COMMUNICATING CSR PRACTICES: A WEB SITE ANALYSIS OF INDONESIA'S STATE-OWNED ENTITIES

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ABSTRACT
This paper reports on a study of public relations (PR) and corporate social responsibility (CSR) in Indonesia. The study examined the web-based CSR communication of 140 State-owned Entities (SOEs) in Indonesia. Whilst there is variation in the exercise of the public relations function through website communication, the study finds that it is predominately one-way information about what the SOE does under the banner of CSR. Furthermore, and in accordance with Indonesian government regulations, CSR tends to be partnership programs and community development. There are opportunities to strengthen CSR communication, and to further extend this to be an ongoing two-way dialogue with stakeholders. PR has an important role to play in these developments.

JEL Classification: M14, H40
Keywords: Indonesia, corporate social responsibility; public relations, state owned enterprise.
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INTRODUCTION
The focus of this paper is public relations (PR) and corporate social responsibility (CSR) communication by State-owned Entities (SOEs) in Indonesia. There is increasing support for CSR from international bodies like the United Nations, through the Global Compact, from companies themselves, and from the public (United Nations, 2013). Consumers increasingly expect companies to communicate their CSR intentions and activities (Podnar 2008; Kim & Ferguson 2014; Bortree 2014). There is also disquiet that CSR can be hollow and mask continued exploitative business practices (Blowfield & Frynas 2005; Vissr 2010). For example, companies that use CSR to increase a positive company image and enhance profitability as the main goal. Over the last decade, there has been more attention paid to the commonalities between PR and CSR practices; both are institutional practices that rely on engagement and communication with publics and relationships (Bartlett 2007; Tywonki & Hatcher 2007; Freitag 2008; Goodwin & Bartlett 2008; Kim & Ferguson 2014). Clark (2000) in a seminal article on this subject suggests that the conduct of CSR and PR, ideally, should be an integrated mission. Freitag argues further that the PR practitioner should ‘take the lead’ on how an organisation develops and communicates CSR (2008, p.37).

In Indonesia, the relation between PR and CSR is ambiguous, reflecting the state of CSR in the country. The aim in this paper is to contribute to knowledge about the relationship between PR and CSR in Indonesia. Corporate social responsibility refers to a set of concepts and practices that are described using different language (Carroll 1991; Carroll 1999; Blowfield & Frynas 2005; Freitag 2008). In this paper we draw on an understanding that, fundamentally, the uptake of CSR is a contested response to questions about the role and function of business in a given society, and globally. Historically, countries like Indonesia have been a source of capital accumulation for companies whose headquarters-and the return of profits- are elsewhere in the world, i.e. the Dutch East India Company (Achda 2006; Lindgren & Hendeberg 2009). At the heart of CSR are ethical matters to do with how business is responsible and held accountable for use of the planet’s resources, and how it contributes to sustainable economic, social and environmental good.
There are clear overlaps between PR and CSR (Clark 2002; Kim & Ferguson 2014). First, a key process in CSR is stakeholder engagement (Freeman 1984) which is more than shareholder engagement. This is important in order to understand and respond to multiple stakeholder needs, and to maintain support from multiple ‘communities’ (Sutanapotra 2009, p. 36). Stakeholders are defined as the web “of individuals and organisations who are affected, influenced or impacted by businesses or any particular business and those with potential themselves to influence, impact or affect business” (International Institute for Sustainable Development 2004, p.2). Managing stakeholder relations is a PR management function which Cutlip et al suggest “…establishes and maintains mutually beneficial relationships between an organization and the public on whom its success or failure depends” (Cutlip, Center & Broom 1994, p.2). PR practitioners are in the midst of relational exchanges between an organisation and multiple publics, and play a key role in understanding the public and stakeholder’s needs and interests (Cutlip et al 2000). Secondly, both PR and CSR enable public accountability and external monitoring of company activities. PR is a means by which an organization interfaces with the ever changing external environment and informs an organization’s internal intelligence and communication plans (Bartlett, Tywoniak & Hatcher 2007; Lattimore et.al 2009). CSR requires similar attunement with the external environment, and consequently an externally focused organization.

Against this backdrop, we explore the function of public relations in disseminating information and engaging with stakeholders about CSR practices by examining CSR communication on company websites. In contemporary times, the internet is a central means through which companies engage with their publics (Hill & White 2000; Capriotti & Moreno 2007; Kim & Ferguson 2014) and can be a conduit to improve the quality of relationships between a company and the public (Kent& Taylor 1998, 2003; Capriotti & Moreno 2007). In an increasingly ICT literate world, this is also something some consumers prefer, as Kim and Ferguson (2014) found in a North American study about CSR communication. This paper reports on a study undertaken by the authors in 2014, which examined website CSR reporting by 140 State-owned Entities in Indonesia. We use a PR theoretical framework to analyze the PR communication about CSR. We begin the paper with an overview of CSR in Indonesia, followed by an account of the methodological approach to the study. In the second part of the paper, we present the study findings and conclude with a discussion about the relationship between PR and CSR in the Indonesian context.

CORPORATE SOCIAL RESPONSIBILITY IN INDONESIA

The emerging state of CSR within Indonesian organizations and companies reflects a complex dynamic of history and culture (Kemp 2001; Chambers et al 2003; Uriarte 2008; Yudarwati 2011). Chambers, et al (2003) in an analysis of ‘CSR penetration’ on 50 company websites in seven Asian countries (India, South Korea, Thailand, Singapore, Malaysia, Philippines, and Indonesia) conclude that these countries have lower levels of CSR activities in comparison to Japan and the UK. They write that ‘national styles of CSR are a product of specific norms and conjunctures’ (2003, p.26) and note the influence of globalization processes; companies with stronger links to global markets seem more engaged in CSR practices. Amongst the diverse Asian countries in the Chambers et al (2003) study, Indonesia was reported to have a lower proportion of ‘CSR companies’ (24%), and a higher proportion of companies undertaking ‘minimal CSR reporting’ (2003, p.11-12). Whilst acknowledging the study limitations, the authors write:

Indonesia appears somewhat of an outlier. It has the lowest levels of CSR penetration and the lowest levels of community involvement. In the first wave of community involvement, the main focus is on agriculture and local economic development, community development and supporting religious organizations. Unusually, Indonesia’s second and third waves are at a level comparable to the first. The second wave consists primarily of environmental codes and the third both of employee welfare and engagement. (Chambers et al 2003, p.16-17)

This study was undertaken before the introduction of Indonesian government regulations mandating CSR in 2007.

Historically, CSR in Indonesia has been primarily focused on voluntary philanthropic activities such as the organization of one off social or community events, monetary and/or time donations to religious and social institutions and organized community programs. A Law pertaining to CSR in Indonesia was introduced in 2007 and is entitled Law No 40 of 2007 concerning Limited Liability Companies (Law 40/2007). This Law states that: “companies that manage or utilize natural resources, or that impact natural resources, are required to fulfill
social and environmental responsibilities”. It is accompanied by Government Regulation No 47, introduced in 2012, which requires:

All companies that manage or utilize natural resources or that impact natural resources …to bear a social and environmental responsibility which is harmonious and balanced with the surroundings and the local society according to the values, norms and culture of that society.

Since implementation of Law 40/2007 commentators with Uriarte (2008) and Mursitama et al (2014), it points to an increased uptake of CSR, although the nature of this varies amongst Indonesian businesses. Challenges to CSR uptake remain consistent with those identified more than a decade ago by Kemp (2001), and stem from population effects, cultural diversity and institutional norms and practices. Indonesia has more than 17,000 Islands across the Archipelago and a population of more than 250 million (Indonesian Statistic Office, 2010). There are multiple ‘publics’ and many issues that would come into any CSR frame, as well as different understandings and beliefs about the meaning and practices of responsible business in society. There is also optimism that interest and take up of CRS practices can produce important social and environmental benefits (Achda 2006).

METHODOLOGY

As outlined above, the focus of this paper is the relationship between an organization’s PR function and CSR communication in the Indonesian context. We report here on the findings of a content analysis of the websites of the Indonesian Government’s 140 State Owned Enterprises (SOE’s). As defined in Article 1 of the Government Law No 19/2003, SOE’s, ‘mean[s] an entity, the capital of which is in part or in whole, owned by the state through direct participation that is derived from the state’s separated assets’. The Ministry of State-Owned Entities divides companies into 13 sectors that consists of Agriculture, Forestry and Fishery; Mining and Exploration; Processing Industry; Electricity and Gas Industry; Water and Waste Management; Construction; Trading and Car Maintenance; Transportation and Warehouse; Accommodation, Food and Beverage; Information and Communication; Financial and Insurance Services; Real Estate; and Professional, Scientific and Technical Services. The total number of companies across the 13 sectors is 140 entities.

The data collection for this study took place in April 2014 and used a website assessment instrument with 50 questions. This instrument was developed in reference to the public relations literature, and the work of CSR researchers Capriotti & Moreno (2007) and Chambers et al (2003), together with the CSR activities outlined in the UN Global Corporate Sustainability Report (2013, pp.8-11). Capriotti & Moreno (2007, p.86) in a European study of CSR and PR, analyzed the levels of public interactivity on the websites of 35 companies listed on the Spanish Stock Exchange. They examined websites for the “…amount of information, information hierarchy, information location, information resources, and feedback resources” (Capriotti & Moreno, 2007, p. 86). They conclude that the majority of company websites in their study were ‘low inactivity’. Also using web based analysis, Chambers, Moon et al, (2003, p.5) in the study referred to above, examined the CSR content of 50 leading companies operating in 7 Asian countries using Moon’s typology of CSR waves or “…community involvement, socially responsible products and processes; socially responsible employee relations”. We draw from Capriotti & Moreno (2007) the distinction between presentation of information and interactivity level, and from Chambers et al (2003) a typology for delineating forms of corporate social responsibility.

The website assessment consists of 4 sections: General Profile of the State Owned Entities; Overview of CSR Communication, Planning and Evaluation; The interactivity of CSR Website Communication; and CSR within the Entity. CSR programs are divided into four categories; social CSR, which is mandated through Indonesian Government law (sub components: SOE and university partnerships, partnerships in social development, staff involved in volunteering and philanthropic work); environmental CSR (sub components: reducing waste, recycling, reusing resources, sustainable supply chains, designated sustainability plan, addressing environmental impact); governance arrangements (sub components: anti-corruption strategies, good corporate governance, and use of a Customer Satisfaction Index); and employee conditions (sub components: freedom to join a union, industrial relations framework and the absence of forced labor). An overview of the key sections and sub-components in the data collection framework is shown in Table 1.
TABLE 1. DATA COLLECTION FRAMEWORK

<table>
<thead>
<tr>
<th>Section</th>
<th>Sub-component</th>
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<tbody>
<tr>
<td>General Profile of the State Owned Entities</td>
<td>Section</td>
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<td></td>
<td>Business characteristics</td>
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<td></td>
<td>Core Business</td>
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<td>Market Scale</td>
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<tr>
<td>Overview of CSR Communication, Planning and Evaluation from the Website of the State Owned Entities</td>
<td>Website presence of CSR</td>
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<td></td>
<td>CSR Purpose and Vision statement</td>
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<td></td>
<td>Description of stakeholder engagement</td>
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<tr>
<td></td>
<td>CSR Reporting and evaluation</td>
</tr>
<tr>
<td>The interactivity of CSR Website Communication</td>
<td>Model of Interactivity with the Public</td>
</tr>
<tr>
<td></td>
<td>Nature of Interactivity with the Public</td>
</tr>
<tr>
<td>CSR Programs within the Entity</td>
<td>Category of the CSR Program</td>
</tr>
<tr>
<td></td>
<td>• Social</td>
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<tr>
<td></td>
<td>• Environmental</td>
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<tr>
<td></td>
<td>• Corporate Governance</td>
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<tr>
<td></td>
<td>• Employee conditions and training/development</td>
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</tbody>
</table>

Grunig and Hunt’s classic Model of Public Relations (1984) provides the theoretical framework informing assessment of the purpose, type and interactivity of CSR communication undertaken. The Grunig and Hunt framework has four types of PR. The first type is press agency which is about promotion and publicity, based on persuasion and manipulation to influence audiences to behave in ways that an organization wishes. In Grunig and Hunt’s model, the second type of PR is public information, and this refers to the use of press releases and other one-way communication techniques to distribute organizational information. This most typically represents normative public relations practices. The third type is two-way asymmetrical; this uses social science research methods to increase the persuasiveness of messages. Public relations practitioners use surveys, interviews, and focus groups to measure public relationships so the organization can design public relations programs that will gain the support of key publics. Although feedback is built into the process, the organization is much more interested in having the public adjust to the organization than the reverse. The final type of PR is two-way symmetrical, and communication is a means to negotiate with publics, work to resolve miscommunication and conflict and promote mutual understanding and respect between the organization and its stakeholders. It builds on the use of social science research methods to achieve mutual understanding but also employs two-way communication rather than one-way persuasion (Grunig & Hunt 1984).

The authors worked with a team of 12 public relations students to undertake the website assessment. All the data examined is in the public domain. A training session was held with all involved in the data collection to ensure consistency in interpretation of the 50 questions. Post the data collection, a further session was held and websites re-checked if there was ambiguity. In reporting the data, we use aggregate data at the level of sector. The next section of the paper reports on the findings of the survey of CSR activities, as assessed from information available on 140 State Owned Enterprises websites.

FINDINGS AND DISCUSSIONS

General Profile of the State Owned Entities
In this section of the paper, we report upon and discuss the findings of the SOEs website assessment. The largest proportion of the SOEs operate in the Processing Industrial sector (22%), with 19% in the Agriculture, Forestry and Fishery sectors, 16% in both the Transportation and Warehouse sector and Financial and Insurance Services sector. Information was gathered about the market scale of the SOE, defined on the basis of an assessment of whether SOE products and services were national only, or that the SOE also engaged in global trading or investment activity. Over half of the SOEs (56%) were assessed as engaged in both global and national market activity and 40% operating only within Indonesia. Those enterprises with global and national markets are SOEs in the sectors of Mining and Exploration (100% of sector), Agriculture, Forestry and Fishery (i.e. 52% of the sector), Processing Industries (i.e. 42% of the sector) and Transportation and Warehouse (i.e. 35% of the sector). Markets include other Asian countries, Australia and North America.
TABLE 2. NUMBER OF SOE BY SECTOR AND GLOBAL MARKET ACTIVITY

<table>
<thead>
<tr>
<th>Sector</th>
<th>No of SOEs in Sector</th>
<th>No of SOEs in global market activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agriculture, Forestry and Fishery</td>
<td>25</td>
<td>13 (52%)</td>
</tr>
<tr>
<td>2. Mining and Exploration</td>
<td>5</td>
<td>5 (100%)</td>
</tr>
<tr>
<td>3. Processing Industry</td>
<td>31</td>
<td>13 (42%)</td>
</tr>
<tr>
<td>4. Electricity and Gas Industry</td>
<td>2</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>5. Water and Waste Management</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>6. Construction</td>
<td>10</td>
<td>3 (30%)</td>
</tr>
<tr>
<td>7. Trading and Car Maintenance</td>
<td>4</td>
<td>2 (50%)</td>
</tr>
<tr>
<td>8. Transportation and Warehouse</td>
<td>23</td>
<td>8 (35%)</td>
</tr>
<tr>
<td>9. Accommodation, Food and Beverage</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>10. Information and Communication</td>
<td>3</td>
<td>1 (33%)</td>
</tr>
<tr>
<td>11. Financial and Insurance Services</td>
<td>22</td>
<td>5 (23%)</td>
</tr>
<tr>
<td>12. Real Estate</td>
<td>2</td>
<td>2 (100%)</td>
</tr>
<tr>
<td>13. Professional, Scientific and Technical Services</td>
<td>10</td>
<td>3 (30%)</td>
</tr>
</tbody>
</table>

Source: State owned entities (SOE) website assessment, 2014

Overview of CSR Communication from the Website of the State Owned Entities

Seventy two percent (72%) of SOE websites directly reference CSR. This is a similar proportion to Capriotti and Moreno’s CSR study (2007, p. 89). Across this number, there is a variation in the positioning of CSR communication. Forty nine SOEs (35%) clearly display some communication about CSR activities on their websites and do this in a discrete section. These sections are differently named as ‘sustainable development’, ‘sustainability’, and ‘corporate social responsibility’. An almost equal proportion of companies place their CSR communication within a subsection on the website, in other words, it is located under another main heading. These main headings include ‘corporate performance’, ‘corporate governance’, ‘news’ or ‘media’. Where the main heading is corporate governance a message is conveyed that CSR is associated with internal governance and performance. Some companies only report CSR via an annual report. Forty three companies (30%) provide no CSR information that could be located on their website. In these cases, there is an absence of website information to inform stakeholders, and various publics, about the CSR undertaken by the SOE. The findings about the placing of CSR information on the SOE website is shown in Figure 1.

In respect to a named CSR accountability report, 51 SOEs (36%) have something of this nature, and it most typically describes engagement in social development, partnership programs and community development. These are the forms of CSR specified in Indonesian government regulations. Communication includes stories of community development activities, lists of partners and local communities engaged with the SOE, and inclusion of photographs. A number of SOEs communicate their social development in reference to Indonesian government regulations. Only four SOEs mention the UN Global Compact.
CSR Focus on SOE Websites

CSR can take various forms. In this study, we canvassed the websites for indications of what the SOE did in the area of CSR. In this assessment we used four CSR types; social, environmental, governance and employee conditions, following Moons’ typology and CSR activities outlined in the UN Global Corporate Sustainability Report (2013, pp.8-11). It is more the case that it is social CSR activities which are communicated through websites of SOEs, as seen in Figure 2 which shows the total count of CSR activities across all SOEs. The next most frequent form of CSR communicated through SOEs websites is employee related CSR, followed by governance activities and finally, environmental CSR.

FIGURE 2. CSR TYPES BY TOTAL COUNT OF STRATEGIES ACROSS ALL SOES

Source: State owned entities (SOE) website assessment, 2014

As seen in Figure 3 below, social CSR typically takes the form of philanthropic activities, such as donating a proportion of SOE funds to a charity or cause (e.g. food relief), participating in emergency disaster relief or partnering in a community program. Partnerships with an outside agency to conduct a social or community development program are also common and over 50 SOEs communicated about their work in these types of programs. A smaller number of SOEs report staff are active in volunteer work, and smaller numbers again are engaged in partnerships with universities on research, evaluation or development activities.
In the area of environmental CSR, 37 entities (26%) directly mention a sustainability plan, and an almost equal number describe how they address the environmental impact of the SOE’s processes and activities. A smaller number communicate how they act to ensure a sustainable supply chain, and about their practices to engage in reducing waste, recycling and reusing resources (n=20). This range of environmental CSR activities can be seen in Figure 4.

In terms of internally focused CSR, we examined the websites for information about corporate governance processes and industrial relations. Seventy one SOEs (50% of SOEs) publically communicate their corporate governance policies and processes. Some examples are the communication of processes for transparent decision making and codes of conduct. Just over 40 SOEs indicate they have an anti-corruption strategy. It was evident through the website analysis that 61 of the SOEs sponsor employee training, and 37 of the SOEs communicate a framework for industrial relations.
Public Relation Practices: Slogan Positioning

Slogan positioning is used in marketing and it assists the consumer/public to easily interpret the benefits and uniqueness of the product, relative to other products. Some companies use slogan positioning as the key means to communicate their CSR activities to their relevant stakeholders. This is a strategy for companies to differentiate their CSR activities from those undertaken by other companies. Only 21 companies (15%) visibly use ‘slogan positioning’ to communicate their CSR programs to stakeholders. It is mostly the case that SOEs use positioning to communicate their general business and/or some specific products or services, and not CSR.

In the case of the 21 companies that do use CSR slogan positioning, it is focused mainly on their active engagement in partnership programs and community development, both of which are mentioned directly in the Ministry of State-Owned Enterprise regulations. Biofarma as a leading company in pharmaceutical global market for instance, has the slogan “be a green company: empathy for sustainability” which is divided into four key messages, namely a green commitment; do good for profit, people and planet; four pillars for actions (economy, education, health and environment); and save our planet, save our future. This slogan is displayed on the front page of the website and equipped with dynamic visuals.

FIGURE 5. WEBSITE INTERACTIVITY CONTINUUM

Source: State owned entities (SOE) website assessment, 2014

PR Practices: Public Interactivity

Although there is a government law pertaining to SOEs that specifies the need for public information transparency, this does not necessarily translate into the implementation of two-way dialogue with the public. Almost 50% SOEs (n=48) engage in one-way communication about CSR (i.e. dissemination of information), and they emphasize appropriate CSR information as a requirement of public companies. There is evidence of the predominance of press agentry which is about promotion and publicity in PR communication. Only 20 companies are assessed as engaged in two-way communication with balanced effect or the two-way symmetrical PR. This was seen in examples where companies had engagement with the public to resolve environmental issues, and offer partnership programs. It was evident these companies engaged in two-way symmetrical PR used a range of communication channels, both online and offline communication.

Stakeholder engagement is a key aspect of CSR. Only 30% of the SOE websites give a description of the process of stakeholder engagement in their CSR communication. A similar proportion (32%) indicated they were engaged in multiple stakeholder dialogue. The relatively high use of website disseminating information strategies (n=59 SOEs) and comparatively lower use of strategies that build mutual understanding among its publics, indicates there is room for a greater use of the SOE’s PR knowledge and processes to communicate CSR activities and programs.
CONCLUSION

This paper reports on a study of public relations (PR) and corporate social responsibility (CSR) in Indonesia. The study examined the web-based CSR communication of 140 State-owned Entities (SOEs) in Indonesia. Whilst the public relations function via websites varies, the conclusion is made that CSR communication is predominantly one-way information about CSR. Furthermore, and in accordance with Indonesian government regulations, CSR communication mainly focuses on partnership programs and community development. There are opportunities to strengthen CSR communication; to further extend this to be an ongoing two-way dialogue with stakeholders. PR has an important role to play in such CSR communication, given the purpose of public relations is to improve mutual relationships between companies and their key publics. Public relations have a role in gaining community and stakeholder support for a state owned enterprise’s CSR, assisting companies communicate about their CSR, and to better understand how they can undertake socially responsible business practices.

This study could be the baseline data for further research, particularly on how relevant stakeholders perceive CSR reports on websites, and how website CSR communication and interactivity changes over time. This study still has limitations in that it is based solely on an assessment of the content of material on SOE websites. It does not perform triangulation with the views of CSR practitioners within the SOE, and the public relation practitioner. These additional perspectives would add a qualitative depth to the understandings of the relations between PR and CSR in Indonesia.

ENDNOTES

*The authors sincerely acknowledge the contribution of Public Relations students from the Universitas Padjadjaran who undertook data collection for this study. Fiona Verity visited the Department of Public Relations, Universitas Padjadjaran, Indonesia as an Australian Business Volunteer (ABV) and acknowledges the support of ABV.

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