

Makalah Nomor: KNSI-196**CSR COMMUNICATION MODEL: OFFICIAL WEBSITE AS A MEANS OF STAKEHOLDERS DIALOGUE**Ati Harmoni^{1,4}, Sri Wulan Windu Ratih^{2,4}, Purwanti^{3,4}¹Jurusan Manajemen, Fakultas Ekonomi, ²Jurusan Teknik Informatika, Fakultas Teknologi Industri³Jurusan Sistem Informasi, Fakultas Ilmu Komputer dan TI, ⁴Universitas Gunadarma,

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Abstract

This paper investigates the ways in which the corporations included in Bisnis-27 Index disclose information on CSR through their official websites and to identify management requirement of CSR communication through website and to evaluate level of use of website features based on the framework of Media Richness Theory. The study was conducted by observing information about CSR presented on the web. Survey was followed by doing case studies on two companies among them. The case study was to identify the management's web based CSR communication needs through the framework of Media Richness. CSR communication requirement by management in terms of timeliness, presentation and organization, accessibility, and interaction, while the feature of the websites that is capable to facilitate the needs of management for CSR communication were immediacy, multiple cues, language variety, multiple addressability, personal sources, computer processable memory, externally recordable, and concurrency. The study showed that the CSR communication requirements that are considered critical by management resulting in the use of the web features moderate to high, while the communication requirements that are considered non-critical by management resulting in low to moderate usage of web features.

Key words: CSR communication, website, stakeholders dialogue, media richness framework

1. Introduction

Corporate Social Responsibility (CSR) has become a much-discussed subject in the business world today. The challenge of CSR is to insure a firm's responsiveness to stakeholders and gain competitive advantage. From a business perspective, CSR is considered as an activity that legitimizes an organization in the eyes of society. It was an obligation for corporations to accomplish their responsibilities towards their internal and external environments if they want to be perceived favorably by their stakeholders. These obligations are often embedded in organizational policy and action with the aim to achieve economic, social and environmental sustainability [1].

As part of the fulfillment of CSR, companies are expected to engage with its stakeholders through an activity called stakeholder dialogue. Stakeholders can demonstrate an interest and influence to the company through direct pressure or through the dissemination of information, acting formally or informally, individually or collectively. Messages regarding corporate ethics and social initiatives have the power to evoke strong positive reactions among

stakeholders [2]. As a result, corporations are increasingly concerned with communicating to the diversity of stakeholder groups in an ethical and responsible fashion. This communication with stakeholders is accomplished through a number of communication channels, such as sustainability reports, advertising campaigns on television, billboards, and the Internet.

The dynamics of the relationship between companies and stakeholders, particularly through the Internet are becoming increasingly attractive because, on one side, the growing demand for transparency in the company - including transparency in CSR programs and activities - and on the other side, advances in communications technology and information.

This paper investigates the ways in which the corporations included in Bisnis-27 Index disclose information on CSR through their official websites and to identify management requirement of CSR communication through website and to evaluate level of use of website features based on the framework of Media Richness Theory.

2. Stakeholders Dialogue and CSR Communication

The concept of the stakeholder was defined as any group or individual who can affect or is affected by the achievement of the firm's objectives [3]. Stakeholders have the right to specific information for certain decision and they should be provided relevant information including environmental information [4]. Stakeholders have the ability to control or affect the resources of corporations. This elucidates their power through their level of control they have over the resources. Organizations are likely to use different strategies to deal with different stakeholders and these strategies may change overtime [5]. On the other hand, certain stakeholder group can be more effective than others in demanding social responsibility disclosure, thus makes corporation concentrates on the group's information needs and demands.

The stakeholder concept can be used to personalize social responsibilities by specifying the specific groups or persons to be considered. CSR then becomes of matter of identifying, organizing, communicating with and/or entering into dialogue with pertinent stakeholders. The challenge thus lies in being responsive to and balancing a multiplicity of particular interest. Business has come under increasing pressure from its stakeholders to act responsibly and to engage effectively with stakeholders via various dialogue practices.

The corporate annual report has traditionally been seen as the primary vehicle by which companies have communicated with external stakeholders. More recently, with the advent of the internet, companies have begun to utilize web based technologies as a means of reporting to external stakeholders. The web site provides new ways of communicating with stakeholders, such as the ability for two-way communication, to allow users to quickly navigate the site then to select their information preferences.

In considering the use of the corporate web site as a communication medium, the obvious potential advantages over hard copy communication can be easily identified, that is the user can determine format of presentation, customize the information they receive through search facilities, and that the web, as an immediate communication medium, can provide real-time data and instant corporate information [6]. The main difference between the Internet and the traditional media lies in the fact that it allows companies to publicize more information less expensively and faster than ever before.

In spite of its great possibilities, the literature reviewed by [7] identified the limitations of web based reporting: 1) companies mainly publish single, free standing environmental reports, usually with no link to general corporate communications or other

management indicators, 2) significant data on environmental performance is being collated, but these databases are not being linked into corporate environmental reports, 3) companies are not exploiting the benefits of the internet – particularly integrated, efficient, dialogue oriented, hypermedia features, interactive and customized environmental reporting.

3. Research Approach

An investigation was done to the official websites of the 27 companies. Ten values corresponding to issues related to CSR [8] were identified.

The study sample included the corporate official websites of all of the enterprises quoted in November 2011 – April 2012 in the selective index of the Indonesia Stock Exchange, the Bisnis-27 Index. The companies studied included Adaro Energy, Aneka Tambang, Astra International, BNI, BRI, BTN, Bank Mandiri, Bank Danamon, Borneo Lumbung Energi & Metal, BSD, Charoen Phokphand Indonesia, XL Axiata, Harum Energy, Indofood CBP Sukses Makmur, International Nickel Indonesia, Indofood Sukses Makmur, Indika Energy, Indocement Tunggul Prakarsa, Jasa Marga, Kalbe Farma, Krakatau Steel, PP London Sumatra, PGN, PTBA, Semen Gresik, Telekomunikasi Indonesia, United Tractor.

The two companies selected on this study are different in organizational structures and management. The two companies put CSR issues differently on its website but all of them have a fairly complete report which can be accessed on their website. The selected companies have e-mail addresses that are listed on their website even though not specifically deal with CSR.

Features of Media Richness show that a medium is able facilitating the CSR communication requirement of the management. Table 1 shows the relationship between CSR communication requirements and features of Media Richness Framework [9]. However, a question still arise concerning whether website features – which is conceptualized through the framework of Media Richness – used in practice will be consistent with management needs to communicate through the website.

Table 1. CSR Communication Requirements and Media Richness Features

CSR Communication Requirements	Media richness Framework Features
Timely	Immediacy
Accessibility	Multiple addressibility
Presentation dan Organisation	Multiple cues, Language variety, Personal

Interaction	resources, Computer processable memory, and Externally recordable Concurrency, Personal resources
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Website features observation was performed by monitoring each company website. Level of usage of each website feature is rated as low, moderate, and high, while management requirements to communicate CSR through the website is identified as critical and non critical through interviews with company officials in charge of dealing with CSR and/or corporate communications.

4. The Presence of CSR Issues on Official Website

The Survey showed all of the corporate in the Bisnis-27 present information about CSR on their websites (Figure 1). The most present and relevant issues are those linked to the presentation of the general characteristics of the company (corporate profile) and of its products and services. This reinforces the idea of the self-presentation function of corporate websites. These issues have an eminently descriptive and informative approach and are more commercial in perspective, rather than allowing an ethical valuation or an appraisal of the company's compromises in its production and marketing activities. Another issue with a high presence is social action. However, more than 72% of the websites reserve a space for the issues of environmental action, external criteria, and relationship with publics resources. Finally, a remarkable fact is that the issue of corporate governance does not get special attention on the corporate websites, which is only 56% of website describe about corporate governance.

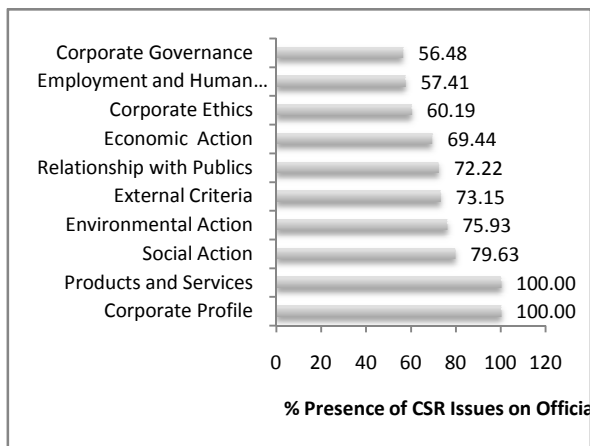


Figure 1. Presence of CSR issues on corporate official website

Specific CSR sections also presence on the websites of the Bisnis-27 corporations. Of these, 92.6% have a specific section, and 7.4% do not. On websites that have a specific section, CSR emerged as the main menu (66.7%), as a sub menu (18.5%), and the sub sub-menu (7.4%). The majority call it "Corporate Social Responsibility" (68%), and the rest were given different names such as "Corporate Responsibility", "Sustainability", "Environment Social Responsibility", "Sustainable Development", "Community and Environment", "Community Relations", and "Corporate Community Responsibility".

5. Web based CSR Communication as Means of Stakeholders Dialogue

Corporate CSR initiatives are important to the general public [2]. However, the general public has different perceptions of whether companies should communicate their CSR initiatives in corporate advertising and corporate releases or in minimal releases, such as annual reports and websites. There were three types of stakeholder relations in terms of how companies strategically engage in CSR communication vis-a-vis their stakeholders: the stakeholder information strategy; the stakeholder response strategy; and the stakeholder involvement strategy [2].

Web-based approach is considered most feasible compared with other means of communication because it offers a more flexible opportunity to share information and interact with stakeholders. External stakeholders also consider the company website as a key source of information on CSR activities of the company. Nevertheless, the experts said that many companies are not yet fully exploit all the possibilities offered by the web-based CSR communication.

Some evidences are shown on two companies studied. Company A uses the web as a means of conveying information that is important and as a complement to CSR communication in reports format, and other media. Company A uses web extensively which is viewed from information display which is more detailed. Company B website displays greater interactivity by providing interactive reports and ad hoc polls. The Company also provides a downloadable Sustainability Reports to complement the narrative on web and provides its own web portal for Community Development of its subsidiary. News updates are also performed regularly, including providing email alerts.

Company B also displays a complete and interactive information on its annual report. No specific web portal for CSR activities in Company B. The sustainability report can be found on the official web. News alert facility is available for those

who want the latest information received from the web via email.

Further, Table 2 shows intensity of website used based on the Framework of Media Richness by two companies.

Company A uses the immediacy of website more extensive than Company B, i.e, in terms of providing a sign warning of the latest news. Based on Media Richness framework, one of the advantages of website that can be utilized by the company is the ability to update information and news immediately [10]. Longitudinal analysis of website showed continuous updating information on the web. Companies rarely communicate environmental information on a regular basis, however in this study shows that the company issued a routine and non routine information related to CSR on the website extensively [6].

Table 2. Website Level of Use for CSR Communications Based on Framework Feature Media Richness

Features	Company A	Company B
Immediacy	High	Moderate
Multiple cues	Low	Low
Language variety	High	High
Personal resources	High	High
Multiple addressability	High	High
External recorder	High	High
Computer processable memory	High	High
Concurrency	Moderate	Moderate

CSR/Sustainability report can be equipped with multimedia content, such as video, podcasts, slide shows, animations and innovative format to display data in graphs and charts dynamically. Multi-media content is able improving the user experience by providing an alternative website to access information (such as reading, watching, and listening). In addition, multimedia content is often capable convey more interesting and personal way than simple text [10]. In this study, multiple cues features that are commonly used by all companies is graph. This is consistent with research conducted by [11, 12]. Limited use of other kinds of more advances cues, such as multi media and video are also presented by [6, 13, 14].

Variations in language used extensively by Company A and B. Internal links and menus as well as the provision of two languages on the report or website is the most widely used features of the whole enterprise as observed. This is in line with [6, 11, 13, 14]. They reported on the increasing use of links and menus on the company website. Limited use of specific CSR web portal which is found only in one company (Company A) is also in accordance

with the report [14] which states that very few companies are using the specific web portal to organize information on the website.

Two companies use the extensive features of personal resources. Links and menus are used to facilitate the needs of different stakeholders. Email alerts are used by two companies. This finding is in contrast to what was reported by the [11, 14] that the link is rarely used to organize information on the website. While the findings about the limited use of email alerts in line with the study [6].

All companies use multiple addressability feature on its website. The two company websites are able to be accessed by all stakeholders without specific mechanisms, such as keywords. Thus the ability of mass communication and global reach of the website are used extensively by all companies. This finding also applies to all companies surveyed. The use of this multiple addressability feature is in line with research findings of [6, 13, 14].

Externally recordable facility that allows stakeholders to download and print current and previous reports are generally available on all websites, but the software to assess the level of website usage by stakeholders are not widely used on the website. Ease of download and print was indicating that management saw the needs of this important feature was increasing. A record of CSR information can be provided through archived information, and users of a website may have the capacity to download and print past and current information. The availability of such mechanisms on websites was investigated. Previous research [10, 13, 14] suggests there is limited use of the facility.

Computer processable memory feature, especially site map, menu, and search engine, used by the three websites of the companies. This is consistent with previous research on the general industry which is conducted by the [6, 11, 13, 14]. The two companies surveyed provide analytical tools to process information on its website.

Technological development of website and official website provide new opportunities for companies in allowing two-way dialogue with different stakeholder groups. Internet can not replace traditional forms of stakeholder engagement, but the web-based tools such as interactive surveys, webchats, wikis, blogs and social networking can be very useful in enabling the company to improve interactions with stakeholders and reach out to new audiences in new ways [10, 15, 16]. The possibility of a dialogue and feedback collection (concurrency) is one of the website property as CSR communication media compared to existing traditional media.

Concurrency of the companies are indicated based on e-mail and feedback sheets. This feature applies to all companies surveyed. No use of more sophisticated tools, such as discussion forums or

chat rooms to engage with stakeholders. So far, despite the literature stating the potential for improving the website in CSR reporting while enhancing interaction with stakeholder interests, this study shows that the company has not fully utilize the website in dealing with stakeholders. [17, 18] in an earlier study also found that CSR issues of interactivity on the website are still limited. As noted by [19], companies are able to use the website interactivity feature to communicate with global stakeholders by utilize such features discussion forums. No used in an optimal concurrency features indicate that the potential of the website as a communication medium has not been fully used in practice.

Interviews with personnel who responsible for CSR activities and communication in each company are shown in Table 3. Table 3 shows management's needs for web-based CSR communication in all variables indicated as critical and non critical. It is also shown its relationship to the actual use of website features based on Media Richness Framework.

The need for the ability of accessibility of the website followed by the high use of multiple addressability feature in the company studied. So does the need for organization of information on the website followed by a high usage of language variety and the externally recordable by the company.

Table 3. Management CSR Communication Requirements via Website and Website Tingkat Penggunaan Laman

	Company A		Company B	
Requirement	Requirements	Degree of Use	Requirements	Degree of Use
Timing	Critical	Immediacy high	Critical	Immediacy moderate
Accessibility	Critical	Multiple addressability high	Critical	Multiple addressability high
Presentation and organisation	Critical	Multiple cues low, Language variety high, External recorder high, Personal resources high, Computer processable memory high	Critical	Multiple cues low, Language variety high, External recorder high, Personal resources high, Computer processable memory high

Interaction	Critical	Concurrency moderate	Critical	Concurrency moderate
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Respondents who were interviewed said that the accessibility requirements can be fulfilled by mass communication feature of website, while the organization's requirements are fulfilled with the existence of link, menu, and tracking software possessed by the web-based technology. Interviews with respondents B1 indicated that visitor tracking software is used to asses how many stakeholders use the web and what information is accessed. In terms of information organization, that needs can be met by the search engines. This is indicated by the high use of computer processable memory features. Nevertheless other analytical tools that are also associated with computer processable memory feature is not used by the entire company.

Interviews with respondents showed that getting in touch with stakeholders using more sophisticated features has not been necessary. Tools such as discussion forums, chat rooms and bulletin boards are not deemed necessary by all companies. It also shows that the website is still regarded as the media reporting rather than regarded as a communication media.

Lack of need for interaction through the website by the company also confirmed that the traditional media in dealing with stakeholders is seen as more useful for the company. Company considers that important stakeholders other than shareholders and the government is the people living around the site. In communicating with the local community stakeholders, face to face meetings or direct contact is seen as more striking than the web-based communication.

Limited need for some important communication capabilities of the web such as immediacy and interaction by the company shows that not all the potential website used in practice for CSR communications.

6. Conclusion and Suggestion

The research findings showed that the company has tried to show information about the CSR on its official web site. Especially information about the company profile and products and services. Information about social action, environmental action, the external criteria, and relationship with public received considerable attention from the company. Although seen from the observations that the information displayed is limited to qualitative information. Meanwhile, CSR issues that addressed to internal stakeholders, the corporate governance and employment and human resources, are limited to display on the website. Management communication

requirements that are considered critical resulted in the use of the website features moderate to high, while management communication requirements that are considered non-critical resulted in the use of the website features low to medium. Communication requirements that are considered critical by all two companies is the need for accessibility. This resulted in high use multiple addressibility feature on the website. Overall the study shows that the website is still regarded as the media reporting rather than regarded as a communication media for dialogue with stakeholders.

Further research can be expanded by conducting studies in a different context or comparing the needs of management in different industries to obtain a broader picture on the web-based CSR communication practice in Indonesia. Further research can also conduct to picture the needs for CSR communication from the stakeholders perspective.

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