerful and able to influence the profit of the corporation (Scherer and Palazzo 2011). Scherer and Palazzo suggest that the CSR activities can be discussed from an alternative perspective. Instead of analyzing corporate responsibility from an economic or an ethical point of view, they propose to embed the CSR debate in the context of the changing order of political institutions. Based on the Habermasian understanding of *lifeworld* and *system world*, the dialogues and other corporate social responsibility practices, such as voluntary programs, staff involvement and the use of social media for the purpose of stakeholder relation strengthening, are the solutions that facilitate the possibility to bring together the *lifeworld* and the *system world* through the formation of organisation’s internal openness. Thus the initiatives of stakeholder dialogues are intended to ensure that the interest alignment between companies and stakeholder organisations is between two collective agents and occurs along the mutually agreed criteria. When we take a closer look at the corporate practice, in the case of stakeholder involvement, the companies largely determine with which stakeholders to initiate dialogue. Companies that put an emphasis on environmental and social aspects are equally valued by their investors; the Dow Jones Sustainability Index ([www.sustainability-indices.com](http://www.sustainability-indices.com)) for example, grades companies from the point of view of sustainability as a stock indicator. Therefore, ethical decisions have strategic purposes too. In order to describe the characteristic patterns of companies, stakeholder relations and social responsibility, the study reviews the related concepts and theories. It then investigates how the theories of social communication can be connected to companies’ activities related to social responsibility and organizing stakeholder relations and how objectives related to the organization of stakeholder relations are present in the strategies and processes of major Hungarian companies.

**Keywords:** discourse ethics, Habermas, organizational communication, stakeholder relations, political CSR

## **The variety of corporate social responsibility definitions**

The following paper connects the Hungarian corporate social responsibility and stakeholder relations practice of multinational companies with the theoretical approach of social discourse based on the discourse ethics of Habermas. The study explains the major notions of the theory of “political corporate social responsibility (CSR)” and of the stakeholder theory and the non-market strategies of the companies. The ambition of the study is to give an overview of these theoretical schools of thought which describe various motivations of the corporate social, and thus political activities and additionally examine the tendencies in the case of the Hungarian corporate practice.

The study implies that in spite of instrumental motivations, companies can become political actors and have a social communication role. The study leads from the definitions of corporate social responsibility, through the habermasian theories to the introduction of the “political CSR”, the stakeholder relations and the results of the primary researches.

The communications of businesses have undergone major changes over the past few decades. In the current environment, the success of a business does not merely depend upon the products and services they provide, but it increasingly depends on the relationship a company builds with the community – the management has to identify with a set of values that resonate with employees and other stakeholders.

There is another characteristic notion found in some papers called “The Postnational Constellation”. It refers to that the old alignment of state authority and responsibility, national cultures, and geographic borders are being replaced by a “fragmentation of authority, the increasing ambiguity of borders and jurisdictions; and the blurring of the lines between the public and private sphere” (Scherer and Palazzo, 2011).

A key challenge for building the theory of the social responsibility of the corporations is the lack of agreement on where the boundaries of CSR lie (Frynas and Stephens, 2015). The meaning of CSR differs between national and industry contexts, and can change over time, it is appropriate to define CSR as an umbrella term for concepts and practices, which recognize that companies have a responsibility for their impact on society and the natural environment (Frynas and Stephens, 2015).

Businesses widely use a three-faceted approach to sustainable development, meaning that, in striving to achieve sustainability, businesses must focus on business, social and environmental aspects. In this essay I will focus on the concept of sustainability and social responsibility since these two encompass all three aspects the accord of which may determine the entire operation of any business.

The study aims to investigate the communication mechanisms and the related institutions of business practices. In addition to providing an overview of the literature of and an investigation of the relationship between communication theory and business ethics from a perspective of presenting theoretical connections between business ethics and stakeholder theory, as well as between communication theory and the preservation of social values and norms. The theories examined can be divided into two major groups: those related to social communication aspects and those related to the interpretations of political mechanisms beyond CSR and stakeholder relations.

## **The critical and the alternative approach of corporate social responsibility**

The discussions regarding the notion of corporate social responsibility and the CSR criticism is dominantly focused on the motivations of the CSR activities and stakeholder relations.

Archie B. Carroll aims to point out the scale of social responsibility, and in his pyramid-model he bases legal responsibility on economic responsibility, then ethical responsibility follows, and philanthropic responsibility is on the top (Carroll 1991). The point of the pyramid-model is that from economic responsibility the company eventually gets to social contribution. Proceeding on this development path, companies start from a defensive or purely economy-focused operation and they can reach activity characterised by instrumental responsibility and ethical operation that implements responsibility into everyday practice (Carroll 1991). Carroll's pyramid-model, at the same time, raises the question whether ethical operation can be considered an additional advantage as opposed to economic efficiency or not.

Similarly to the pyramid-model, Simon Zadek (2004) also divides CSR activity into three levels based on the several-decade long history of CSR practice. The first generation applied CSR as protection in case it did not endanger the generation of profit and in case it had to respond to a specific crisis situation with responsible activity. The second generation applied CSR activity as a tool to exploit certain instrumental advantages related to reaching customers and realisation of investments. According to Zadek, the responsibility of the third generation is CSR activity to be incorporated in corporate operation and that the company responds to global problems. Zadek's thoughts are in accordance with Visser's 2011 work *The Age of Responsibility: CSR 2.0 the New DNA of Business*, which summarizes the typical conduct patterns related to CSR and proposes the introduction of a new CSR approach (Visser 2011).

Guido Palazzo and Andreas Georg Scherer aim to reconceptualize the corporation as a political actor, challenging the liberal conception of democracy which seeks political legitimacy simply in the output of elections but neglects the procedural input that precedes the decisions and oppose as an alternative based on the Habermasian deliberative democracy conception. The deliberative approach starts with the assumption that the legitimacy of a political decision rests on the discursive quality of the decision-making process (democratic legitimacy) (Habermas [1981] 2011).

Palazzo and Scherer deliver a theoretical ground for conceptualizing a new approach to CSR which shifts the focus from analyzing corporate reaction to stakeholder pressure to an analysis of the corporate „role in the processes of (national and transnational) public will formation and their contribution to solving global environmental and social challenges” (Palazzo and Scherer 2006).

Palazzo and Scherer propose that a theory of “political CSR” should be based on Habermas's theory of deliberative democracy as “an alternative model which seems to be better equipped to deal with the post-national constellation and to address the democratic deficit” (2006). Before we analyse the CSR from a communicative perspective, we should understand the Habermasian theory and other related thoughts.

## **The perspective of social communications and organisational theory**

The alignment of interests and its role in the interpretation of communication values appear in the theory of German philosopher, Niklas Luhmann. According to his wording, the society is not just an aggregation of individuals, but a system made up of communicative actions, therefore, it is actually an operationally closed communication process. Therefore, whether we can consider something as a social system is exclusively due to the fact whether it can be

linked to communication type actions (Luhmann 2006; Brunczel, 2008). Social systems are only set up as part of some communication action, whereas it is not possible to imagine a communication that would not be the action of a particular social system (Brunczel 2008). According to Luhmann, communication cannot be described by a transmission model, because we cannot be sure that the speaker and the listener understand the message in the same way. Accordingly, communication is a unity of three components: “utterance, information and understanding”.

The results of Stanley Deetz’s (2001) research furthermore confirm that the operation of organisations is also determined by represented values. As part of a social critical theory of organisational communication, Deetz points out that corporations are political as well as economic institutions. Based on the critical theory, corporations are not simply organisations creating economic value, but also new entities that are created through communication and play a decisive role in creating meaning, therefore a number of public policy issues may be coupled with their operation and communication. They play a vital cultural role due to the ability to give information, which recipients will adopt as fact, so they have the power to freely form meanings (Deetz, 2001).

The political approach is at the same time the social critical as well in the sense, that the increase of organisations’ internal democracy is a prerequisite for sustainable and efficient operation (Gelei, 1996; Griffin, 2003).

According to Deetz (2001), the strategy perceivable in connection with the managerial control serves the power extension, while the participation and the interest can be, in fact, interpreted as the transposition of democracy into practice. This is why Deetz views the role of people who are affected (stakeholders) in partial taking over of the meaning construction role from corporations and its joint creation with corporations. An important and distinctive element of the corporate operations is a conflict, which can create a situation facilitating the release of creative energies through appropriate conflict management tools (Alvesson and Deetz, 1998).

By highlighting the connection of ethical behaviour and communication, Karl-Otto Apel created the concept of communicative ethics. Discourse ethics consider public dialogue to be the origin of ethics and moral decisions and the reason of maintaining community norms.

Jürgen Habermas also points out the ethical implications and content neutrality of the fundamental rules of communication. Habermas looks for the possibility of moral normativity in modern society. As opposed to Kant’s categorical imperative, Habermas does not take the universal validity of moral norms for granted but theorizes them to be of a linguistic-communicative nature. The notion described by Habermas is close to the deliberative democracy according to which, not merely the aggregation of preferences that occur in voting, but the support of interest groups, the authentic deliberation should precede a legitimate, democratic decision.

According to discourse ethics theory, in today’s modern world the motivations of the different people are so varied that ethics is unable to offer a common set of values that can be accepted by everyone. Beyond the lack of a common set of norms the real issue is that the norms lack legitimacy which means that any particular set of values can be questioned.

According to discourse ethics, reconciliation of interests and consensual communication are prerequisites of social cohesion. Ethics, however, can provide a specific way for solving moral conflicts (Császi, 2002). According to Apel and Habermas, “communication is a set of rules of normative nature, and this normative nature is independent of culture.” (Szilágyi, 1995:810)

Habermas, in his work titled *Structural Transformation of the Public Sphere* (1999), separates the feudal and bourgeois public sphere, pointing to the openness that is

characteristic for civil public sphere, the subject of which is constituted by uncritically accepted questions and the best argument wins.

According to Habermas, communication is the only element in the everyday life of a pluralistic society, in which we are forced to adhere to the common rules, and Habermas's moral philosophy starts from processing of democracy, according to which a key element of democracy is theoretical foundation of ongoing contestableness of problems (Szilagyi-Gal, 2001). Public sphere replaces the traditions and promotes socialisation, moral orientation and integration of people on the basis of critically examined and collectively discussed rational concepts (Császi, 2002, 28). Public sphere is attributed by Habermas as the role of social and moral coordinator of the human lifeworld.

Based on the analysis of legitimacy and the total social consensus on the crisis in developed Western democracies, Habermas gives a general interpretation of communication showing that the speech act, made without constraint, that is freely, is a public domain regardless of who and what is saying.

In this action theory a special place is attributed to communicative action, which may equally apply to objective, social and subjective world. "I speak about communicative action (...) when the actors coordinate their action plan not by interlacing of egocentric calculations of utility, but by the act of reaching mutual understanding" (Habermas [1981] 2011, p. 197). According to Habermas, when analysing functioning of societies it is worthwhile to distinguish between economy, bureaucracy and politics described using the system concepts, and communication, culture, public and family expressed by the concept of lifeworld, and inclusive of the "world of sensitive interactions going on among them" (Felkai 2011: 583).

When drawing up the action theory, his preposition was that the private life and the institutional world will be separated, so in the action theory, emphasising the dissimilarity of the institutions and the morality, he separates the concepts of the lifeworld and the system world (Császi, 2002).

In his work presenting the Structural Transformation of the public sphere, he points out that the relationship between the two life spheres created by the public dimension, which is a transition between the private and institutional spheres (Habermas, 1999). Habermas distinguishes the scientific-technological-strategic learning, which can be associated with the system world. The communications-political-ethical learning is related to the lifeworld (Császi, 2002).

Moral discourse is pursued by a subject, but at the same time conscience transcendence of the subject occur necessarily keeping in mind another subject's personal integrity and gaining knowledge of another subject's special needs (Szilagyi, 1995).

Public sphere is attributed by Habermas, the role of social and moral coordinator of the human lifeworld. The problematics of civil society is connected with this. In contrast to individual and personal organisation of the "lifeworld", the civil society forms another aspect of the "lifeworld", its public life organisation and those voluntary associations and societies, "in which people express opinion on public issues and social justice" (Császi, 2002, 28).

Habermas's theory of action is based on referencing to the different types of action, different types of worlds (lifeworld, system world). Habermas separates his own theory from Max Weber's theory of action that focuses on the "lone actor (...) engaged in goal-oriented activity" (Habermas [1981] 2011, p. 195). Following the purposeful, value-oriented, affective and traditional action types introduced by Weber, Habermas introduces teleological, instrumental, strategic and communicative action types. In this action theory a special place is attributed to communicative action, which may equally apply to objective, social and subjective world. "I speak about communicative action (...) when the actors coordinate their action plan not by interlacing of egocentric calculations of utility, but by the act of reaching mutual understanding" (Habermas [1981] 2011, p. 197).

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The system world integrates people impersonally and not morally, using not language and dialogue, but power, money and other intermediaries. The lifeworld, by contrast, is based on personal relations and its key component is the communicative action, which integrates the lifeworld members in a community with the help of language and symbols (Császi, 2002). The lifeworld can be regarded as completely rational and enables reciprocal relations, which are driven by understanding created with the help of communication, rather than intermediary tools and constraints of the system world (Habermas, 2001; Alvesson and Deetz, 1998). In the lifeworld, that is in the scenes of human everyday life, the typical is “(...) the action type, which aspires for self-introduction, understanding of others and self-understanding, as well as (...) public consensus, and is controlled by communication and love as ‘generalised media’” (Felkai, 2011: 570).

The condition for dialogue is mutual criticism, which can build a common interpretation. “The definition of a forced situation immunised against critique is not common because the actors have adopted it not from conviction, but for some other reason” (Némedi, 2000, 168). This is about the creation of the base of understanding in the course of consensus process of “uniting negotiation” of subjects able to speak and able to act, where the participants are featured with mutual tolerance and self-control; this base allows, at a later stage, to coordinate the management of strategical plans of individual and group wills, and this way the chance can be created that diversified entities of society – while remaining different – achieve an agreement (Habermas, 2001). This requires that the communication is free of all kinds of internal and external pressures and restrictions. Moral discourse is pursued by a subject, but at the same time conscious transcendence of the subject occurs necessarily keeping in mind another subject’s personal integrity and gaining knowledge of another subject’s special needs (Szilagyi, 1995).

Habermas names the instrumental action, which is orientated at success and calculates with the antipodal response, as strategy and opposes it against communicative action, where “the actors coordinate their action plan not by interlacing of egocentric calculations of utility, but by the act of reaching mutual understanding”. In communicative action, the actors are primarily orientated not on their own utility, but on mutual understanding” (Habermas [1981] 2011: 209).

The problematics of civil society is connected with this. In contrast to individual and personal organisation of the lifeworld, the civil society forms another aspect of the lifeworld, its public life organisation and those voluntary associations and societies, “in which people express opinion on public issues and social justice” (Császi, 2002, 28).

The institutions of parliamentary democracy are always created in the drifting of practical discussions, from communicative rationality implemented, under specific historical conditions. The discourse ethics, using the means, which are scientific to this extent, justifies the universality of claim for the implementation of institutionally guaranteed democratic will-formation that creates public consensus (Szilagyi, 1995).

This is important because Habermas points out that democratic participation gradually narrows and becomes more formalised for the citizen. The private sphere and the public sphere move away, separate from each other. Therefore, “according to Habermas a real possibility for the ideal communication community is nothing else but a well functioning participatory democracy. This point shows, that according to Habermas’s interpretation of discourse ethics, in fact, participatory democracy is the foundation of morality (Szilágyi, 1995: 819).

The discourse of corporate social responsibility leads to various directions as Frynas and Stephens (2015) describe the tendencies of the current studies. Major directions of the interpretation of CSR are the political CSR and the stakeholder relations approach, the later one even as part of companies' non-market strategy. These notions and an overview of the Hungarian practice are described on the following pages.

### **The overview of the major paradigms defining the “classical” CSR**

The Habermasian interpretation of the social aspects appearing in the business decision process is implemented in practice according to the classical CSR methods, and in line with the categories of Carrol (1991) as part of the non-market strategy of the corporation and as part of the stakeholder engagement methods. The two methodologies are introduced on the following pages, completed with Case 1. which is the introduction of the implementation of these methods at the leading Hungarian building material producer, the Duna-Dráva Cement.

### ***The motivations to apply a “non-market strategy”***

To better understand the significance of the point of view represented by the political CSR approach we should also examine the strategic approach which presumes that the companies' social activities have instrumental goals, that are primarily based on the voluntary social and environmental responses to external pressures if external political/ regulatory pressures are not discussed (Frynas and Stephens, 2015). David P. Baron's theory (1995) describes these aspects as non-market factors of the corporate strategy, describing the social activities as part of the business strategy of the company.

The literature analysing corporate strategies also ascertains the position of corporate activities serving social and environmental considerations within the broader system of strategic goals. While corporate market strategy aims to achieve competitive advantage through traditional marketing methods, non-market strategy is based on interactions with government organisations, local communities, NGO's and the media (i.e. typically non-market stakeholders) (Matolay 2012). In addition to marketing considerations, corporate management must also take several non-market factors into account in the decision-making process.

Essentially, a non-market environmental strategy involves the cultivation of relationships with stakeholders, as well as improving the organisation's overall social performance, working to influence the organisational area where the company operates (Pataki 2000). In shaping and influencing the non-market environment, the aim of a non-market strategy ultimately remains the creation of market value. A collective strategy is when an entire industry uses a non-market strategy to advance the market interests of the industry as a whole. An integrated strategy involves the company management taking actions and making decisions to advance both the market and non-market aspects of the company's interests.

David P. Baron (1995) describes corporate environmental strategy in the context of market and non-market strategies. As per his definition, environmental strategy is ideally an integrated strategy, spanning the breadth of the company's core activities and simultaneously and comprehensively managing both the company's market and non-market goals and aspirations (Pataki 2000). The decision between market and non-market environmental strategies is to be made rationally, and its success may be dependent of the successful

integration of market and non-market considerations, as well as whether the organizational changes associated with the introduction of the environmental strategy are managed in a top-down fashion or not (Pataki 2000). György Pataki cites Johan Schot's typology of market environmental strategies, differentiating between dependent (avoidant), defensive, offensive, innovative and niche strategies.

The direction of "green development" was contingent on both outside factors and the existing organizational capabilities of the investigated companies, in equal measure (Pataki 2000: 128-129). Citing Paul Shrivastava, Pataki describes a potential sequence of strategic measures that can be used to determine the general process of green development: "1. perceiving threats arising from environmental regulations and public opinion; 2. redefining corporate goals to reflect the company's newfound commitment to environmental values; 3. gradual, ad hoc implementation of environmental programs; 4. evaluating the programs in terms of the competitive advantage provided; 5. extending organizational systems and procedures to include environmental programs, leading to the institutionalisation of said environmental programs within the organisation's structure, management systems, procedures and corporate culture "(Pataki, 2000: 17).

The elements of non-market strategies pertaining to environment-conscious operations also affect the role assumed by the company in social communication, as the significance of the company's relationship with stakeholders becomes increasingly apparent. Stakeholder feedback may result in the company initiating Phase 1 of the process described above. In addition, the continued involvement of stakeholders with regards to environmental programs remains equally indispensable at later stages.

According to the approach of the theory of non-market strategy corporations consider the non-market activities as the expectations of powerful stakeholder groups as economic restrictions in their course towards maximizing profits. Legitimacy is considered as a resource to guarantee the corporation's continued existence. Guido Palazzo and Andreas Georg Scherer underline that a radical reformulation of the role of legitimacy is overdue and corporate legitimacy should deal with the appropriate role of corporations in society, through a discursive reinterpretation of organizational legitimacy (Palazzo and Scherer, 2006). Palazzo and Scherer (2006) propose „a fundamental shift to moral legitimacy, from an output and power oriented approach to an input related and discursive concept of legitimacy. This shift creates a new basis of legitimacy and involves organizations in processes of active justification rather than simply responding to the demands of powerful groups. Which is a step towards the politicization of the corporation and attempt to reembed the debate on corporate legitimacy into its broader context of political theory, while reflecting the recent turn from a liberal to a deliberative concept of democracy (Palazzo and Scherer, 2006).

### ***The theory, the categories and methods of stakeholder engagement***

Based on the Habermasian discourse ethics, the mutual understanding should be achieved through negotiation between stakeholders. The practical realization of this can be achieved according to the management theory literature by the implementation of stakeholder theory which describes the necessity and methodology of negotiation between companies and stakeholders.

In 1984, R. Edward Freeman published his work on strategic management describing stakeholder theory. Freeman focused on stakeholders, a concept first formulated in 1963 at a research institute of Stanford University. This research described stakeholders as actors whose support is necessary for the survival of the company. The same concept also appeared

in Russel L. Ackuff's 1974 book *Redesigning the Future*, which laid the foundations of stakeholder theory. By the eighties, the theory had evolved into a full-fledged business paradigm, identifying as stakeholders all individuals or groups affecting or affected by the organization, including both the organisations employees and those living in its environment (Zsolnai 1994).

Over the last few decades, the concept of stakeholder has become a fundamental determinant of corporate responsibility, emphasising the importance of transparency, accountability, ethics and responsibility in corporate governance (Fremond 2000). Stakeholder theory is only one of several cooperative theories described in the literature of organisational management. In addition to stakeholder theory, Gyula Zilahy (2007), recognises five other models for describing cooperation between companies and other organizations. It is important to note that each of these is a stand-alone model, suitable for independently describing the relationship between organisations.

The 1970's brought significant changes in the external circumstances determining the activities of companies. New, emerging trends, including the increasing strength of the civil sphere, and later the rise of Internet-based communication, have also served to enhance the importance of stakeholder relationships. The environment surrounding the companies grew increasingly dynamic, and the process of charting and maintaining stakeholder relationships soon began to serve a role as a pre-emptive warning system for future events. The new approach proposed by Freeman is also reflected in his definition of a stakeholder: a stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives (Philips, Freeman and Wicks 2003, Lepineux 2004).

This can be interpreted as a "watchdog" role, in the sense that it helps the company assess the degree to which the governments attention is drawn to the activity in question, as well as the extent to which international market circumstances, growing competition, an increasingly critical media and declining public confidence towards corporate governance can end up affecting the company (Preble 2005).

Furthermore, by emphasising corporate rights and the impact of corporate activities, this approach requires that the company refrain from violating the rights of others, and assume responsibility for the impact of its activities on others. Accordingly, "the company is not merely a vehicle for maximizing shareholder value, but a coordinator of the conflicting interests of stakeholders" (Málovics 2009: 100). The company's goal, therefore, is not merely to generate income in accordance with the interests of the shareholders, but also to harmonise economic, environmental and social benefits. To achieve this, communication and the coordination of interests is of paramount importance.

Stakeholder engagement serves strategic directions and operating principles that contribute to the company's sustainable performance, allowing the company to meet the threefold performance requirements of the Triple Bottom Line principle (environment, society, economy; People, Profit, Planet) (Braun 2013).

John F. Preble (2005) identifies three types of approaches for cooperating with stakeholders, from a corporate motivational point of view. Firstly, cooperation with stakeholders is advantageous in an instrumental sense, as it can contribute to the company's financial performance. This relates to the strategic stakeholder model developed by Shawn L. Berman and his colleagues (1999), whereby companies consciously maintain stakeholder relationships when doing so can fit their strategic goals.

The second approach demonstrates the consequences of the company failing to maintain its relationships with its stakeholders. In this case, stakeholders are more likely to block negotiations and initiate boycotts. Third is the moral approach - from this point of view, stakeholders are seen as a goal in and of themselves, and not merely a means of achieving an objective. Preble then describes a six-step approach to stakeholder theory. First, the

organisation must identify the stakeholders. It is then important to assess the requirements of stakeholders. In addition, differences in performance between the stakeholders should also be evaluated. The expectations and requirements of stakeholders should be surveyed. The next important factor is the prioritisation of stakeholder requirements, followed by identifying possible organisational responses to these requirements. The company should monitor all of the above.

With regards to stakeholder relationships, it is important to determine which groups should be considered stakeholders of the organisation. The first phase of the stakeholder assessment is building the stakeholder map. Certain stakeholders or groups of stakeholders may also be members of other stakeholder groups and may coordinate their roles, which is worth considering when planning relationships (Freeman 1984, Zsolnai 1994). The significance of the stakeholder assessment is enhanced by the fact that corporate managements impression of stakeholders (stakeholder perception) often does not correspond to reality. Executives often misinterpret the interests of stakeholders, underestimate their influence, especially in the case of “non-market stakeholders” (Zsolnai 1994).

It is possible to distinguish the set of primary stakeholders, i.e. the owners, employees, suppliers, from the wider set of public stakeholders, including the company's customers, the government, and other communities (local residents, the press, special interests, professional organisations, local governments) (Clarkson 1995, as cited by Lepineux 2004). Zsolnai (1994) places emphasis of two dimensions with regards to stakeholder analysis: stake and power.

While in certain cases it is indeed possible to clearly distinguish between stakeholders along these dimensions – there are stakeholders with large stakes and significant power and stakeholders with large stakes but little power. Circumstances generally tend to be more complex, with stakeholder groups holding multiple different types of stakes, and possibly even several different “dimensions” of power. A single person may be a resident of a city, an employee of a company, a client of the company, and a member of a civil community involved in the criticism of some aspect of the company's activities. Stakeholder relationships can thus be interpreted as a constant shifting in the relationships between stakeholders.

By dividing stakeholders into two categories – social stakeholders and business stakeholders – we find that social stakeholders are not necessarily associated with individual countries; some may be of global influence, and can be associated not just with specific groups, but rather with processes affecting all of society, e.g. media or environmental protection. The other category is linked to the organisation through business interests (Lepineux 2004). Regarding stakeholder relationships, a global point of view becomes indispensable: "Once we start thinking on a global scale, all actions will ultimately appear as part of a zero-sum game, meaning that we can only win by causing someone else to lose." (Györi, 2010: 84).

It is possible to break down the two categories further: global or national civil society stakeholders and small social group stakeholders, while business stakeholders can be divided into shareholders, and external or internal stakeholders. The individual groups can then be subdivided with even greater precision: global and national civil societies, NGO's, government, media and for the business group, suppliers, shareholders, management, employees, etc. All of this can be visualized with a shareholder map, which will also display the relationship between the organization and its stakeholders as well as between the individual stakeholders themselves. Consequently, each stakeholder is connected to all other stakeholders, meaning that the relevant theoretical questions can be further analysed using the tools of network and systems research (Lepineux 2004, Ackoff 1974).

The purpose of the stakeholder map is not merely to allow companies to see the groups affecting their activities, but also to show that the relationship with stakeholder groups is dynamic, and depending on the specific circumstances, the effect of the company's activities on the various stakeholder groups may be markedly different, and likewise for the effects of the stakeholder groups' activities on the company.

The scientific literature also includes methods for defining new stakeholder categories, which can become necessary when various different types of relationships come to light. One such relationship involves vested interests in the company or organization, requiring new stakeholder categories to classify and evaluate these different types of relationships. Using these methods of categorisation, real stakeholders are groups in close contact with the organisation, including vested interests between the real stakeholders and the organisation. As such, some of these groups typically hold a certain loyalty to the organisation (e.g. employees) (Fassin 2011).

Stakewatchers are group that do not have a vested interest in the activities of the company or organisation as such, but represents stakeholders as an intermediary or liaison entity. This category primarily includes civil organisations or special interest groups defending or representing other groups and communities. The stakekeeper category includes groups that have no direct stake in the company, but perform a monitoring function. The name is reminiscent of the well-known "gatekeepers" found in the history of journalism, and perform a similar function. The primary stakekeeper is the state, the government itself, but the category also includes other institutions with control and regulatory functions, such as regulatory authorities, standards enforcement organisations, and even journalists and the public.

The three categories of stakeholders derive their legitimacy from three different sources. Real stakeholders are legitimized through their very real relationship with the company in question. Stakewatchers gain legitimacy from their representation of real stakeholders. Stakekeepers are fully independent of both, but do affect both real stakeholders and stakekeepers.

Companies are directly responsible to the real stakeholders only. The concept of real stakeholders is derived from the strictest definition of stakeholder, that is, those with a contractual relationship to the company (Fassin 2011). Including stakewatchers and stakekeepers in the category of stakeholders involves differences, in accordance with the definitions of claimant and influencer. As per the "claimant" approach, only real stakeholders can be considered stakeholders, as they are the ones who can "claim cooperation" on the part of the company. Using the strategic approach corresponding to the stakeholder definition of "influencer", however, stakewatchers and stakekeepers should certainly be included in the stakeholder map, as both are capable of influencing the company and its operations. When considering the narrower activities corresponding to corporate social responsibility, however, the real stakeholders are primarily the ones involved.

### **The strategy and practice of stakeholder relation at Hungarian corporations**

Following an overview and synthesisation of the literature on business ethics, corporate social responsibility, stakeholder relationships and approaches to communication theory and society theory, this chapter will provide an overview of recent Hungarian studies that I use to recreate the individual and corporate practices and attitudes associated with social responsibility and stakeholder relationships. The survey of the practice of Duna-Dráva Cement and Hungarian Telekom will allow us to have a look into the motivations and results

based on activities that are related and can be interpreted as part of the notions of “political CSR”.

This is the reason why qualitative methodology was chosen for this research. The analyses includes a sample of 14 companies from a population of approximately 300 companies which include 200 of Hungary’s biggest corporations. The sample companies are taking part in professional CSR contests as well as of communities that were created through the participation and with the membership of companies in the course of corporate social responsibility initiatives in Hungary. From a perspective of what social corporate responsibility practices, the companies’ conduct, to what extent these practices are influenced by public matters and driven by stakeholder relationships and how they provide a problem-solving opportunity based on communication and cooperation.

The sample presents companies that use unique solutions and have major achievements in terms of stakeholder relationships, or there are some lessons that can be learned from the company’s stakeholder relationship practice. Selection criteria whereby a company should structure stakeholder relationships around strategic aspects so that an investigation of the selected sample population would provide an insight in the considerations used by organisations that are conscience about their stakeholder relationships. The study aims to provide an overview on how the concept of sustainable development and the idea of business, social and environmental sustainability are represented in corporate communications and whether they are institutionalised in business operations and how, and in what way they result in various forms of cooperation and win-win innovations between businesses and stakeholders.

This method was selected because, over and above the numerous available quantitative studies and qualitative studies conducted using other methods, there is a need to hear the voices of decision-makers responsible for the areas of corporate social responsibility and stakeholder relationships in Hungary’s corporate sphere. Frynas and Stephens (2015) point out that CSR-related studies often dismiss the importance of the individual level of analysis so they ignore the significance of individuals in shaping CSR and focus little on individual corporate leadership or entrepreneurship. However, Scherer and Palazzo (2011) underline the role of the corporate executives when they state that the regulation gaps have to be filled by managers “with pro-social behaviour and an aspiration to the common good”.

### *Case/1.*

#### ***The implementation of social and environmental aspects at the strategy of Duna-Dráva Cement***

The conclusions of the studies of corporate sustainability, social responsibility strategies, and of market & non-market strategies is worth to be surveyed in case of one company.

The Duna-Dráva Cement Ltd. is one of Hungary’s leading industrial material producing firms in terms of revenue. The last three decades modernisation period of the company went together with the adaptation and implementation of the market and non-market strategies.

The company (which operates the cement plants in Vác near Budapest and Beremend in South Hungary) is a subsidiary of the global building-material producer company, the leading German cement producer, the HeidelbergCement Group. The company’s majority is owned by the HeidelbergCement Group employing 45 thousand people in 40 countries.

The CSR activities and stakeholder relations of the company became intensive when the alternative fuel usage became priority for the company in 2003. The company asked for

a permanent permit of the environmental authority for using alternative fuels when a local NGO began protesting movement against the company's plans and appealed against the permit at the authority. The NGO's campaign continued with demonstrations which led to articles in mainstream media and even the municipality became unsure about the support of the project.

The company hadn't focused on the communication of the project until this situation but when the local protest and the media attention became intensive than the company introduced a complex stakeholder involvement policy. The company did not communicate the rehearsal usage of the alternative fuel and only communicated the basic information and used the elementary ways of communication, which were compulsorily specified by the regulations at the time.

“We assumed that the process, the methods, the safety and the advantages of the technology will be evident for everyone. We hadn't taken into consideration that we should explain the details of the new method for the local citizens” (János Szarkándi, Chairman-General Manager, Duna-Dráva Cement Kft.).

After the new process of the authority, the company received permanent permit for the usage of alternative fuels only in 2005. The company hadn't started the usage of the new technology after an educational communication campaign, that's why they were only followers of the communication of the protesters, but then, the company began a proactive communication in 2003. The strategy of the communication with total stakeholders not only consisted of the new technology being environmentally friendly but the company changed the key message and emphasized a new aspect: the role of the social control, the various ways how the civil community can be involved in the supervision of the processes at the cement plant: as the initiative of the DDC a local publicity program had been started and as part of this the so called Social Control Group was founded, the foundation of the Social Control Group, the start of the plant's new website where the daily emission data was uploaded and public plant visits every quarter year.

In line with these, the company started the so called open plant program, with presentations and internal information events for the employees as well. The more intensive local media relations, local forums, publishing local newspaper were also parts of the project. There were about three-hundred people taking part on the local public forum where the plant's employees also participated and talked about the advantages of the modern technology.

The company also financed a new emission measuring system at the town which made it easy to follow, to measure the major reasons of pollution at the town. The firm and the municipality also signed the Environmental Charta of Vác, which is still effective.

The company finally started intensive cooperation with the stakeholders to be able to fulfill the targets. The cooperation led to multiple advantages for the community as well.

The company also applied these methods when the modernisation of its other plant in Beremend started in 2007. The company organised an information event for the mayors from the region and also published a brochure about the project which was sent to all households in the region.

After 2007, the CSR and the sustainable development became even more important messages for the company and those became the key elements of the company's brand building. The CSR became the part of the training of the internal employees. The company defined how the company interprets the notion of sustainable development and publishes it in several brochures, documents, etc.

In spite of these, the company doesn't have a published CSR or sustainable development strategy and the company hasn't defined KPI's or targets that can be publicly supervised. The company has active stakeholder cooperations, the strategic attitude and institutionalisation of the stakeholder relations is still limited at the DDC.

### **The overview of the deliberation of corporate discourse: the political CSR**

Scherer and Palazzo (2011) state that the liberal democratic view that corporations are only private, economic actors is changing as globalisation has shifted the balance between corporations and states, since corporations are becoming active, influential, and constructive participants of contribution to solving global environmental and social. Scherer and Palazzo propose that in order to understand the role of the firm today, we need to move away from outdated models of liberal democracy, which see corporations as private actors, and instead adopt models which better recognize the role of corporations as political actors.

The companies' motivation to intensify stakeholder relations is typically instrumental, which means that it is based on the business strategy as we learned this from the example of DDC Group. Scherer and Palazzo criticise this approach and the classical CSR theories, such as the stakeholder theory as it is an instrumental approach of the relation between the company and its stakeholders. The way in which companies use stakeholder relations with different groups of stakeholders can also be interpreted as a form lobbying, a form of influence to mediate the regulatory process. However, stakeholder theory emphasises the role of (particularly external) actors in transmitting ideas and beliefs about desirable managerial practices to the organisation and adaptation to stakeholder (Frynas and Stephens, 2015).

Habermasian theories are applied in the field of political CSR in order to offer a normative account of institutional changes that will legitimise business' political CSR activities. This way using insights from Habermasian theory of deliberative democracy, it can be assumed that politics starts at the level of deliberating civil society associations, in order to conceptualize the growing relevance of private actors in global governance processes and the rise of multi-stakeholder initiatives as legitimate political actors (Frynas and Stephens, 2015).

In the terms of political CSR, the notion of legitimacy is also understood as managing a legitimacy gap created by the involvement of non-state actors in decision-making of public affairs. When legitimacy can not be sought by reference to nationally defined laws or even by reference to widely accepted rules or customs in a plural, heterogeneous, and deregulated social environment, legitimacy needs to be created, and constantly recreated, through proactive discursive and political engagement. (Edward and Willmott, 2013).

According to this interpretation, the corporate political activities impact can range from

- (1.) the deliberate attempts of firms to influence governments in order to gain firm-specific competitive advantages,
- (2.) unintended effects of firm activities on the development of institutions such as by acting within 'institutional voids',
- (3.) to reactive strategies of firms with regard to changes in the external political environment. (Frynas and Stephens, 2015)

This excludes voluntary social and environmental responses to external pressures if external political/ regulatory pressures are not discussed (Frynas and Stephens, 2015).

Scherer and Palazzo (2011) suggest that the CSR activities can be discussed from an alternative perspective. Instead of an economic or an ethical point of view they propose to embed the CSR debate in the context of the changing order of political institutions corporate responsibility. They point out that the move from nation states to a world that is characterised by a post-national constellations, the division of labor between governments, corporations and civil society does not remain stable.

The post-national constellation challenges key assumptions about the order of the political institutions in which corporations are embedded this is why the key assumptions of CSR and in management theories have to be reconsidered. Independent from whether or not it pays to be responsible and whether or not universal normative principles can be defined. And a new perspective can be found in theorizing on CSR where the post-national constellation is characterised by a loss of regulatory impact of national governments on multinational corporations, and new societal risks result from this power shift and new forms of (global) governance have been developed to deal with the risks (Scherer and Palazzo, 2011).

In contrast to stakeholder management, which deals with the idea of internalizing the demands, values, and interests of those actors that affect or are affected by corporate decision-making – as we saw this in the case above detailed example of Duna-Dráva Cement – Scherer and Palazzo (2011) emphasise that political CSR can be understood as a movement of the corporation into the political sphere in order to respond to environmental and social challenges.

The scholars of political CSR define new mechanisms of governance (Scherer and Palazzo, 2011):

- Self-regulation is becoming a key issue in the CSR debate.
- The idea of social connectedness is replacing the idea of legal liability which means that along their supply chains, multinationals are asked to take responsibility for more and more social and environmental externalities to which they are connected.
- ” From cognitive and pragmatic legitimacy to moral legitimacy” (Scherer and Palazzo, 2011): CSR in a domestic context is built on the assumption that corporations, in order to preserve their legitimacy, follow the nationally defined rules of the game. In the changing institutional context corporations have to find new ways to preserve their legitimacy.
- From liberal democracy to deliberative democracy: The growing engagement of business firms in public policy, when the corporations participate in governance initiatives, they engage in a political deliberation process that aims at setting and resetting the standards of global business.

## *Case / 2.*

### *Setting up a strategy and the organisation of social responsibility*

The process of creation, motivations and main objectives of the strategy related to the sustainability concept and the structuring of stakeholder relationships and methods for measuring the success of the strategy, reporting, method of communicating the results was the main question of the survey detailed above. This is why the strategic background of the

CSR activities and stakeholder relations reveals the motivations and commitment of the company.

The practice of the examined companies often entails a comprehensive, long-term social responsibility- and sustainability strategy, in most cases based on research. Meanwhile, practices are also present, where companies include social participation and activities relating to the sustainability concept in their communication strategies. Such strategies are for the most part publicly available, making the company's objectives of each area trackable for the affected demographics. For the purposes of this writing, I regard declarations companies' representatives made during interviews or stated in public documents as strategic goals, regardless of whether or not they are published in the form of an independent document. Some of the companies build their strategy on research or analysis, while the concept of social responsibility is reiterated in their communication activity over and over again. Additionally, companies differ in the proportion of the role community engagement and environmental protection plays in their activities. Though companies often refer to the principle of sustainable development as a guideline, in certain cases only its social aspects dominate, as opposed to all three components. Accordingly, the area is characterized by the dichotomy of the two approaches: environmental protection and social responsibility. While DDC, LG, TELEKOM and E.ON focus on sustainability embedded in environment protection, TESCO, Vodafone, KPMG, Dreher, MagNet Bank and OTP emphasises community engagement and social responsibility. MOL, Audi and Coca-Cola HBC pushes for both directions, moreover, MOL and Audi also aims for talent management.

Magyar Telekom's sustainability strategy includes harmonisation of the social- and economic aspects. Having reviewed the strategies and having read the presentations prepared for the conversations with the affected, it can be established that corporate experts responsible for the strategic courses of action place the company's activities in the context of global trends and ensure that the strategic goals relating to sustainability are in line with them.

Magyar Telekom's presentation, entitled Trends - Everything Is Changing presented on the Sustainability Roundtable meeting on 3rd September 2014, aiming to review the company's sustainability achievements, also informs about the global changes in energetics and technology. According to the review, Magyar Telekom aims to ride these trends to meet the challenges of sustainable development, with the strategic goal to significantly reduce carbon-dioxide emission, thus become the first carbon-neutral telecommunication company of Hungary. In November 2015, the company launched a campaign, in which it informed the public that this goal was attained.

Companies predominantly implement processes which enable the compliance of certain parts of their basic activities or operation with the requirements of sustainable development and social responsibility. A further possibility is that they support or launch community events that help to meet social- or environmental challenges. Additionally, companies often push for the inclusion of the affected theme or public issue in the media, which might benefit the perception of the company, reinforcing the acceptance and legitimacy of its basic activities.

Generally, the strategies can be divided into three groups: a strategic approach outlining the company's general activities (Magnet, MOL, Telekom), the comprehensive strategy for the management of one activity segment (DDC), and project-based initiations, that don't directly belong to the company's scope of activities. Accordingly, based on their strategic planning, the reviewed companies form three large sets:

- Large companies, that plan a comprehensive sustainability- and social engagement strategy in line with the international trends, which is applicable

to the company as a whole: Magyar Telekom, MOL, OTP, Vodafone, Dreher, Tesco.

- A less detailed, but intentionally built, comprehensive corporate responsibility planning is the main characteristic of Coca-Cola and Magnet Bank.
- The planning process is done along two lines: communication and environmental strategy (DDC, LG).

The main difference lies in the extent of comprehensiveness of their plans, the transparency of their corporate activities, the accountability they assume, and the extent they use indicators to assess the practice of sustainability and social responsibility. In this regard, the strategy of Magyar Telekom and MOL is detailed enough and it is publicly available. During interviews it was mentioned that Coca-Cola HBC, DDC, OTP and KPMG establishes key performance indicators (KPI's) associated with the strategic goals of sustainable development for their leaders.

Magyar Telekom's strategy set-up was preceded by research and assessment of the results of the previous strategy. In the last decades, the emergence and development of the company's strategic thinking is predominated by the continuously growing environmental impact of the info-communication sector. By today, 2 per cent of the greenhouse gas emissions can be attributed to the sector, the significance of which is indicated by the fact that the total emission of the cement industry and civil aviation amounted to 5 per cent each. (Hungarian Central Statistical Office, 2012)

### **Magyar Telekom's strategy for social responsibility- and relations with the affected demographic**

Magyar Telekom started the process that led to the draft of an environmental report in 2004 and the sustainability strategy in 2005 with the objective of realization its environment protection goals.

“In 2004, we could present a so called GRI-based sustainability report, compliant with the international standard. This can be regarded as the review and inventory of our activities aiming to attain sustainability. The writing already mentioned community engagement, - though previously only environment protection goals constituted to sustainability – with the enactment of the Social Charter in 2005, this also forms part of it. I believe that experts responsible for the field should strive to shape the management's thinking with regards to sustainability and environmental aspects. Magyar Telekom is an innovative company, in other words, it doesn't just follow other companies, it much rather initiates and takes the lead. Today, the company has a sustainability coordination team, which convenes quarterly, and where all business branches are represented. This team singles out the sustainability report's chapters for further elaboration.” (Katalin Szomolányi, Magyar Telekom)

The company faced the negative consequences of the effects of rapid modernisation and infrastructural development when the act on environment protection became operational in 1996. This is when criticism emerged, calling attention to the environmental impact on the expansion of telecommunication networks, and the company was fined several times. The demand thus arose for the organisation to meet with the affected parties, and to start a conversation to coordinate the main issues.

As a result of the first conversation with the affected parties, the issue of restoration of damages caused by the modernisation of the line network was clarified. Furthermore, the ancient monument protection aspects of the lines running along Andrásy Avenue, Budapest were also mentioned. The late nineties witnessed the emergence of the process in association with the organised environment protection activities, which was summarized by the company in its 2004 report. “It listed the measures taken to ensure that our operation is compliant with the principle of sustainable development.” – informed us Katalin Szomolányi, head of the company’s Sustainable Development Center.

The company’s first sustainability strategy was drafted after the report. It included economic, social and environmental sustainability aspects, also mentioning community engagement functions. True, the implementation process was part of a longer development process. Magyar Telekom’s sustainability strategy applies for a five-year term, and features exact commitments of both environmental- and business factors. For example, it lays down that innovations with environmental goals should reach 10 per cent of the R&D activities, and the residents’ awareness with regards to the concept of sustainability should reach 20 per cent. The strategy also specifies exact target values or indicators for each environmental goal (such as energetic efficiency). The company regards the role of its sustainability activities in the company’s practices as a comprehensive attitude shaping organizational culture and business strategy, as opposed to a separate entity, without any connection to the business processes.

“We are putting a lot of effort in including the concept of sustainability in the company’s activities as a whole, and to transform it into a competitive advantage. We are handling this issue comprehensively, and not as a task of a separate entity. The individual tasks require the cooperation of units located far away from each other. In its everyday activities, the company is committed, proactive and transparent in its efforts to make sustainability a part of its identity.” (Katalin Szomolányi, Magyar Telekom)

The 2014 sustainability report lays down the strategic goals for 2015, and presents the results already achieved. The company sets two primary strategic goals:

“(…) with its progressive thinking, innovative and sustainable products and services, its responsible conduct, the company facilitates revitalization of the society and the environment.” (Magyar Telekom Nyrt. 2014).

„(…) In its everyday activities, the company is committed, proactive and transparent in its efforts to make sustainability part of its identity and to transform it into a competitive advantage.“ (Magyar Telekom Nyrt. 2014)

For Magyar Telekom, research is an important part of the process of setting up a strategy. The company asks their customers (1430 people) of their preferences four times a year, within the framework of an omnibus survey. The survey includes questions about the use of basic profile services, such as TV, Internet, phone or other services, such as energy, insurance or sustainability issues (Magyar Telekom, 2014).

The strategic goals with regards to sustainable development are set by the Group’s Sustainability Coordination Council. In addition to the coordination of the sustainability office, the Council is responsible for setting up the strategy, while the operative management and the implementation of the strategy fall into the scope of the individual management fields and team-level functions.

In documents available on their website, and also during the interview, Magyar Telekom’s representatives emphasize that the introduction of the principle of sustainable

development into the business strategy, adopting its aspects to the company's operation, and the development of the brand are also triggered by business interests. Pointing out the aspects of sustainable development makes the company stand out, this way improves the company's competitiveness. Especially in an environment, where investors increasingly emphasise social and environmental factors. During the 2012 Sustainability Roundtable, Magyar Telekom was asked whether they would pursue sustainability, if it didn't result in a certain competitive advantage. Katalin Szomolányi, head of the center responsible for this field, commented:

“(...) Most probably not, as we are not a non-profit organization. We have to meet the profit expectations of our owners” (Magyar Telekom Nyrt., 2012)

The current sustainability strategy features exact goals beyond communication goals, designed to monitor the company's actual environmental performance and social impact. According to the surveys, the principle of sustainable development is known by 16 per cent of the population. One of the strategic goals of the company is to increase this number to 20 per cent in Hungary. Another goal for 2016 is to link half of the company's team-building activities to volunteering for charities. The company's carbon-dioxide emission should also be decreased by 20 per cent. This stirred up some controversies within the company, as some of the organisational units do their business along different aspects and interests. The cost-effectiveness, expectations of the experts operating the company's real estates and the sales department's plans to find new sales shops can hardly be brought in line with sustainability aspects. Sustainability goals have to be met in addition to that of profit- and cost-effectiveness. “Setting carbon-dioxide emission targets might open up a firestorm of controversies” - informed Katalin Szomolányi, and added, that the team's recommendation of 20 per cent, which is compliant with the EU directives was finally accepted by the experts and decision-makers.

## Conclusions

At the beginning of my research, I planned to approach corporate social responsibility practices with the goal examining whether the communication of companies that promote themselves as “responsible” are credible and whether cooperation with civil organisations is more than verifying procedures performed in return for funding and in accordance with corporate needs. The domain of the analysis, after understanding the academic literature and conducting interviews, became an examination of the realization of social and environmental concerns in corporate practices, in a way corresponding with the for-profit activities of the companies. Thus, I turned my attention to legitimization issues, the importance of non-market strategies, the mechanics of the organization of relevant cooperations, and to the examination of the social communication role of these cooperation activities.

If it can be stated as a criticism of Habermas's theory, that it overstates the significance of rationality and consensus status, but it introduces the concept of institutionalised communicative situation (Alvesson and Deetz, 1998).

The institutionalisation of communication provides normative stability, says Habermas. In communicative action, the actors are primarily orientated not on their own utility. They follow their individual goals under the condition that their action plans can be coordinated based on their common definition of the situation. To that extent, the situation definition bargain is an essential part of "interpretive performances necessary for communicative

action” (Habermas [1981] 2011, p. 203). An example of all this is the discourse of ethical issues, responsibility undertaking and stakeholder engagement in the context of companies’ activities.

In the management of their stakeholder relations, companies pursue communicative actions, so in addition to actions of the instrumental and strategic type otherwise typical for companies, they learn the communicative action aimed at compromise and even consensus in the meaning of Habermas concepts, and also the cooperation of equals. Thus, the dialogue characteristic for the lifeworld appears in the institutional world, which is traditionally characteristic for companies. Therefore, the importance of corporate social responsibility and fostering of stakeholder relationships is in that the values characteristic for the lifeworld become achievable in the system world as well. An example of this is a corporate volunteering program or a social aim initiative, under which a leading trade chain initiates cooperation with NGO’s in order to forward their products to people in need. Additionally, these solutions also facilitate that the institutions give preference to the ideal speech situations and morally driven discourse in the Habermas sense (Alvesson and Deetz, 1998).

The new mechanisms of the political CSR (Scherer et al., 2015) can be set against the above explained examples of the Hungarian corporate practice.

Self-regulation is becoming a key issue in the CSR debate. In line with the climate initiatives the Hungarian Telekom defines ambitious target 20% for the CO<sub>2</sub> reduction. As the work safety is regulated strictly in the EU countries, the European subsidiaries of HeidelbergCement Group have to follow these rules. Since the company is present in several African and Asian countries where the HeidelbergCement is present with various and less complex regulations. This way the strict safety standards are spread by the company all over the world. These are also examples for the principle of “the shift from a liability to a social connectedness” since all internal stakeholders and suppliers responsible for the processes related to Telekom’s CO<sub>2</sub> emission have to be involved to achieve this target and they also have to be committed to realize the target.

Accordingly, in organisation studies the legitimacy of business behavior is understood as its perceived conformity with social rules, norms, or traditions. This suggests a focus on argumentation rather than on rhetoric. Multi-stakeholder initiatives such as the Fair Labour Association or the Forest Stewardship Council attempt to establish an institutional context in which the use of superior power in decision-making becomes more difficult. There are initiatives at Telekom and also at Duna-Dráva Cement with the aims to integrate the stakeholder groups as part of dedicated platforms and fora. At Telekom the annual stakeholder forum is a method, while at Duna-Dráva Cement the Social Control Group has this role, to be a regular and institutionalised meeting and discussion opportunity.

To pursue the interest and the public sphere is also crucial and this is why the political CSR scholars stress that deliberative constrain of individual freedom (including those of corporations) by laws is unavoidable. In the liberal conception the citizen is conceptualised only as a private person (bourgeois) who will pursue his or her private interest both in the private and in the public sphere. But as we saw above both companies have initiatives which involve build upon the active participation of their stakeholders in the global issues (eg. sustainability) that are defined as major issue for the company.

These companies can be connected with political CSR but have instrumental goals and are active in stakeholder relations in line with the classic paradigms.

As for the criticism of the social responsibility of large enterprises, - claiming that these activities generally serve a communicational purpose - based on the review of the theory and the definition of the practice, it can be concluded that institutionalised forms communication contribute to the long-term enhancement of stakeholder cooperation.

The research contributes to the examination of the areas and channels of social dialogue and analyses the practice in social discourse. The autonomously defined relationship of market participants and stakeholders, which is independent of the government institution system and decision making, may serve as a starting point for bottom-up, democratic initiatives. Cooperation of the parties may lead to mutually beneficial programs and the enhancement of forms of cooperation that are independent of the government institution system and which integrate relevant factors into the making process.

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