COMMUNICATING CSR IN THE DIGITAL AGE: AN EXPLORATORY STUDY OF A CSR AWARD WINNING COMPANY IN MALAYSIA

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ABSTRACT

The role of the government in driving corporate social responsibility (CSR) practices in Malaysia remains fundamental from the start. Unlike its Western counterparts such as the United States or United Kingdom, Malaysian government has set in motion special CSR funding and incentives; which include tax exemptions for companies that have made substantial social investment to society. CSR has been embedded in business practices to attract international investors and to secure major business contracts. Ahmad (2012) found that CSR practice in Malaysia primarily functioned as a business strategy to remain competitive and subsequently drive the nation’s economic growth. CSR communication has received increased attention particularly after Bursa Malaysia made it mandatory for public listed firms to report on their CSR activities. However, conventional CSR reporting; either included in corporate annual report or standalone CSR report merely served to inform organizations’ commitment in pursuing responsible business practices without making any serious attempt to establish a direct and constant engagement with CSR’s key stakeholders i.e. CSR recipients, employees, community, volunteers and investors. This study argues that continues engagement with organizations’ stakeholders is essential to secure a continuous trust and support towards CSR initiatives. Social media could fill this void as they provide a strategic avenue for companies to have a timely and direct engagement with diverse stakeholders. At present, there is no empirical evidence found on the usage of social media to communicate organizations’ CSR initiatives among Malaysian firms. At the same time, to what extent CSR communication using the social media has helped organizations to engage with stakeholders, has not been sufficiently explored. In view of this gap, the study has addressed the overarching question on how organizations in Malaysia used social media to communicate CSR with their stakeholders. The findings among others showed a strong tendency to adopt a one-way communication strategy in communicating CSR related information with stakeholders. Despite social medias’ distinctive feature in fostering two-way communications, CSR communication remained as non-interactive. This research offers a critical insight on how CSR communication strategy has evolved in this digital era, and thus this would be an original contribution to the literature, particularly in the area of CSR communication in Malaysia.

Keywords: corporate social responsibility (CSR), CSR communication, stakeholder dialogue, and social media

Introduction

Corporate social responsibility or CSR has no single definition. Different organizations defined CSR differently. Often times, the term CSR is used interchangeably with corporate responsibility (CR), sustainability and corporate citizenship. Bursa Malaysia described CSR as,

‘a holistic approach to business management, incorporating economic, environmental, social and governance considerations alongside financial ones, will serve as a sound business model that supports business continuity and long term value creation for stakeholders and society at large’ (Bursa Malaysia, 2016).

Drawing from this definition, CSR is part of doing business that contributes to organizations’ long term survival and at the same time offers value to a wide range of stakeholders. This paper maintains that CSR should be deeply embedded in business practices rather than a separate program to increase corporate reputation. In Malaysia, the role of the government in driving corporate social responsibility (CSR) practices remains fundamental from the start. Unlike its Western counterparts such as the United States or United Kingdom, Malaysian government has set in motion special CSR funding and incentives; which include tax exemptions for companies that have made substantial social investment to society. Government linked companies (GLCs) and publics listed firms (PLCs) are among CSR champions that constantly execute mega CSR projects for nation building (i.e. education, alleviation of poverty and development of human capital). Likewise, Ahmad (2012) also found that CSR was a common business practice among competitive business firms that served to enhance corporations’ image and subsequently meet international business standard.

CSR reporting is not new. Literature affirmed that companies have voluntarily included corporate social performance report in annual reports since 1980s (see Teoh & Thong, 1984). Greater attention was given to CSR disclosure particularly after Bursa Malaysia Listing Requirement made it mandatory for public listed companies (PLCs) to report their CSR activities in the annual report (Securities Commission Malaysia, n.d.). It is important to note that CSR communication is not limited to CSR report in an annual report alone. Some companies have taken the initiative to publish a stand-alone CSR report and upload CSR’s policy and initiatives on their official websites. However, not much is known on how organizations establish a direct and constant
communication with CSR’s key stakeholders i.e. CSR recipients, employees, community, volunteers and investors. Scholars affirmed that stakeholders’ engagement is fundamental as it assists corporations to identify stakeholders’ actual needs or issues and subsequently produce better CSR programs (see Freeman 1984; Waddock & Smith 2000). This study defined stakeholder engagement as ‘an interactive way to communicate with a variety of stakeholders (Brown & Flynn, 2008 in Waddock & Googins, 2011, p. 37) that will create a better organization-stakeholders’ relationships. This study argues that socially responsible companies ought to establish a continuous and participative engagement with key stakeholders to sustain their trust and a long term support. Cortado & Chalmeta (2016) affirmed that engaging stakeholders through dialogue helped to create shared understanding so as to accomodate critical stakeholders (p.2). Social media could play a vital role here as it offers a dialogic, two-way communication between organizations and stakeholders in real time. This would engender mutual understandings between organizations and stakeholders thus increased trust and support to companies’ CSR. Nevertheless, how socially responsible firms in Malaysia used social media to communicate their CSR initiatives has not received much attention in the literature. At the same time, to what extent CSR communication using the social media helped organizations to engage with their stakeholders remained under research. In view of this gap, this study has addressed the overarching question of how organizations in Malaysia used social media to communicate CSR related information with stakeholders. In addition, type of CSR communication strategies adopted was also sought.

This paper is divided into several parts. Subsequent to the introduction, the paper presents a literature review that includes the early practice of CSR in Malaysia, CSR communication and social media, and stakeholder dialogue. Next, the paper elucidates the methodalogical approach adopted. The paper also highlights on the findings of the study prior to discussion and conclusion. Finally limitations of the study and future research are discussed.

Literature Review

Early CSR Practice in Malaysia

At the outset, CSR practice in Malaysia was part of public relations activity undertaken by multinational companies primarily to build relationships with the government. In this context, the government acknowledged corporate contribution including financial support to various nation buildings efforts as CSR (Arun 1993 cited in Leuven 1996, p.212). Over the years there was a growing evidence of an increased level of CSR awareness among Malaysian firms and that they strived to become good corporate citizens (Rashid & Ibrahim, 2002; Ahmad & Rahim 2003 in Lu & Cästka, 2009, p. 147; Frynas, 2006).

The industrialization policy introduced in 1980s had transformed Malaysia from an agricultural based economy to an industrial country. In the process of becoming an industrialized nation, responsible business practices have become more important than ever in driving the country’s economy. Amran and Susela (2008) affirmed that the Malaysian economy has been largely dependent on foreign direct investment (FDI) and this creates pressure for Malaysian companies to embrace global business trends and that includes CSR (p. 389). Socially responsible business practices have raised local business profiles that put them on a par with their international counterparts. In addition, Malaysian government has promoted the CSR culture into companies particularly those that have a close liaison with the government such as government linked companies (GLCs). Commitment to CSR has enhanced government’s image at the global setting thus becoming a model of other developing countries (Amran & Susela 2008). In Malaysia, CSR initiatives were largely driven by government agendas, for example, in July 2005, the Putrajaya Committee on GLC High Performance launched ten initiatives to enhance GLCs competitiveness (The Silver Book, 2016). The Silver Book was one of the initiatives that guided leading GLCs in Malaysia to make substantial contribution to society and concurrently linking this effort with profitable businesses. Similarly, CSR initiatives have been on the rise among public listed companies (PLCs) following the announcement made by the then Prime Minister, Tun Abdullah Ahmad Badawi in his 2007 budget speech advocating all PLCs to disclose their CSR activities to meet the listing requirement which ultimately enhance PLCs’ competitiveness (Badawi, 2006, p. 22). In addition, Bursa Malaysia has launched the CSR Framework in September 2006 to guide PLCs to manage and disclose their CSR efforts. The development of CSR disclosure seems promising when Malaysia eventually secured a leading position in the area of CSR reporting, leaving behind her other Asian counterparts such as Indonesia, Thailand, Singapore and Philippines (ACCA 2010). Recently, in conjunction with the Sustainability Symposium 2015, Bursa Malaysia has launched a new Sustainability Framework, Sustainable Reporting Guide and toolkits for PLCs in Malaysia (Bursa Malaysia Hosts 2nd, 9 October 2015).

There has been a growing number of companies that adopted exemplary CSR initiatives, i.e. ‘ACCA-MESRA reporting award’, the ‘Prime Minister CSR award’, ‘Star-Biz ICRM Corporate Responsibility’ award, to name a few. These awards encourage companies to behave responsibly, and subsequently create more awareness of CSR in Malaysia. This exploratory research aimed to examine how a CSR award winning organization used social media to communicate with stakeholders. In this study, a CSR award winner that has a long tradition in CSR and actively pursuing exemplary CSR programs in the country has been selected.

CSR Communication and Social Media

In the realm of CSR communication, the focus often revolved around what was being reported in the annual report (Nik Ahmad, Sulaiman & Siswantoro 2003; Amran & Susela 2008). Later, scholars have started to give attention to CSR reporting via websites (see Saleh 2009; Khasharmeh & Desoky, 2013). However, most studies primarily interested to measure the extent of disclosure performed by various industries and the type of CSR dimensions that frequently disclosed (e.g. environment, community, gender diversity, employee training and etc). Empirical studies on CSR disclosures among corporations in Malaysia revealed that social disclosures were mere attempts to improve companies’ image rather than to provide useful information to
stakeholders (Nik Ahmad, Sulaiman & Siswantoro 2003; Zain, Mohammad & Alwi 2006). In this case, companies would identify what worth to be reported to enhance the corporate image and reputation. Drawing from a critical view, this one-way reporting is less likely to do justice for organizations’ stakeholders. This is because organizations’ stakeholders will be exposed only to information crafted and selected by the organizations (Ahmad, 2012) which most of the time positive and pleasant. At the same time, companies gained the upper hand to determine CSR initiatives without significant involvement of other stakeholders, i.e., CSR recipients. As a result CSR initiatives may appear self-serving rather than meeting the actual needs of stakeholders.

The usage of social media has increased exponentially over the years and Malaysia is no exception. The Ministry of Multimedia and Communication reported that Malaysia has a broadband penetration of 72.2% with active Internet users surpassing 19 million with 98% are using the social media (Achariam, 9 December 2015). Kaplan and Haenlein (2010) in their seminal paper defined social media as ‘a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 that allow the creation and exchange of User Generated Content’ (p.61). Unlike traditional media, the social media empower media users to have timely, direct and personal communication with organizations. Social media enable stakeholders’ to participate in CSR communication leading to a co-creation of meaning and values of all parties involved. However, Tenceh and Jones (2013) cautioned that ‘communication through social media can be messy, as messages are open to challenge, misinterpretation and are subject to misinformation and sabotage’ (p.294). Therefore, communicating CSR via the social media should be handled with extra caution as it may cause relationship to be challenged and subsequently become unstable. On a different note, Capriotti (2011) lamented that the function of social media is limited to disseminate information to stakeholders rather than promoting interactive and dialogic communication. Similar finding was found among nonprofit organizations that used Twitter as a means of sharing information instead of building relationship with stakeholders (Waters & Jamal, 2011). This study intends to critically examine how CSR award winning companies utilized social media to communicate CSR related information and engage with their stakeholders.

Stakeholder Dialogue

The Stanford Research Institute defined the term stakeholder as ‘those groups without whose support the organization would cease to exist’ (Freeman, 1984, p. 31). Advocates of stakeholder management theory affirmed that part of business’s responsibility besides pursuing its economic goal is to meet stakeholders’ needs and expectations. In his seminal work, Freeman (1984) posited that the stakeholder management concept as a strategic way to ensure the differing needs of various stakeholders in the pursuit of CSR might not fall short. Over the years, proponents of stakeholder management theory have raised the importance to develop positive relationships with stakeholders to achieve mutual interests (Waddock & Smith, 2000). Additionally, the new stakeholder theory hypothesised that relationships with critical stakeholders increased the possibility of firms to generate sustainable wealth (Post, Preston & Sach 2002). In the same account, Post, Preston and Sachs (2002) also reminded management to constantly monitor stakeholders’ interests and concerns as they gradually changed according to time and contexts. Such monitoring requires companies to maintain a continuous two-way communications with respective stakeholders.

In the realm of CSR communication, Podnar and Golob (2011) affirmed that companies should go beyond informing CSR information but to engage in ‘symmetrical’ relations that would increase trust and accountability (p.232). Fairbrass and O’Riordan (2008) suggested that ‘stakeholder dialogue’ is part of socially responsible action that can be undertaken by companies (p. 746). Kent and Taylor (1998) defined dialogue as ‘any negotiated exchange of ideas and opinions’ that transpire among communication actors. Drawing from Johnson-Cramer (2003 in Morsing and Schultz 2006) ‘the essence of stakeholder dialogue is the co-creation of shared understanding by company and stakeholders (p. 325). In this context, stakeholder dialogue would empower both organizations and their stakeholders to create a shared meaning of CSR to meet mutual interests. This paper concurs with Fairbrass and O’Riordan (2008) that the absent of dialogue may hinder companies to incorporate actual issues and needs of other stakeholders. This would make CSR initiative to be self-serving or to benefit the organization alone. Morsing and Schultz (2006) proposed three CSR communication strategies: stakeholder information strategy, the stakeholder response strategy and the stakeholder involvement strategy. Stakeholder involvement strategy claimed to be useful in assisting companies to detect stakeholders’ interests, needs and expectations. This study among others has explored on CSR communication strategy adopted by a CSR award winner as a result of using the social media.

Methodology and Sample

This study has selected an award winner from the recent ACCA Malaysia Sustainable CSR reporting (MASRA) award. Association of Chartered Certified Accountant or ACCA is a leading global professional body for accountants that have promoted sustainability practices for almost two decades (ACCA Malaysia, n.d). The selected organization or known as company X has been selected in view of its long CSR tradition. In addition, the company also used multiple social media platforms as channels of communication with various stakeholders. This exploratory research adopted a qualitative approach to examine the CSR communication strategy practiced by the organization. Data was obtained from company X official Facebook, Twitter and Instagram accounts. Information related to CSR initiatives posted in these social networks sites have been examined for a period of one year. Besides, the number of likes, shares, and comments made by stakeholders have been recorded and analysed too. In this study, video and audio materials were excluded. Attention was given to type of information posted, communication strategy used, and the degree of interaction occurred and stakeholders’ involvement in the communication process. Thematic analysis has been used to analyse the data.
Findings

Company X has started to report on its CSR initiatives in 2006 and published its first stand-alone Corporate Responsibility Report in the same year. Since then, the company has produced and uploaded its CSR reports onto its official website. CSR initiatives have been pursued within four major areas namely, community, environment, workplace and market place. The company posted its first information on Facebook and Twitter six years later. Next, the company has started using Instagram only this year.

Counting from June 2015 to June 2016, there were only sixty-three posts on company X’s Facebook. Out of the total posts more than 52 percent information was addressed on CSR. Other information posted includes, company’s announcement financial performance, season’s greetings, business events and articles published in the media with regards to their products and business facilities. A dominant theme emerged was the company commitment to socially responsible practices. In most occasions, company X inclined to reiterate its commitment to do good as part of its core business. More often than not, readers would be redirected to its official homepage that contained more details on CSR initiatives. The study also found that, most CSR related information posted on Facebook rarely received comments or feedback from stakeholders. In other words, the company has not been successful in fostering stakeholders’ participation (i.e., opinion about current CSR programs, suggestions for improvement and stakeholders’ concern) that would be useful for the company CSR initiatives. At the same time, the number of likes was not that encouraging.

Another dominant theme found was about reporting on CSR initiatives and achievements. There was a strong inclination to report about the company CSR activities to stakeholders. In many instances, the reporting gave major emphasized on the amount of investment and effort made to remain socially responsible in business. At the same time, the information posted on Facebook also focused on achievements obtained from the CSR initiatives. Similarly, the nature of communication is one-way communication rather than promoting a symmetrical interaction with stakeholders. The number of people who shared information posted on the social media was also relatively poor. Kaplan and Haenlein (2010) offered few guidelines to be socially effective on social media and that includes being humble and unprofessional (pp.66-67). Thus, seeking advice and suggestions to improve a company’s CSR initiatives should be one way to increase stakeholders’ participation rather than merely promoting accomplishments that would sound cliché and superficial.

It is important to highlight that communicating CSR using the social media is not risk free. The downside of using the social media is that, it gives room for stakeholders to post unpleasant remarks publicly. Waddock and Googins (2011) cautioned that ‘communicating about CSR often raise skepticism about the organization rather than achieving its intended aim of illustrating its contribution to society’ (p.24). The study found some CSR related information posted on Facebook received sarcastic response from stakeholders. Negative remarks have been posted in response to announcement made about its CSR ongoing initiatives. However, the company has cleared the air by giving clarification on issues raised by critical stakeholders.

The usage of Twitter appears to be less vigorous as compared to Facebook. There were only 32 tweets posted since 2012 with less than one hundred followers. The company primarily tweeted its events and contests information. Similar to Facebook, information on Twitter was also in a form of notification rather than inviting stakeholders to give comments or feedback. Unfortunately, the Twitter account appears to be inactive since early 2013. On the contrary, its international parent company Twitter account tends to be more active and interactive. Almost all tweets contain texts, photographs and offer a link to redirect readers to a specific section in its official website. In addition, their Instagram account is rather new and not many photos have been uploaded since early this year. Photos shared on Instagram were largely to promote its popular products and events. More than thirty photos have been posted since last April. However, the Instagram has been dormant since then.

Discuss and Conclusion

This research found that socially responsible companies are now using traditional and new media to communicate their CSR to various stakeholders. This is evident when all CSR award winner companies are actively using social media such as Facebook, Twitter and Instagram besides publishing annual report and stand-alone CSR report. The various social media enabled communication to be more frequent and immediate. At the same time, social media allowed for other communication materials such as photographs, audio and video to be uploaded and shared that traditional media unable to integrate. Unfortunately, the study found the application of social media is limited to one way communication; primarily to report or to update stakeholders about the company CSR initiatives rather than promoting two-way communication that elicits interaction and dialogue. This exploratory study found very little interaction occurred between the company and its stakeholders in relations to CSR. Kent and Taylor (1998) suggested several guidelines to integrate dialogic communication using the World Wide Web that could be adopted by social media. Among the principles to promote dialogic include allowing stakeholders to voice inquiries, opinions and opportunity for organization to respond or known as dialogic loop. They also emphasized the importance of offering information that has value, addressing key stakeholders’ concerns rather than just updating or making the information accessible to them. Besides, interactive strategies such as forums, question and answer formats would also encouraged repeat visitors to social networking sites.

This research shows that the stakeholder information strategy (Morsing & Schultz, 2006) tends to be more dominant in practice as compared to stakeholder response and stakeholder involvement strategy. In this context, the company used the social media just to update information about their CSR activities without putting much effort to engage stakeholders in a dialogue. Despite an interactive feature of social media, company X has not been successful in enticing stakeholders to co-create CSR initiative or
policy that is meaningful to all parties. Stakeholder information strategy merely promotes one-way communication that empowers company X to be the sole actor in pursuing CSR initiatives.

The application of social media could be rewarding and challenging at the same time. Tench and Jones (2015) cautioned that the timely, interactive features of social media can destroy reputation, value and relationships; and ultimately bring down businesses (p. 294). Therefore, companies that actively using social media should anticipate negative comments or even complaints from critical stakeholders. This study found cynical remarks and negative comments made by critical stakeholders in response to CSR messages posted on company X Facebook page. In this case, communication via the social media does not only require companies to respond immediately and tactfully but to promote negotiations that would engender mutual understanding with all parties. This study suggests companies to assign trained communication personnel to manage CSR communication activities. This is essential to increase company-stakeholders’ interaction that will produce meaningful CSR initiatives to business and all stakeholders involved.

Limitations and Future Research

Findings from this research offer a critical insight on how a CSR award winning company has embraced social media to communicate its CSR initiatives. This exploratory study provides insight on the type of CSR communication strategy adopted by a socially responsible organization in this digital age. However, this research is not without limitation. The study only includes one award winning company to explore its usage of social media in communicating CSR. Therefore, the findings cannot be generalized to other socially responsible companies in Malaysia. This study suggests future research to include multiple CSR award winners from different industries to better understand the pattern of CSR communication strategy adopted by CSR renowned corporations in the country. At the same time, an in-depth interview with CSR and Communication personnel will shed light on the actual challenges experienced by organizations in managing their CSR communication using the social media.

References


