ENHANCING CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMUNICATION AND STAKEHOLDER ENGAGEMENT: STRATEGIES FOR BUILDING TRUST AND FOSTERING SOCIAL IMPACT

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ABSTRACT

This research aims to explore the challenges and opportunities associated with corporate social responsibility (CSR) communication and stakeholder engagement in contemporary business settings. The significance of CSR has grown globally, as organizations are expected to go beyond legal requirements and address the needs and expectations of various stakeholder groups. However, several issues hinder the effective implementation and communication of CSR initiatives. These include a lack of knowledge and experience in CSR sustainability, inadequate skills within public relations teams, employees' commitment and satisfaction, and growing public skepticism towards CSR goals. The research seeks to investigate how businesses can enhance their CSR communication strategies to build trust, reduce skepticism, and foster meaningful social impact. It will examine the role of social media as a platform for disseminating CSR messages, the relationship between CSR activities and organizational citizenship behavior, and the importance of clear communication channels between organizations and the public. Findings from this study will provide practical insights for businesses in optimizing their CSR communication efforts, strengthening stakeholder engagement, and contributing positively to society.

Keywords: Corporate Social Responsibilities, Stakeholder engagement
1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Corporate Social Responsibility (CSR) refers to a company's voluntary efforts to sustainably conduct business in terms of the economy and social environment. It also includes some public service activities that have to do with humility and the environment. According to Schaefer, Terlutter, and Diehl (2019), corporate social responsibility (CSR)—policies and practices that go well beyond legal requirements and have an impact on various stakeholder groups—has grown into a commercial need for organizations worldwide. In addition, according to Rashid, Saima, Talat, & Ahmad (2018), corporate social responsibility (CSR) is defined as the extent to which businesses fulfill the obligations that their stakeholders have placed on them in terms of economic, legal, ethical, and discretionary matters.

Charitable contributions, volunteerism, and environmental responsibility are all components of CSR programs, as is commonly understood. This indicates that individuals still have other options, such as charitable work, where they can give their money or goods to those in need, even if they find it challenging to participate in or volunteer at any corporate social responsibility (CSR) event that is organized by a company.

Corporate Social Responsibility (CSR) might greatly enhance society by promoting kindness in the next generation. This occurs when younger generations see people giving to charities; they then come to believe that doing good is the right thing to do. They will thus try to follow the example by performing numerous acts of kindness for others, which will ultimately increase awareness of the significance of CSR programs.

1.2 PROBLEM STATEMENT

Globalization, labor exploitation, unethical behavior, environmental challenges, social problems, human rights issues, and business ethics have all had an impact on the significance of corporate social responsibility (CSR) (Faiza, Wei, Mohammad, Qazi, Syed & Samaher, 2019). Since the government is unable to meet all of society's needs on its own as a result of these factors, it has sought the assistance of business communities to contribute positively to society. A lack of knowledge and experience regarding CSR sustainability can be linked to unethical behavior. Those kinds of things contribute to society's disregard for its surroundings and willingness to act in any way it pleases without thinking about what other people want or need.

Besides, according to Gupta, Nishad, Adel, Rana, Saqib & Naveed, 2021, social media is essential for spreading CSR messaging to businesses. Nonetheless, a lot of the organization's departments, especially the Public Relations Team, which is in charge of dealing with the public, lack the skills necessary to help the business be accountable to its stakeholders and the rest of society. The perspectives of public relations professionals and their relationship with CSR projects are mostly unclear. (Holley Reeves, 2016) This is because the Public Relations team has to be able to communicate with the general public, organizations struggle to get the support they need to stand up for themselves.

Other than that, this includes employees' commitment and satisfaction in their jobs. According to the findings of a study that Asadullah (2013) conducted, there is a positive and significant correlation between CSR activities and organizational citizenship behavior. Regardless of how many companies have implemented different CSR efforts, some employees still lack the necessary degree of commitment and passion for the job because they are unclear about what is acceptable and unacceptable to accomplish at work.
Due to growing public skepticism regarding CSR goals, which could be interpreted as "greenwashing," it has become more challenging for a business to effectively communicate CSR messages to stakeholders (Kim & Lee, 2018). Building trust and reducing skepticism are important issues in CSR communication, but studies of strategic communication have shown little about the best ways to convey an organization's charity activity. As a result, the public's faith in organizations would decrease without the assistance of the Public Relations team and trust. This will make it more difficult for the business to grow.

1.3 RESEARCH QUESTION

- What is the relationship between organizational CSR, commitment, and citizenship behavior?
- What is the relationship between organizational CSR and trust building?
- What is the relationship between organizational CSR and public relations responsibilities?

1.4 SCOPE OF STUDY

The scope of this study is to explore the CSR activities within Malaysian organizations-stakeholders. According to Haziqah A Malek (2018), around 92% of Malaysian consumers believe corporations have a social obligation, implying that corporate social responsibility (CSR) is still an essential factor for Malaysian brands. Thus has shown a significant importance in identifying the needs of CSR approach to ensure the trust and impacts towards the community.

2.0 LITERATURE REVIEW

2.1 ORGANIZATIONAL CORPORATE SOCIAL RESPONSIBILITY (CSR)

According to Brian Edmondson (2022), CSR is the practice of integrating environmental and social policies into a company's financial objectives and operations. It is based on the concept that companies can lessen the negative effects they have on society and the environment. Even so, CSR is often understood to refer to a company's commitment to enhancing social welfare and the actions it takes to uphold the commitment.

Based on Chen, Hong, and Occa's (2018) research, there are two categories that may be used to categorize the definitions that Dhanesh (2014) identified. Studies have shown that it differs to others. For instance, Dhanesh (2014), suggest that the CSR functions as a method to promotes the organization ability in contributing to the society and it is a part of ways to increase business profits and received financial benefits (Drucker, 1984).
Figure 1: Types of Corporate Social Responsibility

Figure 1 shown that four common CSR applied in the organization. Firstly, environmental CSR. In this category, companies prioritize environmental preservation and protection. They start programs to cut back on emissions or pollution, minimize their carbon footprint, recycle garbage, and turn to sources of renewable energy. For example, Nestle Cares Malaysia, their employee volunteer program, formerly known as ROCKS (Reaching Out to Communities and Kids), aims to foster a culture of volunteerism among their staff. With the strong support of 4,600 employees across Malaysia, they organize a variety of activities on a quarterly basis, including programs for underprivileged children, the disabled community, and environmental initiatives.

Secondly, philanthropic CSR. Philanthropy refers to charitable contributions and donations made by businesses. This includes saving individuals in war-torn areas or aiding starving youngsters. Some of the most well-known tools for corporate philanthropy are employee matching gift programs. Companies will match a part of employee donations to charity organizations through matching gifts. (Ginviga, 2018) One company that runs a matching gift program is ExxonMobil. They offer up to $3 for every $1 donated by staff members, up to a maximum of $22,500 every year.

Thirdly, ethical CSR. The moral values and ethical beliefs of organizations influence a company's ethical responsibility. It often includes all parties with an interest in the business, including investors, suppliers, and employees. Ethical CSR addresses issues like equality of the sexes, fair working hours, a high minimum pay, etc. As an example, Glovo Cares Volunteer Week. They set out to create a volunteer program that would motivate staff to help individuals in need in the areas where they were based. In seven countries and nine cities, they supported an ethical cause that is consistent with their core business by organizing a worldwide volunteer week campaign at neighborhood food banks. They gave more than 700 volunteer hours worldwide.

Lastly, economical CSR. The last category of social responsibility is concerned with the financial elements of social, charitable, ethical, and environmental activities. In addition to making money, a business should support the economy by paying taxes in a responsible manner. Putting more money into education programs, investing in alternative energy sources, and supporting local charities to help them accomplish their mission are all common examples of economic responsibility. (Benevity, 2021)

Many companies are altering their strategy to integrate initiatives for the betterment in an era where social impact is sought. Though, this does not necessarily imply that they are succeeding. Instead of creating and measuring any significant positive impact, many businesses turn corporate social responsibility into a means of altering public perceptions and reputations.
H&M is one of the examples of dishonest or misleading CSR. Back in 2020, H&M, a Swedish fast-fashion retailer, was criticized for providing insufficient information regarding the sustainability of their "sustainable style" collection. The act of giving the impression that a company's products are good for the environment is known as "greenwashing." (Adam Hayes, 2022) Despite labeling some of its items as ethical and ecologically friendly, they continue to create materials in an unsustainable manner. The business received criticism from the Norwegian Consumer Authority for not providing enough details on the "environmental advantages" of its items. H&M has thus come under fire in the media. Last 2022, they got sued again for the same issue. A lawsuit brought against H&M in a federal court in Missouri accuses the retailer of "misleadingly, unlawfully, and falsely" trying to profit from consumer 'green' trends by leading customers to assume that buying Conscious Choice products means doing their part to protect the environment. (Don-Alvin Adegbeest, 2022)

Nowadays, a lot of businesses are becoming more aware of the benefits of corporate social responsibility that go beyond just financial gain. The public generally supports an organization more when it is more socially conscious and responsible. Following are some instances of CSR in action; Lowering carbon emissions, doing charitable work, purchasing goods that are fair trade, putting money into companies that care about the environment, participating in volunteer activities, and enhancing labor policy. (Victoria University, 2020)

2.2 RESPONSIBILITIES IN PUBLIC RELATIONS

Cynthia (2000) states that the rise of CSR coincided with a shift in organization priorities toward reputation management in the late 1970s and early 1980s. Organizations, therefore, had to adapt to the public's widespread requirement for transparency and information, which implied that leaders were no longer silent and meeting rooms were no longer private. Nowadays, certain organizations, especially large ones, often hold press conferences when it is important to inform the public of the events that took place within the organization as well as the controls that were put in place. Because of the digital network and communication technology, the power of the media has shifted from public relations professionals to internet users who might not have a defined role or interest in an organization (Smith, 2010).

According to Lai (2015), the public relations departments support the organization in managing its deliberate efforts to establish, grow, and uphold connections and communication with its market. Unfortunately, unethical public relations practices have surfaced and harmed the interests of the company as well as the general public in terms of the organization's image and reputation as well as how the general public views it. These practices include using risky dirty tricks, lying, misrepresenting, and providing false information to the public. It is possible to highlight public relations as a tool for communication. (Saffiah & Syahruddin 2021). In fact, practically all organizations with CSR programs rely on Public Relations to spread the word about their initiatives. As a result, organizations need to employ individuals who can supply knowledge on the principles that need to be defended, who are ethically aware, and who can serve as connectors between various areas of the workplace. In addition, top managers can get knowledge of ethical standards by following the advice of skilled, educated public relations specialists.

In accordance with a study by Reeves (2016), both CSR and public relations are intertwined and have a great connection because their respective objectives are to uphold an organization's reputation, build positive relationships with stakeholders, manage organizational crises effectively, and do good deeds for others, particularly the general public. It is acknowledged that using highly skilled PR professionals to communicate CSR to a larger audience for the benefit of organizations leads to significant benefits for the organizations.
Organizations routinely notify their internal and external stakeholders about their CSR operations (Schaefer, Terlutter, and Diehl (2019). For instance, many organizations highlight CSR activities in their annual reports and newsletters as well as any advertising they have done or will do in the future. As an illustration, Organization A advertises its operations on the corporate website, in radio ads, and on television (Brunton, Eweje, 2017; Taskin). By using that phrase, not only the workforce but also more societies will be made aware of the programs that were carried out with the assistance of the Public Relations Team, even if not everyone was participating. Del Mar Garcia-De Los Salmones and Perez (2018) conducted an additional study to investigate the effectiveness of CSR advertising in the banking sector. Their research also showed that the company's reputation increased in direct proportion to how well consumers viewed its CSR advertisements.

2.3 TRUST BUILDING

Scholars in organizational behavior have proposed investigating mediating elements to have a better understanding of the true impact of CSR initiatives on employees' attitudes and behavior (Hansen et al., 2011). To investigate the potential mediating mechanism, it is necessary to focus on the nature of the interactions that employees build with organizations. According to Yan, X.; Espinosa-Cristia, J.F.; Kumari, K.; Cioca, L.I. (2022), CSR activities create organizational trust among employees, which strengthens the organization's reputation. It is also suggested that inside organizations, justice functions as a boundary condition and moderates the link between organizational trust and corporate reputation. People's perceptions of a company's image and reputation are shaped by how they perceive and interact with it. This is because an organization's image is primarily concerned with how it influences people's opinions of the company, whereas its reputation is concerned with how it influences people's perceptions of its products/services, leadership, and finances.

Trust is a reflection of one's belief that the acts of another party will benefit rather than hurt one's own interests (Rashid, Saima, Talat, and Ahmad 2018). People place a high value on their organization's ethical behavior. Moreover, trust is an important component of CSR communication as organizations' efforts to make a difference in society assist establish consumer confidence, which leads to individuals supporting the organizations (Castaldo, Perrini, Misani, & Tencati, 2009; Till & Nowak, 2000). According to various studies (Atkinson et al. 2006; Lendra and Andi 2006), trust is an important factor in project success and should be included in project management. It is critical to remember that trust can only be given by persons, not corporations. As a result, when the term "inter-organizational trust" (Blois, 1999) is used, it signifies that people inside the companies believe in the organization to which the other person belongs.

Kim and Lee (2018) provided suggestions on how organizations might gain the public's trust and lessen skepticism about their CSR activities. For example, when a company actively responds to consumer questions about its CSR activities on company blog posts or websites, encouraging consumers to advocate for the organization, or when they engage in CSR as a long-term partnership to support a specific social cause, instead of using it as an informal publicity strategy and the public's trust is established and skepticism is reduced (Rim & Song, 2013). The study by Kim and Lee (2018) fills a gap in research by examining the relationship between organizational suitability and the concept of transparency. It offers strategic communication researchers' and professionals' observations on how CSR programs can be efficiently communicated to prevent skepticism while enhancing trust and encouraging organizational advocacy. CSR efforts, as previously said, help affect people's impressions of organizations. People will have good opinions of a corporation's company operations, products, and philanthropic contributions to the community if it engages in CSR activities, resulting in a high sense of trust (Werder, 2008) for the organization.
Rawlins (2008) emphasizes three characteristics of the trust transition process: specific details and responsibility. These three qualities depend on the related supports, which express that straightforwardness ought to be a course of "empowering dynamic investment" from partners so they can pursue informed choices, that transparency is only beneficial when it adds value to stakeholder "understanding" of information rather than simply increasing the amount of information, and that transparency is achieved through an organization's accountable actions, words, and actions. As a result, trust is required in order for everyone within the organization to form a strong bond with one another.

2.4 COMMITMENT AND CITIZENSHIP BEHAVIOUR

Social identity theory holds that an employer's good reputation (Ashforth and Mael, 1989) and tendency to uphold that reputation through CSR programs attract employees. (Schaefer, Terlutter, and Diehl 2019) Tajfel (1978) initially proposed this hypothesis, which is described as the development of an individual's self-concept through membership in an organization or group. Moreover, according to Khaskheli (2020), it considers the emotional value and significance associated with a sense of belonging to that specific group or organization.

A study by Khaskheli (2020) provides strong support for this research where the studies also revealed that employees' comprehension of their present association's CSR played a significant part in whether or not they were satisfied with their jobs (Rahman, Haski Leventhal, & Pournader, 2016; Barakat, Isabella, Boaventura, & Mazzon, 2016; Closon, Leys, & Hellemans, 2015; Valentine & Fleischman, 2008; Zhang, Di Fan, & Zhu, 2014). Besides that, the favorable public reputation of the company is improved by employee impression of CSR. employees are happy to work for their organizations and have a good view of it, which inspires them to behave and think in a way that is advantageous to the business.

CSR has a positive effect on workplace attitudes and behaviors, including job satisfaction and organizational pride. (Valentine and Fleischman 2007; Lee, Park, and Lee 2013; Dhanesh 2014; Roeck et al. 2014; Du, Bhattacharya, and Sen 2015; Suh 2016; Aguinis and Glavas 2017) According to a study by Manzoor et al. (2019), there are many diverse viewpoints on the function of employer leadership and how it influences the success or collapse of a project, company, or institute. Even so, the majority of academics agree that a leader's style and performance are essential to the growth and success of any business. Establishing the organization's goals, encouraging behavior towards attaining them, and influencing the administration and growth of the group are the responsibilities of leaders.

CSR can influence two important organizational behaviors: organizational citizenship behavior (OCB) and organizational commitment (OB). (Rashid, Saima, Talat, & Ahmad 2018) Organ and Ryan (1995) first described Organizational Citizenship Behaviour (OCB) where employee contributions that go further than their contractually rewarded work responsibilities and successes. Based on Khaskheli (2020), when an employee willingly engages in extra-role activities that are not within their contractual tasks but help the organization's goals, this behavior happens. As a result, it is critical for an organization to try to meet the needs and desires of its employees in order to foster a positive CSR perception among employees and encourage them to participate in activities. Other than that, the link between job satisfaction and OCB has additionally been hypothesized to demonstrate the connection between justice beliefs and OCB (Schappe, 2010). Those who think their organizations treat them well give back and go above and beyond the minimal requirements of their professions, helping both the organizations and maybe other individuals.

When a company actively participates in CSR efforts, its employees are willing to exceed the boundaries of their core tasks in hopes of enhancing the company's success. (Glavas, 2016 & Kunda et al (2019) This is because the employees are behaving favorably, and the organization's identity will be brought to the notice of a bigger public indirectly. Furthermore,
employees initially attribute CSR behavior to internal organizational motivations such as values and culture, however, as they become more knowledgeable, their thinking changes and they attribute CSR behavior to financial incentives and other factors as well. It also can come to be attributed to external motives.

3.0 THEORETICAL FRAMEWORK

This research uses the “Legitimacy Theory” for the theoretical framework. Dowling and Pfeffer (1975) developed legitimacy theory as a condition or state that exists when an organization's value system is consistent with the worldview of the larger social system of which it is a part. If there is a difference between the two perspectives, whether it is real or possible, the entity's legitimacy is in jeopardy. According to the theory, society as a whole, not individual members, is therefore accounted for (Deegan 2002; Bela, 2008), and as a result, the concept focuses on the communication between organizations and society as a whole. As a result, if society is not satisfied with what an organization is doing morally, the "contract" it has with society to continue its operations will be terminated (Deegan and Rankin 1997). Moreover, this theory asserts that the organization must match the standards set by society as a whole, not just the employers or stakeholders.

There are a few studies that used this legitimacy theory in their research such as “A Story of Reporting Social and Environmental Matters within the Australian Food and Beverage Industry” by Suresh Cuganesan, Ward, L., & Guthrie, J. (2009). This paper used legitimacy theory to investigate whether an organization's degree of profile is connected with the organization's decision of legitimation procedures. By concentrating on a single industry and customizing the disclosure instrument to include issues specific to that industry, previous applications of legitimacy theory are extended to the examination of CSR disclosure.

Another study that used this theory is “CSR Reporting and Legitimacy Theory: Some Thoughts on Future Research Agenda” by Islam, M.A. (2017). The purpose of this research was to investigate the feasibility of applying the legitimacy theory as a viable explanation for CSR reporting practices by organizations in developing countries.

4.0 CONTRIBUTION OF STUDY

The current study makes significant contributions by attempting to fill a number of knowledge gaps, and it is successful in doing so. To begin, the study contributes to the limited amount of previous research on the effectiveness of Corporate Social Responsibility (CSR) in organizations. It is quite known that not all organizations achieve or succeed in doing the program. This research is one of many others that examine the relationship between commitment and citizenship behavior and organizational CSR. The second step is to identify the relationship between public relations responsibilities and organizational CSR. The last step is to analyze the relationship between trust building between employees and organizational CSR. On the other hand, a study had shown that CSR results in more environmentally and socially responsible innovation as well as financial performance that is more sustainable. (Ouidad Yousfi & Nadia Loukil, 2021)

5.0 CONCLUSION

In conclusion, the current studies have highlighted the needs to have a positive effect of Corporate Social Responsibilities (CSR) on workplace attitudes and behaviors. This includes job satisfaction, organizational pride, organizational citizenship behavior (OCB) and the organizational commitment (OB). The findings based on the literature has emphasize the needs of CSR and required the leaders within the organization to take a role to encourage much more on creating CSR initiatives and thus imposed a positive healthy working environment among employees. CSR has impacted towards the internal and external factor of the organization. Creating valuable engagement within the community thus contributing the social
development between the organization and the employees. Moreover, the Legitimacy Theory as theoretical framework, has emphasized that it is significance with the needs of the organization value system with the societal worldview for maintaining the legitimacy and the organization to sustain the operations. From the overall research, it is beneficial that the organization develop a Leadership Development. Organization in general encouraged to develop a leadership program that enable to understand the importance of CSR thus leading the organization to contributes further on community service. This also enable for the organization to have a clear goal and having an effective communication to ensure the benefits of CSR understood among the employees.

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