

Local Citizens Influence on the Company's CSR Communication

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ABSTRACT According to Stakeholders Theory, we believe that the companies' will to communicate about their Corporate Social Responsibility (CSR) actions, can be fed by their stakeholders' influence. Hence, we aim through this study to know the extent to which the local citizens of Annaba, as external stakeholders, influence Ferial's CSR communication. To fulfil this purpose, we have used an online survey in order to collect quantitative data from residents of Annaba. Results show that locals have high expectations regarding Ferial's environmental and social information. Nevertheless, they do not have serious influence on Ferial's CSR communication, because they do not exert impactful pressures to incite this company to communicate more about its CSR engagements.

KEYWORDS:

CSR communication; SCRS; Stakeholders' theory; Local citizens' influence

RECEIVED:

March 2019

JEL CLASSIFICATION:

M14, M37

ACCEPTED:

December 2019

1. Introduction

Companies, nowadays, operate in complex contexts, which are constantly changing. Stakeholders are one of the main actors that lead these changes by increasing their expectations. Therefore, a company finds itself in need to perform in a better way, in order to be up to these expectations. This might help the company to maintain its position in the market and to ensure its survival in the society. Moreover, companies are aware about the importance of the adoption of new policies and good reactions that allow them to ensure the congruence of their economic performances with the societal and environmental expectations of the market and the society as a whole (Melé, 2008). This type of corporate governance is called "Corporate Social Responsibility". After it was reduced only in maximizing the company's profits (Friedman, 1970), the new concept of CSR widens the range of the organizational responsibilities to reach many dimensions that are linked to the company's activity sector (Duong and Robert-Demontrond, 2004). Hence, by ignoring the social and environmental dimensions of its activities, a company may jeopardize its actual market shares, or even it might risk losing the possibility to enter new international marketplaces (Pentia and Fulop, 2014, p. 520).

There is a widespread belief that the adoption of a CSR approach is often considered as response to some social demands, stakeholders' expectations and managers' awareness of the benefits that can be gained through social activities, especially financially, and the ability to create a competitive leverage within the marketplace (Melé, 2008). Thus, CSR can be used as a strategic tool in order to attract responsible consumers and to enhance the company's good image and reputation (Zieita, 2017a, p. 43; Déjean and Oxibar, 2010). In order to benefit from their CSR policies, companies ought to communicate about their socially responsible actions and initiatives (Zieita, 2017b, p. 20).

Many scholars emphasize the importance of corporate social information and its relationship with the corporate economic performance (Belkaoui, 1976; Clarkson et al., 2008). Even though, some

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other researchers argue that there is a negative relationship between CSR disclosure and business economic performance (Wiseman, 1982; Patten, 2002), while others like Ingram and Frazier (1980, p. 614) have not found any relationship. Nevertheless, we agree that communicating CSR can be profitable for the company. Within this context, Utgard (2015, p. 83) argues that companies disclose social information when they realize that this will benefit them, which enables consumers to distinguish the responsible companies from the non-responsible ones. Accordingly, companies nowadays tend more and more to publish social information, due to their awareness of the benefits that might be gained from CSR communication, which allows them to respond to stakeholders' expectations and to harvest financial and organizational benefits (Bhattacharya and Sen, 2004, p. 9; Zieita, 2017a, p.43).

However, according to Evache and Bahti (2010), corporations do not communicate similarly about their CSR engagements, because each organization has its own preferences regarding the quality and quantity of social information it chooses to disclose toward stakeholders. Moreover, each company is operating within its own specific context that determines the quality and quantity of its CSR communication (Zieita, 2017a). Stakeholders are the main actors that shape the company's context, which affects its organizational behavior (Husillos and Alvarez-Gil, 2008, p. 128). A bank, for example, does not communicate about its CSR the same way as a car manufacturer does; because they are not operating within the same industrial sector. Thus, they do not have the same impact on the environment, and stakeholders of both companies do not have the same expectations toward them. Accordingly, the type of social information expected, by stakeholders, from a bank is not the same from a car manufacturer in terms of the quality or the quantity.

Many researchers have investigated the involvement and importance of stakeholders within the company's CSR communication process (Reynauld and Chandon, 1998; Morsing and Schultz, 2006; Van der Laan, 2009). Morsing and Schultz (2006) have addressed the stakeholders involvement in the CSR communication by suggesting three management strategies: stakeholder information strategy, stakeholder response strategy and stakeholder involvement strategy. These different strategies are distinguished by the quality of the communicated social information and the direction of the communication process, whether it is a one-way (from the company to stakeholders) or two-way communication (between the company and stakeholders). Whilst, Dincer (2008) has investigated the possible effects of the ownership structure of firms in their Corporate Social Responsibility Reporting. The results obtained confirm that stakeholders' influence (government and creditors) has an important effect on the publication of a CSR report. Within another context, Elving (2013) has focused on consumer skepticism regarding CSR communication. He found that companies ought to be careful while communicating about their CSR actions and have to adapt the social information with their consumers' perceptions, in order to not jeopardize the company's image and reputation.

This paper gives a way to understand the Algerian context that we believe, according to stakeholders theory, determines the Algerian company's CSR communication, especially since there are not enough researches that have investigated Algerians' perceptions and influence on the company's will to disclose its CSR engagements. The company that we have chosen for this study is Ferial, a flagship company in the petrochemical industry in Algeria. It is located in Annaba and produces nitrogenous and phosphate agricultural fertilizers. Hence, Ferial's (see <http://www.ferial-dz.com/>) production activities are more likely to have bad impacts on the local environment in which it operates. We aim through this study is to highlight the perceptions of the local citizens of Annaba (an Algerian coastal city that has a metropolitan area with a higher population density than the other metropolitan areas of the Algerian coastline) regarding Ferial's CSR actions and the extent of which they influence its decisions to communicate about its CSR communication.

2. Theoretical framework

2.1. CSR Communication

The concept of was brought into the modern era of management by Bowen in 1953 in his book "Social Responsibilities of the Businessman" (Persais, 2007, p.79), which stimulated the question: "what businessmen can reasonably be expected to assume responsibility for?". Knowing that, until that time, most of CSR activities were limited into charity (Schmeltz, 2012, p. 13). The notion of CSR remains

controversial and overlaps with other concepts such as corporate citizenship, business ethics and sustainable business (Nam, 2011, p. 151). Nevertheless, the most commonly accepted idea of CSR is that the company has to ensure the congruence of its practices with the actual, emerging and future social and environmental expectations (Duong, 2005, p.28). Some scholars consider communicating about the company' CSR engagements as part of the internal and external public relations activities (Asvanyi, 2009, p. 18). According to Birth et al. (2008, p.184), CSR communication aims to provide information in order to legitimize the organizational behavior by influencing its image and reputation among stakeholders and community. From another perspective, Morshing (2006, 171) sees CSR communication as messages about firm's CSR initiatives, that are designed and distributed by the company itself. However, this definition considers CSR communication as a one-way communication, which ignores the stakeholders involvement who can be in some cases receivers of the social information. On the other hand, a stakeholders can also be sender of social information, especially nowadays, while using the new information and communication technologies, such as different social media platforms (Macnamara and Zerfass, 2012, p. 293). Accordingly, we define CSR communication as a communication policy, by which, a company aims to "highlight" its intentions, actions and initiatives that are derived from the adoption of a responsible approach. In order to dodge pressures that might be exerted by stakeholders, and to gain their trust and to increase the satisfaction of those who might jeopardize the company's image and reputation such as: media, NGOs and citizens (Zieita, 2017a, p.42).

2.2. Stakeholder Theory and CSR Communication

The term "stakeholder" has gotten more popular among scholars and managers, thanks to Freeman, who gave a broader definition to the identity of actors who are linked to organization. Freeman(1984, p. 46) defines stakeholders as any group or individual who can affect or is affected by the achievement of the organization's objectives. According the Stakeholder theory, the organizational behavior is determined by stakeholders influence and the society in which an organization operates (Husillos and Alvarez-Gil, 2008, p. 128). Some scholars consider stakeholder theory as the generalized model of "agency theory", where managers are agents of all the company's stakeholders (H roux, 2006). What makes the stakeholders theory so special is that it explicitly deals with ethics and values, as fundamental features of the organization management (Phillips, et al., 2003, p. 481), which gives it a broader contractual perspective that agrees with Freeman's definition of the stakeholders. Citizens, for example, are linked to a company through an ethical (or social) contract (Llena Macarulla and Talalweh, 2012, p. 817), which means they do not necessarily need a legal contract to be considered as stakeholders.

Stakeholders play an important role in the successes of the CSR communication process, especially since they are the main targeted audiences of the social information. From a strategic instrumental perspective, a company can use CSR communication as a "shield" from stakeholders' criticism, and it can also help to improve its image and reputation among them (Oxibar, 2003, p. 113). Stakeholders have different expectations towards the company, which are sometimes alike, contradictory or even conflicting (Zieita, 2017a, p.43). Shareholders, for instance, are supposed to be more interested in financial information and about their profit maximization (Friedman, 1970). On the other hand, environmental NGOs seek information about how the company is taking into consideration the environment in its daily activities. Therefore, corporations find themselves operating in a context, consisted of stakeholders who expect and need to get different types of information about the economic, social and environmental performances of the company. Managers cannot set a CSR communication plan without taking stakeholders into account (Toukabri et al., 2014, p. 216), regardless if this communication is voluntary or solicited by stakeholders.

3. Methodology

We believe that a quantitative method is the most suitable for this study. Therefore an online based questionnaire was chosen in order to collect information about local citizens' perceptions and tendency to influence Fertial's decisions to communicate about its CSR Actions.

3.1. Population and sampling

A total of 310 respondents have answered the online questionnaire. Sex, age or education are not pertinent variables in this study, because we just focused on participants who are residents of the metropolitan area of Annaba, where Fertial's factory is located. Therefore, we have adopted a mixed sampling approach, which combines both techniques: Judgment and Snowball sampling, because we have targeted only participants who live in Annaba, and asked them to share the questionnaire with their friends and relatives from Annaba.

4. Results

Data show that only 31.61% of the locals receive contents disclosed by Fertial. While the rest of them have not received communications from the company, which means either Fertial does not target the local citizens with personalized messages, or its communication plan is not well designed to reach as much as possible of the locals.

Fertial's production activities are more likely to have negative impacts on the local environment, knowing that citizens of Annaba have witnessed pollution experiences caused by this company, especially regarding the malfunctions of the pipe transporting ammonia from the factory to the port of Annaba. For those who answered by "Yes", advertising represents 59.2% of the answers, whereas, press articles represent 23.3% of information received by the locals.

Within another context, data show that 45.48% of the respondents consider Fertial as a company with a good reputation; while 23% of them have answered that it has a bad reputation. On the other hand, the rest have no idea about Fertial's reputation. Although almost the half of respondents (45.48%) claim that Fertial has good reputation, data show that 84.2% of them claim that this company has a bad impact on the environment. Accordingly, we can say that respondents do not necessarily link the good reputation of Fertial, (or perhaps other companies) with the negative impacts of its activities on the local environment. Fertial is seen, by the locals, as a firm, with good work conditions and good salaries, that can provide job opportunities for them (Belaid, 2013, p.10). This could be important criteria for the citizens of Annaba to consider Fertial as a company with good reputation.

Table 1. The local citizens need for social information

Degree of the need	Frequency	%
High	149	48.06%
Medium	94	30.32%
Low	33	10.65%
Non-existent need	34	10.97%
Total	310	100%

Table 2. The local citizens need for environmental information

Degree of the need	Frequency	%
High	164	52.90%
Medium	95	30.65%
Low	22	7.10%
Non-existent need	29	9.35%
Total	310	100%

(Source: made by the authors based on SPSS outputs)

According to datum, 87.74% of respondents claim that they have not exerted pressures on Fertial in order to get environmental information. While the answers of the rest of the respondents (12.62%) show that they have tried to request environmental information by using local media (radio, press) and through protesting in front of Fertial's factory. However, these isolated actions from the locals might not be expected to have impactful pressure on Fertial's decisions to communicate about its CSR, especially environmental, activities.

Although local citizens of Annaba do not have the tendency to influence Fertial's CSR communications, data show that their need to receive social and environmental information from Fertial is between high and at least medium for around 80% of the respondents. This means, the locals are aware about the social and environmental issues that Fertial can cause. However, this awareness is

not strong enough to make them exert pressures on the firm and to influence managers' decision to communicate about Fertial's CSR engagements.

5. Conclusions

This study focuses on two main elements: (1) locals social information request; (2) social information importance to locals. Findings show that the local citizens of Annaba seem to be passive when it comes to request information about Fertial's environmental performances, even though they consider its activities as ecologically dangerous. Hence, the locals do not influence Fertial's CSR communication decisions, since only 12.3% of the respondents said that they have requested environmental information from Fertial about its environmental performances. On the other hand, Fertial does not take this part of stakeholders into account while communicating about its CSR actions. We believe that this organizational behavior is justified by two main reasons. First, Fertial's final customers are the farmers, who are located around all the country not just in Annaba, knowing that Fertial does not have social media official pages that allow to reach a larger public locally or/and nationally. Nevertheless, Fertial is conducting a direct and more technical communication plan, for its clients, which is consisted of specific communication activities, such as: tutorial workshops, meetings and field client coaching by the company's experts. Second, Fertial's managers are aware that their company's reputation and good image, among the locals, are not directly affected by the way they perceive its environmental and societal performances. Knowing that the local environment of Annaba has seen several ecological problems caused by Fertial. Moreover, national and local media talked a lot about these problems and even went further by calling them "Ecological Disasters", which was not enough to affect negatively Fertial's good reputation.

According our study's results, we found an interesting hypothesis has been stimulated, about the relationship between two variables regarding stakeholders' influence on company's CSR communication: (1) stakeholder' need for CSR information; (2) stakeholders' CSR information request. Our data show some signs, which need to be tested in a future research, about the absence of a relationship between these two variables, since 87.74% of respondents claim that they have not asked for environmental information from Fertial, in spite of their need to receive such kind of information. However, to address the relationship between these two variables it is better to focus on a bigger population and to include other companies from the Algerian context, in order to have more representative results.

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Please cite the article as it follows

Zieita, Y. and Chenag, S. (2019). Local Citizens Influence on the Company's CSR Communication, *Marketing from Information to Decision Journal*, Volume 2, Issue 2, pp. 51 -56.