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## Communicating Corporate Social Responsibility

*Nia Sarinastiti*<sup>1</sup>

### **Abstract**

*Menjalankan dan mengkomunikasikan mengenai upaya perusahaan dalam menjalankan Corporate Social Responsibility (CSR, Tanggung Jawab Sosial Perusahaan) sangat beragam. Namun, seringkali komunikasi lebih mengutamakan pada pandangan perusahaan bukan mengutamakan pada pandangan stakeholder atau partisipasi mereka dalam program CSR tersebut. Tulisan ini berusaha mengangkat bagaimana sebaiknya mengkomunikasi program CSR secara layak (dan bertanggung jawab) untuk dikembangkan oleh perusahaan sebagai bagian dari aktivitas public relations/corporate communication mereka. Dalam tulisan ini akan membahas upaya yang dilakukan oleh Accenture – konsultan manajemen dan teknologi – dalam mengkomunikasikan aktivitas CSR mereka.*

### **Keywords:**

*Corporate Social Responsibility, Public Relations, Corporate Communication, corporate giving, etika komunikasi*

### **Introduction**

Corporate Social Responsibility (CSR) has been the buzz world for the last five years. But in reality it has been practiced since the 1930s, and increasingly since the 1960s social responsibility has become an important issue not only for business but in the theory and practice of law, politics and economics. Nevertheless, only at the end of the 20th century, the concept of CSR received major attention from various publics, including non-profit organizations and corporations.

As a practice, CSR commands the attention of executives everywhere. More and more organization, from the private sector to government offices have begun to include CSR in their strategic agenda and making CSR as part of their organization's priority. It would be a challenge to find a recent annual report of any big international and national companies that justifies the corporation's existence merely in terms of profit, rather than commitment to "service the community". Large corporation nowadays are called upon to be good corporate citizens, and they all want to show that they are.

In a global survey by The Economist Intelligence Unit conducted in 2006 it found that 85% of senior executives and institutional investors believe that CSR is a central or important consideration in decision making, indicating that CSR has become accepted

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even without a clearly defined business case. And these corporations believe that there is need to communicate their commitment to the community. Unfortunately, without a clear defined business case in implementing CSR, not all can communicate their responsibility responsibly.

This article will look into the alternatives in communicating CSR and review how Accenture chooses how it communicates to its stakeholders.

### **Understanding the concept of Corporate Social Responsibility**

Before being engrossed in how to communicate CSR efforts, we should understand the basic concept of what consists of CSR and how it plays a role in conveying corporate commitment to society.

A general definition would be from a global organization, the World Bank, that has more than 100 countries as members to alleviate poverty. It states that:

“Corporate Social Responsibility (CSR), is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development.”

To compare, Cheney *et.al* (2004: 234) defined CSR as asserting that good business practices take into account their impact on communities, society, the economy, and nature. As for Kotler and Lee (2005; 3), they use the following in defining CSR:

Corporate social responsibility is a commitment to improve community well being through discretionary business practices and contributions of corporate resources.

For Cheney *et.al.*, the main emphasis is the impact and in Kotler and Lee's view is that the key element is the word discretionary. Both definitions emphasize on voluntary commitment a business makes in choosing and implementing these practices and making these contributions. This means that business practices are not activities that are mandated by law or that are moral or ethical in nature and perhaps therefore expected. Organization's commitment must be demonstrated in order to be described as socially responsible and will be fulfilled through the adoption of new business practices/and or contributions, either monetary on non-monetary. The term community well-being in this definition includes human/social conditions as well as environmental issues.

Although there are many forms or adoptions of CSR activities, we may confine them in categories/ sector that are majority adopted by organizations. Not all organizations will adopt all categories, but likely a few that relate to their business. Kotler & Lee (2005; 4) categorized cause initiatives that fall under the umbrella of CSR are those that contribute to:

- Community health: AIDS prevention, early detection for breast cancer, timely immunization
- Safety: designated driver programs, crime prevention, use of car safety restraints
- Education: literacy, computers for schools, special needs education

- Employment: job training, hiring practices, plant locations
- Environment: recycling, elimination of the use of harmful chemicals, reduced packaging
- Community and economic development: low interest housing loans
- Other basic human needs and desires: hunger, homelessness, animal rights, voting privileges, antidiscrimination efforts, etc.

For some corporations, pure giving in the limelight of natural disasters (flood, earthquake, tsunami, etc.) can be considered as part of their CSR effort. We have witnessed these efforts during the tsunami that hit Aceh and countries in the rim of the Indian Ocean where contributions, according to the World Bank 2007 Aceh Reconstruction Expenditure Update, from the private sector, donors and NGOs reached up to US\$ 4.9 billion from the overall US\$ 7.7 billion commitments.

As stated by Kotler & Lee (2005: 4) support from corporations may take many forms, including cash contributions, grants, paid advertising, publicity, promotional sponsorships, technical expertise, in-kind contributions (i.e. donations of products such as computer equipment or services such as printing), employee volunteers, and access to distribution channels.

For example, Accenture – which we will use as a study case later in this paper – has created the Accenture Foundation, and also contributed to the Aceh rehabilitation efforts. In Indonesia, Accenture focuses more on education and entrepreneurship through the forms mentioned by Kotler & Lee above.

### **Placing Corporate Social Responsibility as Public Relations**

An essential role of public relations is to maintain or enhance a company's reputation so it can serve its stakeholders profitably. One of the tools available to the public relations executive to help develop a favorable public identity is the company's social (contribution) program. Ideally, this function should also fall within the corporate communication/ public relations department.

In the late 1990s, Koten (1997; 149) stated that public relations is popularly described as doing good things and getting credit for it. Although CSR has not been widely used, the term philanthropy – as part of a CSR activity – can be considered as part of doing well and getting credit for it, and may be able to go beyond to help ensure survival of the corporation.

Nowadays, corporate contributions are viewed not only as beneficial to communities and as helping companies fulfill the role of good corporate citizen, but increasingly are being used to help improve profitability. For many companies, the nature of their reputation is a major factor in their ability to gain a competitive edge. In this case, the public relations executives should ensure that corporate contributions should be consistent with the company's overall interest and objectives. Every effort should be made to minimize the possibility that a contribution might be in some way embarrasses a company or be unintentionally controversial.

Many companies have “pass through” foundations in which the company gives to its foundation annually and the foundation, on behalf of the corporation, then distributes the money it receives directly to designated organizations. In Indonesia we have

witnessed the formation of Uni Peduli of Unilever Indonesia, Sampoerna Foundation deriving from the group of Sampoerna businesses (including its ex-cigarette industry), Eka Tjipta Foundation from its conglomerate in natural resources, finance and property businesses. This method provides some insulation for the company since it does not directly make the contribution.

Koten (1997; 151) cited that this has positive and negative aspects. For example, The Exxon Education Foundation was regarded as a model of this form of corporate giving. The Foundation, acting independently of the corporation though receiving money from it regularly, gave to causes it believed best – thereby insulating the corporation from any direct criticism or praise. Unfortunately, the Foundation, which gave heavily to educational institutions, did not support environmental groups. So, when the corporation was confronted in 1989 with the Exxon Valdez disaster, it had no environmental allies it could turn to immediately for help or support. This is a good example of what can happen when a giving program doesn't match the parent strategic needs. Therefore, any decision to support should also consider how it relates to its business. It would make sense for mining companies to support civil society organizations that would help in managing illegal miners rather than supporting export of local handicrafts. But, of course, it doesn't hurt to be able to support both, if possible.

Also, considered as a strategic decision, is to partner with other organizations. Corporations may be supporting various initiatives on their own and are successful, but in partnership with others may add more intrinsic value in image and network. Kotler & Lee (2005: 4) mentioned the relationship between ConAgra Foods and America's Second Harvest in providing foods for the needy. In Indonesia, we have witnessed the relationship between Sampoerna Foundation and Bandung Institute of Technology (ITB) in education, between Ranch Market and WWF in support of the environment, or how A&W food outlet solicit consumers to support the World Food Program in fighting malnutrition for children.

### **The Concept of Communicating Corporate Social Responsibility**

Although many people accept the concept of communication as being important to organizational effectiveness, they often oversimplify its role, considering communication to be a mere message exchange or a simple technique of that. Some people also treat communication as a manipulative tool: if you communicate 'just right', the receivers will no alternative but to do what you want or what you want you to think. These approaches to communication are not helpful because they overlook the essential nature of the communication process (Downs & Adrian, 2004).

A number of critics have wondered aloud whether some companies' giving activities are being turned into subliminal marketing ploys. They say that mixing marketing and philanthropy has the potential of pandering sentimentality of a naïve public – or the elitism of the rich (Koten, 1997: 152). This is a legitimate complaint as, increasingly, there appears to be a convergence of image making with do-gooding. As one critic commented, it's a triumph of sleaze over virtue.

In essence, to understand any communication interaction, one may need to understand both its history and the impact of non-communication variables in the

situation. Berlo in 1960 stated that a communication process conveys the general ideas that (1) many components interact together, (2) the outcomes of these interactions are determined by some unspecified contingencies, and (3) these interactions do not have a definitive beginning or end. To understand any current communication, one may need to understand both its history and the impact of non-communication variables on the situation. That is the case of communicating any public relations activities where corporate interaction with its stakeholders will depend on how the activities are accepted and that it will provide long lasting impact.

Therefore it is important to note that communication management and communication strategy are the key variables to any public relations activities. The communication strategy for public relations' CSR activities can be categorized into three categories:

1. Communicating for image

Communication for image focuses on portraying what are the organization 'do-goodings'. In the 2006 Indonesia Business Link Conference on Corporate Social Responsibility, "Responsible Business for Good Business" highlighted the need to look good in addition to doing good and doing well. Hence, effective communication is critical to convey the image of the organization,

Koten (1997: 149) stated that an essential role of public relations is to maintain or enhance a company's reputation so it can serve its customers profitably. One of the tools available to the public relations executive to help fashion a favorable public identity is the company's contribution program that may as well serve as a positive identity with each of its stakeholders, i.e. investors, public officials, and employees. Unfortunately, corporate giving in many organizations is reactive rather than proactive, and some may tend to camouflage what is in reality.

The Bhopa, India case is often cited as "a success story" in public relations textbooks because Union Carbide ultimately escaped with its name and its resources surprisingly intact. But what does this say about definition of "success" and about the question of professional ethics in the fields of public relations, issues management, and image management. Cheney et al (2004: 413) raised the question of authenticity. How do we know when a company is 'really being ethical' as opposed to just wanting to look that way to a particular group of people? In other words, when a company proclaim itself as "socially responsible" and joins an organization like Business for Social Responsibility, how do we assess or measure the level of commitment?

Thus, in communicating for image, strong ethical commitments are needed and that positive reputation can only be built over time and in multiple situations, not only asserting its values, but also providing proof or evidence that what it is do-gooding is what is needed.

2. Communicating for accountability

Many organizations believe that what is done can not merely focus on how it portrays the good things it is doing. The roles of business should also look at the ethics in what to communicate, thus communicating its accountability.

The Body Shop is a pioneer in the Business for Social Responsibility Movement. The Body Shop's ethics are rooted in its beliefs and agenda – to dedicate business to the pursuit of social and environmental change – and are fundamental to the way the organization operates. The late Anita Roddick has spoken openly about the role of business in society (Cheney, et.al, 2004):

“I would love it if every shareholder of every company wrote a letter every time they received a company's annual report and accounts. I would like them to say something like: 'Okay, that's fine very good. But where are the details of your environmental audit? Where are the details of your accounting to the community? Where is your social audit?’

Trading relationships with communities in need through the Body Shop Community Trade Programme) and campaigns for the environment, animal protection, and human rights make the Body Shop a distinct from its competitors. Social and environmental auditing and reporting presented the Body Shop with a powerful rhetoric vehicle for establishing and building on value premises. The Body Shop Value Reports in 1995 and 1997 were recognized by the United Nations Environmental Programme and Sustainability as 'trailblazing', and ranked highest in their reviews of international corporate environmental reports.

In order to maintain a consistent and unified identity, the Body Shop has had to demonstrate its commitment to self-improvement on issues like environmental protection, animal protection, and human rights to both internal and external audiences. In addition, The Body Shop's policy on transparency and open communication provided the template for imitators and competitors to position their identities on the Body Shop image, threatening the organization's position as a leader in its field. In 1998, Body Shop turned to a conventional business operation to improve financial performance, but its commitment to social and environmental cause remains.

Accountability thus orients toward the organization's triple bottom line, where it considers its own profits and growth, its responsibility to employees, and its roles in the wider community and environment (Cheney, 2004: 434). The index refers, first, to the responsibility to make a profit and satisfy investors; second, to the responsibility toward employees with respect to benefits, work environment, and voice; and third, to the responsibility toward the wider community and environment in terms of various impacts. By following this index, a corporation would not only strive for image, which is more of self-serving, but also on ethical accountability.

### 3. Communicating the voice of stakeholders

Although many organizations have either adopted image and/or accountability in communicating its CSR activities, and maybe well sufficient conveying with that, some organizations feel that acknowledgement from stakeholders, especially beneficiaries would ensure to be more effective.

Steyn and Butschi (2003) in Stroh (2007; 209) emphasized the following:

“Public relations strategy provides the focus and direction for an organization's communication with its stakeholders, determining what should be

communicated to assist in achieving organizational goals. These core messages are derived by identifying the organization's key strategic issues (including social, political and ethical issues) and determining their impact on the stakeholders/other interest groups in society. Thereafter, determining what should be communicated internally and/or externally to solve problem or capitalize on the opportunity presented by the issue.”

The definition demonstrates what should be communicated, placing the control in the hands of the communication manager in terms of the content of the message. The control within this view of communication is not totally symmetrical or participative, with reference to the stakeholders at whom the communication is aimed. According to Deetz (in Griffin 2003), based on his critical theory approach, involvement and participation of stakeholders are to make themselves heard, although they do not have any true participation on the decision making processes. In Steyn and Puth's (2000; 197) words, the involvement of stakeholders are emphasized that explaining the organization's position or point of view should be replaced or include to listening with a view to taking different actions. These actions include forums for stakeholders to share expectations, invite them to comment, to help create values and to take part in auditing to see how the organization adheres to its policies and values.

The importance of involvement or participation of publics and the understanding of attending to stakeholders' needs and building relationship with them are critical. The emphasis is on the relationships, not on the decision-making processes. If the relationships are strong, the outcomes of decisions ought not to matter because whatever they are, their consequences should work out to the benefit of the organizations in the long-run (Stroh, 2007: 211).

As an example, when conducting CSR activities, it is not just the contribution provided, but also engaging with the communities on what the contribution should be for, and have employees be involved in the process of providing such contribution. If a school is approached, the principal and teachers should have a say on what is needed for the school. If they decide that a library is needed, writing boards need to be refurbished and wall painting to be done, employees can as well participate.

Such efforts show that publics become part of the corporation and the creation of meaning through two way symmetrical communication and participation. As a closing note, research shows that a higher degree of participation in organizations will lead significantly more positive overall relationships between an organization and its internal publics, than with lower degree of participation and planned approaches to strategic management. Participation also increase work satisfaction and employee productivity.

### **Study Case: Corporate Giving at Accenture**

Accenture is a global management consulting, technology services and outsourcing company. As a service organization and very much servicing only to businesses and not consumers, it has no tangible products to deliver – unlike Unilever – and likely have no more than 350 clients per year (2/3 of the Fortune 500) globally from its 46 countries it operates.



In the foreword of Accenture 2007 Annual Report, Chairman and CEO William Greene stated the following:

“What makes Accenture truly special is that everyone, from new hires to the most experienced executives, is grounded in our Code of Business Ethics and six core values: Stewardship, Best People, Client Value Creation, One Global Network, Respect for the Individual and Integrity. Recently (in late 2007), we are proud that our Code of Business Ethics earned a top rating by the Ethisphere Institution, a leading ethics research and rating organization.”

This shared commitment to ethics and values are what has preserved the rich culture, define Accenture character and enhance its brand. This is has also accentuated in its support of corporate citizenship in making an important difference in its communities by focusing on the long-term delivery of shared value to the corporation and its stakeholders.

Overall, Accenture's CSR programs are encapsulated in what it calls Corporate Citizenship to engage actively with the communities in which it lives and works, while at the same time nurture the personal goals and aspiration of its diverse and talented employees.

In Fiscal 2007, Accenture and the Accenture Foundations committed US\$14 million in community investment through local and global giving programs. To enhance the value of its investment, Accenture also contributed more than 87,000 hours of pro bono work to not-for-profit organizations and more than 70,000 hours of consulting services through Accenture Development Partnerships. In addition, its professionals contributed 2,500 days of service through Voluntary Service Overseas programs.

An increasingly critical focus for its Corporate Citizenship Agenda is the environment. Accenture is committed to exemplifying environmental best practices as a provider of services to its clients, as a procurer of services from suppliers and as an employer to its people. Over the past two years, Accenture has implemented an environmental responsibility policy that guides its actions and operations.

In addition, Accenture recognize that attracting and growing talented individuals is the basis for its success. Exceptional results for its clients require exceptional people and, as a catalyst and facilitator of high performance, it knows that teaming with others, inside and outside the company, allows it to pave the way for sustainable growth and help change the way the world works and lives. Diversity breeds ideas, so harnessing the energy from a balanced workforce also fuels innovation for the corporation and its clients. Activities to harness employees include, but not limited to, flexible programs to achieve work-life balance, initiative to help employees combine careers with parenthood, daycare center, opportunities for career growth for the physically-challenged.

So, how does Accenture communicate CSR responsibly with all the activities above? The main message lies in its Corporate Citizenship Statement:

“Accenture is committed to being a responsive corporate citizen. We seek to understand and manage the impact of our actions on our people, clients, alliance partners and the broader communities we do business, and we are

committed to building mutually beneficial relationship with all of these groups.”

In short, corporate citizenship at Accenture, and specifically in Indonesia, means the following:

### 1. Sustainability

Accenture's corporate citizenship agenda is focused on creating sustainable economic growth with global reach and local relevance, within the rapidly changing context of a multi-polar world to drive short- and long-term economic growth. Long-term relationships with carefully selected global giving grantees allow Accenture both to contribute to today's disadvantaged communities and to help address the needs of future generations. Sustainability is also top of mind with respect to our environmental efforts. In Indonesia, it only provides grants to activities that are sustainable with long-term impact in education and entrepreneurship, such as scholarships (with expectations for internship and hiring), developing libraries to schools and foundations.

### 2. Participation

Accenture created a model of corporate citizenship that is centered on its core capabilities to make a real difference and resonates with its business, as well as with the aspirations of its employees. Its people benefit through careers enhanced by diverse experiences and new environments that test their leadership capabilities, and communities benefit through job creation, increased trade and new opportunities. The creation of Accenture Development Partnerships is built around a fundamentally simple, innovative business model that comprises sponsorship from Accenture, which provides consultants at marginal cost; contributions from employees through voluntary salary reductions; and contributions from clients through the payment of fees, which are set at a fraction of usual commercial market rates.

In Indonesia, participation/involvement of employees and beneficiaries is key. For example, Universities' administration are involved in the promotion of the scholarship, employees in the selection and awarding of scholarship recipients, and recipients are provided the opportunity to be involved in client engagements. For environment activities, employees participate in recycling their household goods, knowing that at the end it helps the livelihoods of Jakarta trash pickers.

### 3. Empowerment

Accenture's programs are designed to help empower disadvantaged people, giving them options for leading their daily lives and improving their futures. Accenture draws on the skills and capabilities of its unique pool of talent to maximize the impact of programs, and actively encourage its people in their volunteering and fundraising efforts. It is through the passion and energy of its people, as well as the company's commitment, to enhance the choices available to communities in need.

In Indonesia this includes empowering small and medium enterprises by providing basic management and marketing advice and giving seed money to young entrepreneurs with bright ideas. Empowering students to perform is not only by

providing scholarship, but also through being part of its engagement with clients in an internship program and providing the opportunity to be employed.

#### 4. High performance

Accenture's programs are to change lives by helping people and communities to perform to their maximum potential. It knows from its people that they feel rewarded by their community involvement, and constantly evaluates its efforts and the marketplace to inform whether its contribution is being recognized.

Accenture Indonesia was awarded by the President of Indonesia for its contribution and involvement in post-tsunami relief work. The efforts were conducted through voluntary work of its employees and through Accenture Development Partnerships (working with Save the Children).

All of the corporate citizenship activities above have encompassed communicating image, accountability and voice of stakeholders through various forms: brochure, annual report, web, events, etc. Despite the 'small' funds that are available in Indonesia, Accenture's effort in engaging with employees and beneficiaries have resulted in a strong partnership and ownership.

#### **Closing**

As a closing summary communicating responsibly includes, whatever form the communication is, involvement and participation, which may result in strong relationships, showing effective communication.

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