Stakeholder's Perception of Company and CSR Actions

(Analysis of Company Website Media Richness)

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Abstract—**The management has an obligation to report all conditions and changes to stakeholders as a form of commitment and transparency in managing the company. This information will be used by stakeholders as a basis for decision making. Beside economic information, a company is currently required to submit information related to its activities including the social and environmental aspects too (Corporate Social Responsibility/CSR). Such information's about a company are no longer disclosed through financial statements and annual reports, but also delivered on websites that contain financial and non-financial information. Website pages that use a variety of media such as text, photos and videos can improve the quality of the delivery of company information. This study aims to elaborate on media richness theory, focusing on two things; (1) whether the content presentation on a website can change stakeholder perceptions of the company, and (2) the stakeholder perceptions of CSR actions taken by the company. This research contributes to media richness theory by explaining how much impact the completeness and attractiveness of the content on a website has on stakeholder behavior. To test the influence of website media richness on stakeholder perceptions of the company and CSR actions taken by the company, an experimental study was conducted. This study uses the Mann-Whitney Test to see the effect of media use on websites on stakeholder perceptions of the company and stakeholder perceptions of the company's CSR actions. The results show that there are significant differences for the two variables between websites with low media and websites with high media. The average value of stakeholder perception of company's websites and CSR with high media richness is higher than websites with low media richness. This shows that the media richness used by a company can influence the level on perception of stakeholders towards the company. The high media richness can effect on the increase of stakeholder perceptions of the company.**

Keywords—stakeholder's perception, CSR, website media richness

I. INTRODUCTION

Company management has an obligation to report all conditions and changes to stakeholders. This is certainly a form of commitment and transparency in managing the company. Reporting is a form of management communication to stakeholders in order to provide reliable information as a basis for decision making. The more complete the information that can be communicated by management to stakeholders, the more stakeholder's trust in management increases [1]. Shareholders will increasingly trust management that the capital invested in the company has been well managed. In addition to shareholders, consumers will also respond positively to the completeness of information that can be communicated to them. Consumer trust in products and other important aspects increases so that consumer loyalty towards the company increases. This practice encourages an increase in the company's ability to generate profits, which in turn can increase the value of the company and other stakeholders [2].

In this decade, companies and their management are not only required to be able to communicate financial information, companies are also challenged to be able to publish other information to stakeholders, such as human resource activities, risk management, the company's ability to innovate, strategies and the impact of company activities on the economy, the environment, the surrounding population, and other non-financial aspects. Information about the non-financial aspects of the company, such as the strategy and impact of the company's activities on the economy, environment, and social that are summarized in the report of corporate social responsibility (CSR) becomes very important for the company. CSR reports published by companies are a bridge to the relationship between consumers and companies [3]. CSR reports are a reflection of management's paying more attention to the negative impacts arising from the company's activities. Website is one of the means to communicate CSR which is considered effective to illustrate that the company has taken concrete actions and is paying serious attention to environmental impacts. The use of websites as communication platforms is felt to be more complete, attractive and communicative compared to other media because web media is able to display graphics, multimedia, and hyperlinks [4]. The complete content is felt to be able to facilitate understanding and increase user satisfaction of information [5].

Media richness theory tries to explain the relationship between the completeness of information and the presence of interesting content on the website with the ability to transfer information to stakeholders. According to media richness theory, the completeness and ability of a web to transfer information can predict the choice of media used by stakeholders [6,7], stakeholder satisfaction and loyalty to the company and can improve the quality of decision making by

users of that information [8,9]. This study aims to elaborate on media richness theory, whether the completeness of content and information on a website can change stakeholders 'perceptions of the company, as well as stakeholders' perceptions of CSR reports that have been disclosed in the media website.

II. LITERATURE REVIEW AND HYPOTHESIS

A. Media Richness Theory

Media richness theory is a theory that explains the use of a communication media in terms of the richness of information contained in the media. According to media richness theory the completeness and ability of a web to transfer information can predict the choice of media used by stakeholders [6,7], stakeholder satisfaction and loyalty to the company [8] and can improve the quality of decision making by users of that information [9].

B. Media Richness Theory and Stakeholder Perceptions towards the Company

Stakeholders' perceptions are very important for the company, stakeholder perceptions of company performance will determine stakeholder loyalty and trust in the company. A good perception of the company can be influenced by the ability of management to provide complete and significant information for the decision making of stakeholders [1,2]. Cho, Phillips, Hageman, & Patten argues that website communication media can reduce various forms of problems in delivering information visually [10]. Complete and attractive website content is felt to increase trust and change the perception of the quality of stakeholders. From the description above, it can be drawn a hypothesis that the stakeholders assess that a company that is able to provide complete and interesting content in the media information and communication website means that the company has been managed well so that the company also has good quality.

H1: Stakeholders' perceptions of companies are better on websites with high richness than on websites with low richness

C. Media Richness Theory and Stakeholder Perceptions towards CSR

CSR reports published by companies are a bridge to the relationship between consumers and companies [3]. The CSR report reflects that management has paid more attention to the negative impacts arising from the company's activities, this has led to an increase in the company's image in front of consumers and other stakeholders [6,7,10,11]. The use of the website as a means to communicate CSR is considered effective to illustrate that the company has taken real action and is paying serious attention to environmental impacts. The use of websites as communication platforms is felt to be more complete, attractive and communicative compared to other media because web media is able to display graphics, multimedia, and hyperlinks [12]. Sam & Tahir argue that web design that has navigation and aesthetics will produce positive perceptions for consumers [13]. Content that is complete and has a balanced aesthetic is

deemed able to facilitate understanding and increase user satisfaction of information [5].

H2: Stakeholders' perceptions of CSR are better on websites with high richness than on websites with low richness

III. METHODS

To test the influence of website media richness on stakeholder perceptions of companies and CSR, in this study we conduct an experiment. Experiments are used to clearly determine the relationships between variables by controlling all other variables that might contaminate or confound these relationships [14]. Control is carried out in artificial situations where relationships between variables can be tested.

Stages of experiments and questionnaires are carried out online, by creating a realistic environment to explore the website according to the time needed and completing the experiment by filling out the questionnaire after completing the website exploration. The steps of the experiment that must be carried out by the participants are evaluating the company's website and the disclosure of social environment on the simulation website that the researcher made.

This experiment consisted of two conditions which showed two different presentation media. One website displays information with media in the form of text and static images which are then called high richness media, while other websites display information with media in the form of text, images and interactive videos which are then called high richness media. The stages of the experiment are carried out by randomly selecting and placing participants in one of the experimental conditions, then the researcher sends a link according to the placement of conditions to the participant. On this link, participants will be presented with the company's website and then given the opportunity and sufficient time to explore the website before then answering the questionnaire questions. This study uses the Mann-Whitney Test to see the effect of media use on websites on stakeholder perceptions of the company and stakeholder perceptions of the company's CSR actions.

IV. RESULTS AND DISCUSSION

This study uses the Mann-Whitney Test to see the effect of media use on websites on stakeholder perceptions. This study examines the differences between the two experimental groups: the group with low richness media and high richness media. Before interpreting the Mann-Whitney test results there are several assumptions that must be met, the following are the stages of the analysis carried out.

A. Data Distribution (Kolmogrov-Smirnov)

Different tests between two sample groups that meet the assumption of normality cannot be tested using the Mann-Whitney Test. Therefore, before carrying out testing, research data must meet this assumption.

TABLE I.   NORMALITY TEST

	Media Richness	Kolmogorov-Smirnov		
		Statistic	*df*	*Sig*
PS	Low Media	0,292	64	0,000
	High Media	0,224	64	0,000
PC	Low Media	0,258	64	0,000
	High Media	0,161	64	0,000

Based on table 1 above, variable data can be said to be normally distributed if the significance value of the K-S Test> 0.05. The test results show that all dependent variables in this study have a significance value of K-S Test <0.05. This shows that all variables are not normally distributed, so they have fulfilled the first assumption for the Mann-Whitney test.

B. Variants of both Groups are Homogeneous (Levene's Test)

The next assumption that must be met before the Mann-Whitney Test is that the data must have a homogeneous variant. Homogeneity test is done by using the value of Levene's Test.

TABLE II.   TEST OF HOMOGENITY OF VARIANCE

		Levene Statistic	df1	df2	Sig.
PS	Based on Mean	.539	1	126	.464
	Based on Median	.415	1	126	.521
	Based on Median and with adjusted df	.415	1	115.739	.521
	Based on trimmed mean	.455	1	126	.501
PC	Based on Mean	.187	1	126	.666
	Based on Median	.008	1	126	.929
	Based on Median and with adjusted df	.008	1	122.080	.929
	Based on trimmed mean	.000	1	126	.988

From the test results in table 2, it can be seen that the significance value of Levene's Test for all variables is> 0.05, which means that the data variants of this study are homogeneous. This shows the fulfillment of the second assumption for the Mann-Whitney Test.

C. Mann-Whitney Test

After fulfilling the two assumptions above, then testing the effect of media use on stakeholder perceptions and perceptions of CSR can be done using the Mann-Whitney Test on the table 3.

TABLE III.   MANN-WHITNEY TEST

	PS	PC
Mann-Whitney U	1367.500	1318.000
Wilcoxon W	3447.500	3398.000
Z	-3.424	-3.604
Asymp. Sig. (2-tailed)	.001	.000

The statistical table above shows that the significance value for the Mann-Whitney Test is below 0.05 for all variables. This shows that there are significant differences for the two variables between those using websites with low media and

websites with high media. Differences in the values of variables between groups are presented in the table below.

TABLE IV.   DESCRIPTIVE STATISTICS

		N	Min.	Max.	Mean
PS	Low Media	64	2,67	4,00	3,7244
	High Media	64	3,00	5,00	4,0058
PC	Low Media	64	1,67	4,00	3,5997
	High Media	64	3,00	5,00	3,9581

D. Media Richness and Stakeholder Perceptions

It can be seen in Table 4 that the average value of stakeholder perception in high media richness website is higher (4,0058) than those in low media richness website (3,7244). This shows that the media richness of a media used by a company can influence the level of perception of stakeholders towards the company. The results of this study are in line with the results of research conducted by Merkl-Davies & Brennan and Krasodomska & Cho, stakeholder perceptions are influenced by management's ability to convey complete and significant information to stakeholders [1,2]. Significant information for stakeholders is believed to be a material basis for decision making by stakeholders.

Richness of information contained in a website provides material that is the basis for decision making. Visual information provides an overview for stakeholders about a product offered by management [10]. Adequate information collaboration between visual and audio information can change customer perceptions regarding goods marketed on the website. Stakeholders find it easier to recognize a product displayed on the website, if the website contains complete and interesting information. The completeness of the presentation of information on the website also indicates that the company has been managed professionally and has good quality.

E. Media Richness and Perception Towards CSR

Stakeholders' perceptions of CSR in this study proved to be different between those who received information through a low media website and those who received information through a rich media website. Can be seen in table 4 the average value of stakeholder perceptions of CSR is higher on high richness websites compared to low richness websites. Thus, it can be said that media richness of a website influences stakeholder perceptions of corporate social responsibility actions.

Disclosure of information is an indicator that the company has been managed by management with a spirit of transparency. Full disclosure made by management has proven to change perceptions and increase stakeholders' trust [1,2]. One important issue raised by the company is the social performance of a company [15]. The important problem is that public trust in social performance reports submitted by management cannot easily be achieved. The public feels that social performance reporting is not accompanied by complete and interesting information and is considered excessive, so the public assesses that the company only reports that social performance is not in accordance with the facts carried out especially the stakeholders also assess that management only has the intention to increase profit [10,15].

The use of the website as a means to communicate CSR is felt effective to illustrate that the company has taken real action and is paying serious attention to environmental impacts. According to Lodhia and Cho et al. the use of websites that have complete and attractive content can change stakeholder perceptions [10,12]. The inclusion of graphics, multimedia, and hyperlinks on a company's website can provide adequate information and increase stakeholders' trust in what management has communicated. The CSR report reflects that management has paid more attention to the negative impacts arising from company activities, this has led to an increase in the company's positive image in the face of consumers and other stakeholders [6,7,10,11].

V. THEORETICAL AND PRACTICAL IMPLICATION

Research on media richness theory has developed until now, this development began in the 80s [6]. In the early 80s, research on media richness theory still relied on the development of using traditional media in transforming information [16,17]. Along with the development of the internet world in the modern era, many researchers developed research on media richness theory using modern media such as websites, WeChat, weibo and renren [3,12,15,18–20]. The study developed a lot about the use of modern media such as website, WeChat, weibo and renren to be able to transform information to stakeholders. In other words, research on media richness theory in modern times more investigates how management within a company can influence stakeholders' perceptions and decision making by utilizing modern media.

This study explains the media richness theory by using a website to transform information about CSR to stakeholders. Considering internet users in 2018 amounted to 65.7% of the total population of Indonesia [21]. This study explains that the choice of communication media by stakeholders is based on the complete and attractive content contained in a website. Websites that are rich in information which include videos, narratives, images, graphics and hyperlinks are preferred by stakeholders than static, monotonous, and less attractive media information. In addition, rich and attractive website media can also change stakeholders' decision making. This is based on the stakeholder's view that a website that is rich in information and has attractive content already represents all the information about the products introduced on a website. In terms of information about CSR, stakeholders trust information more about CSR contained in websites that have rich and attractive information content than websites that have less attractive information. This is because according to the stakeholders, with the company including pictures and videos of CSR activities, management is considered to have proven that CSs have been implemented. The implementation is not just to increase company profits; it is important for management to improve the company's image in gaining the trust of stakeholders.

This study also has implications for planning and communication strategies to be taken by management. With the results of the above study, we can see that in order to obtain effective communication and delivery of information to stakeholders, management needs to build a communication media that has complete and attractive content. The selection of information media must also be adjusted to the target stakeholders who will be given information. Website suitable for users classified as students and workers in the vulnerable age of 18 to 45 years. In their perception, a simple website that has complete and attractive content is enough to represent all the information that is wanted from a product. Therefore, management should choose to plan their communication strategies according to the intended segments and build their informative and attractive communication media.

VI. CONCLUSION

Communication is very important for management, with communication, management tries to send the desired information to stakeholders. With communication management can not only introduce the product, but management can convince stakeholders that they have managed the company in accordance with the regulations and the wishes of the stakeholders. Therefore, effectiveness in terms of communication becomes very important. The effectiveness of communication is influenced by the choice of media and the content contained in the media. The use of website media has been considered one of the effective communication media, because we can include images, videos, narratives and hyperlinks. In addition, website media is effective considering that internet users in Indonesia reach more than 60% of the total population.

The results of this study indicate that the use of website media that has complete and attractive content (rich) can change stakeholders' perceptions of CSR information contained in the website. Stakeholders are more interested in and trusting CSR information contained in websites that have rich content. This can indicate that companies that inform CSR about websites that have content (rich) are considered to have been serious in carrying out CSR activities and can prove these activities through pictures, photos and narratives contained on the website. Therefore, management in terms of communicating should be able to consider building a website that is easy to access and has complete and attractive information.

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