

Corporate Social Responsibility Disclosure: An Exploratory Study of the Top 10 Media Organisations

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Abstract

Corporate social responsibility (CSR) is an issue of growing interest in the business world, and many large, multinational companies, including media organisations, are voluntarily disclosing information regarding their CSR activities. While there is criticism of the ethical values of “the media”, some media organisations are using CSR to promote a positive side of their business. This exploratory study observes what the leading media organisations are doing in terms of CSR activities to propose a CSR disclosure index for the media industry, and discusses some implications for other organisations.

Introduction

Coinciding with some major corporate ethical disasters, many organisations have been communicating information on their corporate governance, ethical practice and social responsibility. Companies can use their website or the annual report as communication tools for voluntary disclosure of non-financial information, such as ethical behaviour, to their various stakeholders, including shareholders, employees, customers, suppliers, media and the government, and to develop a particular brand image for the organisation (Berkey 1990; Hopwood 1996; Judd and Timms 1991; Neu, Warsame and Pedwell 1998; Stanton and Stanton 2002). Corporate Social Responsibility (CSR) disclosure, in particular, has been of increasing interest as organisations recognise that their actions have consequences that effect all their stakeholders. As a research topic, CSR has been the subject of academic accounting research (Gray, Owen and Maunders 1987; Farook and Lanis 2005), and a growing topic in marketing research (Luo and Bhattacharya 2006), and as reflected by special issues in the *Journal of Marketing Communications*, *Journal of Advertising*, and the *Journal of Business Ethics*. Companies with a heavy use of marketing activities can particularly benefit from undertaking and disclosing their CSR activities. Media organisations, for example, are often criticised for unethical practices, including program content and its effects on the more vulnerable sections of society, such as children (Keys 1999), therefore, it is important see how these communicators view their social responsibility.

The main objective of this exploratory study is to develop a potential CSR disclosure index for media companies. To achieve this the annual reports and websites of the ten leading media organisations were analysed (Advertising Age 2006). By looking at the CSR disclosure on their websites it can be determined which organisations disclose their CSR activities, what activities they undertake and to make recommendations for CSR disclosure in the future.

Background

CSR Disclosure

CSR is defined broadly as “including the concern for the impact of all of the corporation's activities on the total welfare of society” (Bowman and Haire 1976, p. 13). This assumes that

the entity is influenced by and, in turn, has influence upon the society in which it operates (Deegan 2002; Farook and Lanis 2005). In that context, CSR disclosure is “... the process of providing information designed to discharge social accountability. Typically this act would ... be undertaken by the accountable organisation and thus might include information in the annual report, special publications or even socially oriented advertising” (Gray, Owen and Maunders 1987, p. 4). This indicates that CSR disclosure is a method by which management can interact with the broader society to “influence external perceptions about their organisation” (Deegan 2002, p. 292).

A number of theories have been proposed to explain why corporations voluntarily disclose CSR information, such as political economy, legitimacy and stakeholder theories (Wilmhurst and Frost 1999; Deegan 2002; Campbell, Craven and Shrivies 2002). Systems oriented theories such as these propose that individuals, institutions and organisations, seeking to preserve their own self-interest, attempt to operate and interact within the system through various relationships with others (Williams 1999). The relationship between individuals, organisations and society is consequently viewed as a ‘social contract’ (Ramanathan 1976; Deegan 2002; Williams 1999). The theories also emphasise ‘that the actors, whether they are individuals or organisations, in this system have the right to pursue their own goals and self-interests’ (Williams 1999, p. 211). However, these rights to self-interest are moderated by the social and political environment in which they interact (Roberts 1992; Williams 1999). Firm size has been consistently found to influence CSR disclosure (Belkaoui and Karpik 1989; Roberts 1992; Williams 1999; Patten 1991), with larger firms disclosing higher levels of CSR, although Jenkins (2006) identified a growth of interest from the SME sector. Large firms are more politically visible and, therefore, disclose more information. The legitimacy theory argument is that the more social exposure a firm receives by being larger, the greater the need to legitimise its existence to its relevant publics (Patten 1991). Organisational legitimacy is “when an entity’s value system is congruent with the value system of the larger social system of which an entity is a part” (Lindblom 1994 cited by Newson and Deegan 2002, p. 184). To paraphrase, organisations continually seek to ensure that they operate within the bounds and norms of their respective societies (Deegan 2002). Therefore, a significant positive relation is expected between firm size and voluntary disclosure.

Media Organisations

According to Belch and Belch (2007), the media are “organization whose function is to provide information/entertainment to subscribers, viewers, or readers while offering marketers an environment for reaching audiences with print or broadcast messages”, for example, television stations, radio stations, magazines and newspapers. In providing print and/or broadcast messages, media organisations have been often criticised for unethical practices, including showing bias, misleading, deceptive or offensive program content. As media organisation communicate to a large audience globally, there is concern on its effects on the more vulnerable sections of society, like children, elderly and low socioeconomic groups (Belch and Belch 2007). With such a large audience and potential effect on the community, it is important see how these organisations view their social responsibility. As this is an exploratory study, it was decided to analyse the leading ten media organisations, which is regularly published by Advertising Age (Advertising Age 2006). The ten organisations were: Time Warner, Comcast Corp., Walt Disney Co., News Corp., NBC Universal (General Electric Co.), DirecTV Group, CBS Corp., Cox Enterprises, Viacom, and EchoStar Communications Corp.

Methodology

To discover what the leading media organisations are doing in terms of CSR activities, the annual reports and websites were observed for any type of CSR disclosure. The researchers independently reviewed the websites and took note of all CSR activity, which were then compared to ensure some degree of reliability. While companies can communicate their CSR information through using advertising, annual reports, public relations and their websites, for this study it was decided to analyse the websites and the annual reports which is the only document produced regularly to comply with regulatory requirements and is central to the organisations own image (Gray *et al.* 1995). After first viewing the annual reports it was noticed that few annual reports actually included CSR information. Walt Disney Co, for example, had a section dedicated to Corporate Responsibility, which included information on their “worldwide outreach” and “environmentality”, while others mentioned the existence of the company’s Code of Ethics. This supports Waller and Lanis’ (2006) study of global advertising holding companies which found that US companies tended to concentrate on disclosing the financial information in the annual report than the voluntary non-financials. Therefore, the main focus of the results come from information placed on the company’s websites. After looking at the annual reports for any comment on CSR, the website was searched for the existence of a social responsibility report, or pages with corporate, governance, ethics, community responsibility codes or guidelines. From these a number of observations were made.

Results

Once the information was obtained, the various CSR-related activities were identified to develop a list of CSR activities for a potential CSR index relating to media organisations, thereby answering the research objective. A summary of the main finding is found in Table 1, with the main points being described below. Of the ten media companies observed, two mentioned CSR in the annual report (Walt Disney Co and Cox Enterprises), three had a dedicated CSR report (Time Warner, Walt Disney Co and CBS Corp), while two provided CSR-related information in their Business Conduct report (News Crop and Viacom). The main issues that were included by the media organisations included ethical behaviour, customer relations, suppliers, employees, community, diversity and the environment, which it is proposed could be used as an index for CSR for the media industry. The issues will be briefly explained:

Ethical Behaviour: having a high standard of ethical behaviour, acting with honest, fairness and integrity in all the company’s operations.

Customer Relations: building long-lasting relationships with customers, providing high-quality service, and particularly for the media industry, responsible programming with acceptable content.

Suppliers: fair dealing with those in the supply chain, and industry in general

Employees: a focuss on protecting staff, ensuring diversity, encouraging talents, keeping to international labor standards, and providing safety and security in the workplace.

Community: fostering strong links with the community through public service announcements (PSAs), sponsorship, financial support and volunteering.

Diversity: to show respect and reflect in a range of areas including programming, employment, customers, communities and cultures

The Environment: to balance corporate goals with activities to enhance environmental protection, including using recycling and environmentally friendly supplies.

This answers the main objective of this study by analysing what CSR activities are being undertaken by the leading media companies and developing a possible CSR disclosure index for media companies.

Recommendations

From observing the CSR-related issues presented on the websites of the media companies, a number of recommendations can be made, however, while providing these five recommendations it should be noted that these have been generated from a limited sample (ten companies), and that they may be general points for an “ideal” situation which may vary given the different organisation or industry. Management, for example, may decide to focus on various elements in its CSR reporting depending on its size, country of origin, corporate culture, financial situation, as well as who are the stakeholders that it is trying to communicate.

- 1. A dedicated CSR report or section in the annual report.* While it is up to the company to voluntarily disclose their CSR activities, there are social benefits in communicating these activities to the various publics, such as shareholders, employees, customers, suppliers, media and the government.
- 2. Clear CSR Statement.* Any CSR information should begin with a clear statement which sets out a standard that the company should work towards, and the areas of business it will focus its activities.
- 3. Committee/guidelines/who is responsible.* In the CSR information it should be clearly identified if there is a committee in charge of the CSR activities, who is on the committee, if there are definite guidelines or a code of conduct to follow, and who those responsible are answerable to. This can give an indication of how important CSR is perceived in the corporate structure. If there is a set of guidelines or a code of conduct, they should either be included in the report or the web address should be published if those interested would like to access it.
- 4. Key Issues of CSR.* There may be particular CSR issues that the company sees as important and should emphasise in detail in their disclosure report. These could include ethical behaviour, customer relations, suppliers, employees, community, diversity and the environment. These issues may vary with the company as the individual firm may focus on specific company needs, but they should be clearly stated and discussed in the report.
- 5. Examples of CSR work.* To assist in the understanding of what the company does as part of its CSR activities, there should be actual examples of what the company has done in the last financial year. For example in the CBS Social Responsibility Report there was full of examples of fund-raising activities and awards for community work at individual broadcasting stations. These can include descriptions of staff volunteer programs or graphics of advertisements from pro bono campaigns for particular charitable organisations, etc.

Conclusion

In conclusion, it appears that corporate social responsibility (CSR) is an issue of growing interest in the business world, and that many organisations are voluntarily disclosing information regarding their CSR activities in their annual report and on their website. As this

is a descriptive, exploratory study of ten media organisations, there are limitations about the generalisability of the results. However, it is noted that these organisations include the main global media companies with revenues worth \$billions (Advertising Age 2006), and so does give a good indication of CSR disclosure in the media industry. It should also be mentioned that the media stations, such as the individual radio or television companies, may use other forms of media to communicate with their publics regarding CSR activities, such as press releases, publicity, annual general meetings, and special reports detailing their contribution to society.

Further research should be used to analyse CSR in general and with other types of organisations, including what particular CSR activities are perceived as worthwhile, and how effective CSR disclosures are in attempting to encourage a favourable attitude towards the company, assisting to legitimise the company's activities. More work should also be undertaken to develop more rigorous theories of media organisation's CSR disclosure, and determine how the socio-political context of firms influences CSR disclosure. It is noted that the ten leading media organisations have their headquarters in the US, so the CSR disclosure of companies around the world would provide an important global perspective. Finally, it is hoped that by publicly communicating their CSR activities, the various publics will have more confidence and trust in the ability of media organisations to ethically undertake their business and social responsibilities.

Table 1: CSR-related Disclosed by Leading Media Organisations

Rank	Media Organisation	CSR-related Issues
1	TIME WARNER	Company Overview; Customers & Content; Ethics, Governance & Public Policy; Employees & Workplace; Environment; Supply Chain; Community
2	COMCAST	Ethics; Quality; Diversity; Employee Focus; Flexibility; Enthusiasm
3	WALT DISNEY	Business Standards & Ethics; Corporate Governance; Community Environment; International Labor Standards; Safety & Security
4	NEWS CORP	Corporate Assets & Information; Conflict of Interest; Equal Employment Opportunity & Unlawful Harassment; Safety of the Workplace & Environmental Protection; Relationship with competitors & Other Trade Practices; Code of Ethics for the CEO & Senior Financial Officers; Procedure for Receipt & Investigation of Companies
5	NBC UNIVERSAL	Community; Community Involvement
6	DIRECTV GROUP	Diversity
7	CBS CORP	Community Outreach; Programming; Diversity; Industry Recognition; Company Profile
8	COX ENTERTAINMENT	Employees; Diversity; Customers; New Technology; New Business; Community; Responsible Actions
9	VIACOM	Compliance with laws, rules & regulations; Conflict of interest; Confidentiality, Inside Information & Fair Disclosure; Financial Accounting & Improper payments; Equal Employment Opportunity; Harassment Free Workplace Environment; International Business; Fair dealing & Competition; Protection & Proper Use of Viacom Assets - Electrical Communication; Respect for Intellectual Property Rights; Corporate Communications; Health, Safety & the Environment; Political Contributions & Payments
10	EHOSTAR	Honest & Ethical Conduct; Full, fair, accurate, timely & understandable disclosure in reports; Comply with applicable governmental laws, rules & regulations; Promptly report any violations of the code

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