

# Strategic silence: Why are some companies not publicising their environmental certifications?



IKEA uses a lot of lumber. You may have become acquainted with that lumber when you sweated over assembling a Billy bookcase correctly. Is IKEA callously felling old-growth forests to prop up our old college textbooks? No, for years it has sourced its lumber from forests certified by the Forest Stewardship Council. But you won't see that fact trumpeted on the box or in the catalogue. IKEA keeps that indicator of environmental uprightness to itself.

IKEA isn't alone. We noticed a few years ago that other large organizations are often remaining silent about their certifications and achievements. Why would a company that has qualified for a prestigious environmental certification keep the news to itself? Such certifications often require large expenditures of time and money, the revamping of critical processes, and the altering of vendor relationships, so you'd think the company would want to reap the value of those investments by publishing the achievement loudly and widely. Strangely, some firms elect to remain silent and leave that value on the table. Intrigued by this phenomenon, we engaged in research that could help explain this puzzling behaviour. Our research shows that one explanation for why firms engage in this practice of strategic silence may be because they have weighed the cost to their reputation of being accused of hypocrisy against the boost to their reputation bestowed by the certification – and the cost of being hypocritical in today's marketplace is just too high.

For decades, companies have faced pressure from environmental activities and the media to be environmentally responsible. That scrutiny has sometimes led to accusations of "greenwashing" or environmental hypocrisy. This accusation carries such severe reputational penalties with it that some firms have chosen to avoid the risk altogether by remaining silent about their environmental efforts and achievements. This practice is sometimes called "greenhushing".

To investigate this trend, we explored the publication patterns of firms that were members of the Dow Jones Sustainability Index (DJSI), a prominent environmental certification intended to identify and recognize sustainability leaders. We searched the sustainability reports, press releases, and other regulatory disclosures for any evidence of companies promoting their achievement in attaining membership in the DJSI from 1999-2014.

Some of the data followed the expected pattern. Most firms that achieved inclusion in the DJSI were likely to actively publicize the accomplishment, some touting the achievement as evidence of accomplishing a major corporate initiative. Our data also demonstrated a broad general increase in the publication rates of DJSI membership over time. We believe that increase is due to the increasingly popular recognition of the achievement as the certification became better known. In 1999, the year the DJSI was established, only 15 per cent of firms publicized their membership. By 2014, that number had increased more than five-fold to 78 per cent. So, these data illustrate that most firms do seek to publicize their good deeds.

Some firms, however, were less likely to publicize their DJSI membership. These were firms that had tender spots around environmentalism. Some had recently been targeted by environmental activist stakeholders for environmental misdeeds, others were vulnerable to such charges. We noticed that firms that had experienced a recent environmentally negative event (e.g. an oil spill, environmental lawsuit, etc.) strategically withheld news of their DJSI membership from the public. Publishing their membership would have made them a target for claims of greenwashing and hypocrisy.

For example, Advanced Micro Devices, a large multinational semiconductor company achieved DJSI membership for 14 consecutive years and actively publicized this accomplishment in their annual sustainability report, *except* during a two-year window in which it was the target of an environmental lawsuit for attempting to build a new corporate campus in an environmentally sensitive area.

Our results suggest that, for such firms, the value of the positive impression created by the certification did not outweigh the risk of being accused of hypocrisy, and they strategically remained silent. These findings highlight provocative questions both for firms interested in communicating their socially responsible practices and for stakeholders concerned with environmental integrity.

This research opens a timely conversation about how companies balance the communication of benevolent acts while simultaneously responding to reputational threats caused by corporate mishaps, particularly in an age when social media makes shortcomings increasingly visible and shareable.

A timely example of this challenge is illustrated by the backlash levied against McDonald's after it rolled out a campaign in conjunction with International Women's Day to turn their iconic golden arches upside down to form a "W" as a signal of their support for women. Critics immediately labelled this as an act of hypocrisy, claiming that such a statement was inconsistent with McDonald's history of underpaying workers, many of whom are working mothers, and the company's active efforts to lobby against increases in minimum wages.

But firms' individual strategic decisions to proactively protect their reputations by withholding news of environmental certifications has wider societal consequences. By refraining from publicizing their prosocial activities and achievements, firms may inadvertently stifle the spread of socially beneficial practices. Because the spread of innovations or new practices that have social benefits is largely a social process of comparison and response, companies that stay silent about their positive actions limit awareness of those practices and decrease the social pressure for others to adopt similar ones.

Consequently, our findings suggest a word to the wise: that policymakers, NGOs, and other activists interested in promoting socially responsible practices should be careful that their efforts to *monitor* corporate accountability do not *stifle* the very practices they intend to encourage.



#### Notes:

- This blog post is based on the authors' paper [Strategic Silence: Withholding Certification Status as a Hypocrisy Avoidance Tactic](#), *Administrative Science Quarterly*, February 2017.
- The post gives the views of its author(s), not the position of the institutions they represent, the LSE Business Review or the London School of Economics.
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