Stakeholder Perceptions and Word-of-Mouth on CSR Dynamics: 
A Big Data Analysis from Twitter

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ABSTRACT

Corporate social responsibility is a strategy by which firms address social issues whilst tending to their profit enhancing objectives. However, is a socially responsible firm fulfilling its objectives if current and potential stakeholders perceive it to be unethical, engaging in poor and questionable practices? The article analyzes Big Data retrieved from Twitter related to five firms that have stated to be socially responsible but have yet to obtain stakeholders’ legitimacy granted by the engagement in corporate social responsibility. The article contributes to the understanding and effects of firm dynamics in corporate social responsibility or lack thereof, on social networking sites by means of Big Data analysis.

KEYWORDS

Ban, Big Data, Boycott, Business Growth and Development, Corporate Social Responsibility, Hashtag, Stakeholder, Twitter, Word-of-Mouth

INTRODUCTION

It has become clear that both firms and stakeholders have increased their interest in the effects of their actions on the environment and society. There is a vast amount of organizations around the world that have taken the ideals of social accountability to action by engaging in corporate social responsibility (CSR). Stakeholders have gradually become more aware of the existence of CSR and more knowledgeable of the implications of social responsibility. Furthermore, because stakeholders grant CSR a certain degree of importance, they are more inclined to exhort organizations to fulfill their objectives and strategies in the utmost responsible way, to be accountable for their actions, in other words, to do the right thing. Therefore, the transparent communication of CSR is critical to stakeholders’ perspectives and, for that matter, decision making.

Transparency is elemental to CSR (Crowther & Aras, 2008) because it provides the firm with legitimacy, fosters accountability and sustainability, and drives growth and development. Both internal and external stakeholders need to be knowledgeable in the firm’s CSR related policies and actions in order to effectively consider them in their decision making. The communication of CSR has traditionally been achieved via the firm’s annual reports (Patten, 1991; Nielsen & Thomsen,
2007) and/or with excerpts on the firm’s website. Although the information is online, these means’ reach is limited to those actively searching for the information in question.

Firms have increased their use of social networking sites to put forth their practices and accelerate their strategies (López Fernández, 2012). Therefore, today, a great deal of CSR related practices is also communicated through social media and widely discussed on social networking sites (SNSs). These sites connect people with same interests (Mejias, 2010) and may also connect those with contrasting interests. It used to be that people would use SNSs to socialize with others with similar profiles, objectives, ideals, values and beliefs; however, the increasing scope of networks has led to greater diversity and, in turn, controversy. Consider the last US Presidential election; many took to SNSs to offer their insights on the candidates’ policies, resulting in impassioned dialogue and, in some cases, the reduction in network size. These types of interactions are also visible in regard to business practices and stakeholders’ thoughts on them.

The activity on SNSs is viewed by millions of users (Bauer, 2014), who are firms’ current and potential stakeholders (Fernández & Rajagopal, 2014). For instance, Twitter has over three hundred million active users each month (Twitter, 2016), and is, therefore, one of the most used SNSs worldwide. This means that the communication of CSR policies, practices and results, or lack thereof, may be potentiated via platforms such as Twitter. And, since word-of-mouth (WOM) on SNSs, like Twitter, is unlimited (Stauss, 1997) and mostly unrestricted, this practice fixes the limited reach problem of traditional means of communication; however, it does not come without its downside. The same massive audience that may appreciate the positive communication occurring between firms and stakeholders may also witness negative communication occurring among stakeholders and, stakeholders and firms. Therefore, firms should be aware that the use of SNSs may have both positive and negative impacts on stakeholders’ perspectives.

The principal objective of the study is to evaluate the potential impact of the WOM retrieved through Big Data on stakeholders’ perceptions and firms based on the latter being dynamic in CSR. In order to do so, content analysis has been implemented to evaluate Big Data retrieved via Twitter related to five different large firms. The paper is sectioned as follows: section two reviews previous literature, section three includes the study’s design, section four encompasses the study’s findings and discussion, and section five incorporates concluding remarks, limitations and future research directions.

LITERATURE REVIEW

Corporate social responsibility (CSR) is a concept that has many definitions (Frederick, 2006; Ismail, 2009) and, as such, may be understood and measured in various manners. It is still largely considered to be a voluntary practice (Van Marrewijk, 2003) as there are very few countries that have embraced laws related to social responsibility. It has been considered as a firm’s active interest in the impact of their actions on internal and external stakeholders (Ismail, 2009). And the firm’s active effort to minimize negative and maximize positive effects (Nicolaes & Sabina, 2010) on society and the environment. CSR is, then, a strategy that enables firms to tend to environmental and social issues whilst effectively managing and fulfilling operational objectives and strategies.

Stakeholders have become aware of firm engagement in CSR, or lack thereof, and it is their invested concerns in social issues that have made them reluctant to associate with non-socially responsible firms. Furthermore, their expectations are well aligned with those of society regarding the firm’s performance (Branco & Rodrigues, 2007), as such, firms should absolutely tend to them. The communication and transparency of CSR efforts is considered to be essential to a firms’ image towards stakeholders and overall performance (Maguire, 2011) as all interested parties should be made aware of the firm’s policies, actions and results to be able to accurately shape their decisions. CSR influences the way stakeholders perceive the firm. The awareness of socially responsible actions positively influences stakeholders’ opinions while knowing that the firm is engaging in questionable or unethical practices creates a negative impression.
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