Expectation gaps between stakeholders and web-based corporate public relations efforts: Focusing on Fortune 500 corporate web sites

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\textbf{A B S T R A C T}

This study investigates how Fortune 500 corporations use corporate-focused web site public relations efforts to prioritize different stakeholders while trying to meet the expectations of each stakeholder. The study found that shareholder needs are most often addressed by the corporations followed by consumers, community members, government agencies, and activists. The results of the study suggest there are expectation gaps between stakeholders and web-based corporate public relations efforts. The study also found differences in the way various industries target stakeholders with the exception of shareholders.

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As the manager of communication between an organization and its publics, those in public relations spend significant amounts of time and resources as they seek to improve communication with stakeholder publics. In fact, strategic public relations management should involve not only segmenting stakeholders into publics, but also creating appropriate messages for those publics once they are identified. Stakeholders are commonly defined as “those groups and individuals that can affect, or are affected by, the accomplishment of organizational purpose” (Freeman, 1984, p. 46). This begs the questions, who do organizations select as stakeholders they target with their communication efforts, and what messages are sent?

While past research has investigated the types of messages organizations send and the stakeholders with which organizations communicate (e.g., Esrock & Leichty, 2000), little attention has been paid to this communication based on the specialization of the organizations involved. For example, which groups do health care agencies spend a majority of their efforts reaching? In addition, what kind of messages do these organizations select as important for their selected stakeholders? Answering these questions is important as it provides public relations practitioners and researchers insight into the stakeholder groups that an organization deems have a stake in their organization. In other words, it may give insight into organizational communicators’ decision-making processes as they craft messages and plan interactions.

Because of its public nature, online communication provides an excellent opportunity for an analysis of varied communication within a diverse group of organizations. As a result, this research presents an analysis of the web site communication efforts of Fortune 500 companies, focusing specifically on identified stakeholders and message content.

1. Stakeholder theory

Researchers have focused on the relationship between an organization and its stakeholders (Clarkson, 1995; Jensen, 2002). For example, who has the dominant power between an organization and its stakeholders? This has been one of the
main concerns voiced by those in academics as it provides not only different perspectives toward power but also rationale for stakeholder identification. During the past two decades, the ambiguity surrounding the concept of what constitutes a stakeholder led many scholars to adopt and interpret an organization’s stakeholders with different perspectives. For example, Jensen (2001) focused on stakeholders as a specific economic frame based on the long-term value maximization of a corporation in terms of equity, debt, and warrants. On the other hand, Mitchell, Agle, and Wood (1997) emphasized multiple stakeholders’ interests within the context of social contributions and roles in society.

Identifying specific types of stakeholders is another research agenda of stakeholder theory. Researchers (Clarkson, 1995; Donaldson & Preston, 1995) classified stakeholders into two different types of contributors, primary or secondary, based on their degree of participation in an organization’s activities. Primary stakeholders include employees, investors, customers, other resource suppliers, community residents, and the natural environment (Clarkson, 1995). A primary stakeholder is essential to the success or maintenance of a corporation while a secondary stakeholder is influenced by the corporation but not considered a crucial group. Secondary stakeholders include the media, activists, and competitors (Donaldson & Preston, 1995).

To generalize the stakeholder concept, other studies focused on the relationship between managers and stakeholder attributions in an organization. Mitchell et al. (1997) attempted to construct stakeholder identification and salience based on the way stakeholders possess a combination of power, legitimacy, and urgency attributions. Parent and Deephouse (2007) also found that power has the most important effect on salience, followed by urgency and legitimacy. In fact, different stakeholders’ expectations toward organizations are usually formed in terms of protecting their own interests (Frooman, 1999). However, organizations do not consider the expectations of these stakeholders equally. Organizations pay attention to different stakeholders based on their power to affect the organizations (Mitchell et al., 1997). Thus, organizations try to meet the expectations of each stakeholder primarily based on the possible power that their stakeholders have to affect the organizations. Our study attempts to answer this concern by identifying the relative emphases of organizations on different stakeholders among current corporate-focused public relations efforts on Fortune 500 corporation web sites.

2. Internet for building organization–public relationship

The Internet conveys large amounts of information at lower costs and with faster speed than traditional media (Taylor, Kent, & White, 2001). As a result, the Internet can affect the relationship between an organization and its stakeholders in terms of efficient interactive communications and social transitions. Public relations researchers suggest public relations needs to more readily adopt the two-way communication available through the Internet in order to improve organization–public relationships (Taylor et al., 2001).

The success of an organization is often predicted by how its managers handle situations where they are confronted with multiple stakeholders’ demands (Mitchell et al., 1997). Therefore, practitioners are required to recognize the importance of management and their responses to stakeholders’ conflicting demands. One might ask which stakeholder has priority during a conflicting situation. Identifying primary stakeholders is a main concern for public relations practitioners as they determine and select the most important issues and demands. However, online interaction can change the whole picture. Public relations practitioners can no longer ignore previously powerless groups because the Internet has changed organization stakeholder dynamics (Coombs, 1998). For example, activists who belong to the secondary stakeholder group easily become a more powerful group through Internet activity than previous stakeholder groups. Activists may try to influence an organization’s behaviors using available and powerful resources such as a number of followers, favorable media coverage, public supports, and money (Taylor et al., 2001).

Another secondary stakeholder, non-traditional media (i.e., social media including Twitter, Facebook, bloggers, or Internet-based news providers), also increased their influences in the relationship with an organization as a result of online communication. Internet communication has changed the power dynamics and become a crucial tool for organizations (Taylor et al., 2001). Due to the importance those in public relations place on Internet communications, some scholars have focused on how corporations deliver their messages and communicate with their publics via the Internet (Esrock & Leichty, 2000). Although previous research (e.g., Esrock & Leichty, 2000) has attempted to study corporate web sites that focus on corporate social responsibility related communications, the scope of the research was somewhat limited. In addition, there has not been a clear understanding of how corporations prioritize their different publics. In other words, which stakeholder is the most valued by corporations in terms of meeting stakeholders’ expectations or needs, and what kinds of needs or expectations of each stakeholder were mostly frequently used on the corporations’ web sites as a part of building the organization–public relationships? Based on the literature search related to the relationship between stakeholders and organizations, the following research questions are posited.

RQ1 Which stakeholder’s needs are most frequently addressed by corporate-level public relations efforts of Fortune 500 corporate web sites?

RQ2 Among each stakeholder’s needs (e.g., community members’ needs include environmental protection, community services, etc.), what is the most frequently addressed need for each stakeholder by Fortune 500 corporate web sites?

RQ3 Is there any difference, by industry type, in the emphasis an organization places on different stakeholders’ needs?
3. Method

Content analysis was performed on the Fortune 500 web sites in order to examine the research questions. The 2008 Fortune 500 corporations' web sites were selected for the analysis from the Fortune magazine website (i.e., www.fortune.com/fortune/fortune500). Analyzing only the corporate-level sections of the respective web sites is appropriate for the purpose of the current study because while most corporations implement product and corporate-level public relations efforts at the same time, the primary purpose of corporate-level public relations is usually focused on the facilitation of positive public perceptions toward the corporation. In other words, since this study is primarily interested in web-based corporate-level public relations efforts that attempt to influence the organization–public relationships, corporate-level public relations efforts sections on the web such as company overview, corporate information, and “About the Company” were designated as the unit of analysis.

3.1. Coding procedure

Based on the previous review of the literature, stakeholder target components were developed (e.g., Jensen, 2002; Mitchell et al., 1997). For shareholder target components, three items were developed: messages about (a) financial report, (b) stock information, and (c) stockholder services (e.g., stock agent, contact information for investor relations). Three items were also developed for consumer target components: messages about a company’s (a) product or service quality, (b) innovativeness, and (c) market responsiveness (e.g., customer service). For community members target components, messages about (a) community environmental protection, (b) fair labor and employment practices (purchase locally, creating jobs and opportunities in the community), and (c) community service activities were adopted. Three items were developed in relation to government or policy makers: messages about a company’s (a) environmental regulation compliance, (b) fair labor or fair trade regulation compliance, and (c) public health regulation compliance. Lastly, for activist target components: (a) messages targeting activists regarding environmental, fair labor, health, and other issues, (b) proactive messages targeting activists, and (c) reactive messages targeting activists were adopted.

All indicators were coded based on the dichotomy of the message’s presence (e.g., 1 or 0) in order to minimize possible subjective decisions made by coders. Then, a composite measure for all stakeholders was created by summing up the score of each item. In addition, to explain the cases where indications of each stakeholder target components were present, but corporations emphasized a particular indicator more distinctly by adding additional graphics, links, and screen space, the researchers added a degree of emphasis for each indicator using a scale ranged from 1 to 3, with “1” being low emphasis and “3” being high emphasis of the indicator. The degree of emphasis of each message indicator was operationalized based on the presence of related (a) graphics, (b) hyperlink or bold text, and (c) content text. When all three of these techniques for emphasis were present, the emphasis score for the particular message indicator was coded as 3 (highly emphasized).

The industry categorization of the top Fortune 500 companies used in this study was coded based on the 10 industry “sector” codes used by Standard and Poor’s. The ten industry types are (1) consumer discretionary (e.g., consumer durables and apparel; hotels, restaurants, and leisure; retailing), (2) consumer staples (e.g., food and drug retailing; food beverages and tobacco; household and personal products), (3) energy, (4) financials, (5) health care, (6) information technology, (7) industrials (e.g., aerospace and defense; construction and engineering; machinery), (8) materials (e.g., chemicals; construction materials; metals and mining), (9) telecommunication services, and (10) utilities (e.g., electric utilities; gas utilities; water utilities). Two independent coders evaluated the corporate web sites. Inter-coder reliability ranged from .87 to .97 using Krippendorff’s alpha (Hayes & Krippendorff, 2007).

4. Results

Among the top Fortune 500 corporations used in this study, there are 110 companies from consumer discretionary sector, 82 from financials, 69 from industrials, 51 from consumer staples, 45 from energy, 37 from health care, 35 from materials sector, 32 from information technology, 26 from utility, and 13 from telecommunication services sector. Regarding the RQ1, our results revealed that Fortune 500 corporations focus on shareholders’ needs ($m = 2.87$) most frequently among five different stakeholder groups when looking at the presence of each target message. Following in rank order, the frequency of different stakeholders’ needs addressed was: consumers, community members, government agencies or policy makers, and lastly activists (see Fig. 1).

Among the three shareholder target components, about 92% of Fortune 500 web sites ($n = 461$) addressed all three items of shareholder target components to meet shareholders’ needs. In other words, almost all Fortune 500 corporations presented stock information (including stock price quotes and historical price lookup), financial report, and stockholder services (i.e., annual stockholders’ meeting notification, dividend direct deposit link, etc.). For targeting consumers, about 20% of Fortune 500 web sites ($n = 93$) addressed all three components of shareholder target components, while about 48% addressed two of the consumer target components. For example, in General Electric’s case, the company delivered messages like “GE is a global infrastructure, finance, and media company taking on the world’s toughest challenges... GE has continually shaped our world with groundbreaking innovations for over 130 years.” AT&T also emphasized consumer messages with statements like “delivering a valuable customer services is crucial to the success... our goal is to treat all our customers as if they are our only customer.” In the case of community members, 19% of Fortune 500 web sites ($n = 93$) addressed all three components of
targeting community members (e.g., messages like “giving thanks at mealtime” from Tyson foods; “Teach Green” from GM; “Today, there are more than 150 GE Volunteer councils located in more than 41 countries” from GE). In the case of targeting government agencies or policy makers, only .6% of Fortune 500 web sites \((n = 3)\) addressed all three components of government agencies target components, whereas about 72% \((n = 359)\) used none of the government agency target components in their web sites. For example, Exxon Mobil targeted government agencies on their site by emphasizing government policy compliance assurance efforts: “Exxon Mobil has been complying and verifying conformance with company policy and all applicable laws and regulations.”

For potential activists groups, about 94% of Fortune 500 web sites \((n = 468)\) did not use any messages targeting activist groups, trying to meet their needs. In addition, about 29 corporations (5.8%) like Gap Corporation tended to address two activist targeting components with their corporate public relations efforts (e.g., improving factory conditions; or “we believe that all individuals who work in garment factories deserve to be treated with dignity and respect, and are entitled to safe and fair working conditions” on Gap Inc.’s site).

When considering the degree of emphasis for each target component message, the rank order revealed the same presence as that of target messages: shareholder, consumer, community, government, and activist (see Fig. 1). About 45% of Fortune 500 web sites \((n = 224)\) emphasized all the shareholder target component messages with related graphics, hyperlink or bold text, and content text (i.e., highly emphasized), while none of Fortune 500 Web sites highly emphasized all components of government and activist target messages (0% for high emphasis of all three target components for government and activist).

In addition, in order to see any differences for each target component message employment and the rank order in terms of emphasis on five different stakeholders, the top 100 Fortune 500 corporations were compared to the bottom 100 Fortune 500 corporations and the total Fortune 500 average as seen in Fig. 1. Even though the rank orders of mean scores for the five stakeholders revealed the same for both the top 100 and bottom 100 corporations as the total Fortune 500: (1) shareholder, (2) consumer, (3) community, (4) government, and (5) activist, the top 100 Fortune 500 web sites revealed significantly higher mean scores for all five stakeholders’ target components than the bottom 100 and the average mean scores for the total Fortune 500 web sites. This particular result suggests that the top 100 Fortune 500 corporations tend to address more of all five stakeholders’ needs by employing more target message components.

To answer RQ2, the most frequently addressed need for each stakeholder, all the components for each stakeholder were separately reviewed. For targeting shareholders, all three target components were present on most Fortune 500 web sites: 97.8% had messages about a company’s financial report with high emphasis, 93% addressed stock-related information, and 96.2% included messages about shareholder services. Among consumer target components, messages about a company’s product or service quality and competence were the most frequently adopted on Fortune 500 web sites (98%, \(n = 490\)). Messages about a company’s market responsiveness (customer services to meet consumer needs) were the second most frequent indicator (53.4%, \(n = 267\)), and messages about a company’s innovativeness were adopted by 35% of Fortune 500 Web sites \((n = 175)\).

Regarding the frequency of the community target components that were addressed, all three items showed similar presence frequency: messages about a company’s environmental protection activities (46.8%), a company’s community services (e.g., employee volunteering, 46.6%), and fair labor, fair trade, and fair employment practices (e.g., creating jobs and opportunities in the community, 45.6%). Among government target components, messages about fair labor and employment practices (15.6%, \(n = 78\)) were used slightly more frequently than a company’s environmental regulation compliance (14%, \(n = 70\)). Only 3% of Fortune 500 web sites \((n = 15)\) addressed the messages about public health regulation compliance. Lastly, messages about targeting activists regarding environmental, fair labor, health, and other issues were most frequently adopted among activist target components (6.2% of Fortune 500 web sites, \(n = 31\)).
Table 1
Community and government target message components by industry type.

<table>
<thead>
<tr>
<th>10 Industry type</th>
<th>Community target components</th>
<th>Government target components</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Messages about environmental protection efforts</td>
<td>Messages about fair labor, fair trade, and fair employment practices</td>
</tr>
<tr>
<td></td>
<td>Messages about fair labor, fair trade, and fair employment practices</td>
<td>Messages about community services activities</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>32.7% (36)</td>
<td>39.1% (43)</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>54.9% (28)</td>
<td>54.9% (28)</td>
</tr>
<tr>
<td>Energy</td>
<td>71.1% (32)</td>
<td>37.8% (17)</td>
</tr>
<tr>
<td>Financials</td>
<td>19.5% (16)</td>
<td>43.9% (36)</td>
</tr>
<tr>
<td>Health care</td>
<td>29.7% (11)</td>
<td>48.6% (18)</td>
</tr>
<tr>
<td>Information technology</td>
<td>87.5% (28)</td>
<td>62.5% (20)</td>
</tr>
<tr>
<td>Industrials</td>
<td>47.8% (33)</td>
<td>44.9% (31)</td>
</tr>
<tr>
<td>Materials</td>
<td>68.6% (24)</td>
<td>42.9% (15)</td>
</tr>
<tr>
<td>Telecom services</td>
<td>15.4% (2)</td>
<td>53.8% (7)</td>
</tr>
<tr>
<td>Utilities</td>
<td>92.3% (24)</td>
<td>50% (13)</td>
</tr>
<tr>
<td>Total company % (N)</td>
<td>46.8% (234)</td>
<td>45.6% (228)</td>
</tr>
</tbody>
</table>

Regarding the stakeholders targeted by different industries, our results revealed statistically significant industrial differences for targeting consumers, community members, government agencies, and activists: consumers (F (9, 491) = 5.98, p = .000); community (F (9, 491) = 4.52, p = .000); government (F (9, 491) = 4.96, p = .000); and activist (F (9, 491) = 2.02, p = .036). However, there were no statistically significant industry differences found in terms of corporations targeting shareholders (F (9, 491) = 1.15, p = .329). On average 92.2% of companies from all 10 industry types employed all three components of targeting shareholders, suggesting most of Fortune 500 web sites, regardless of a company’s industry type, tend to highly emphasize shareholders’ needs. With regards to targeting consumers, information technology (87.5%) and health care (86.5%) companies displayed the highest level of employing consumer target components, whereas energy (46.7%) and utilities (50%) sectors tended to reveal the lowest level of adopting consumer target components.

In the case of community target components, information technology (75%) and utilities (73%) sectors showed the highest level of addressing community needs, while consumer discretionary (27.3%) and financials (36.6%) sectors revealed the relatively lower level of employing community target components than other industry sectors. Interestingly, for targeting government stakeholders, utilities (65.3%), information technology (46.9%), materials (40%), and energy (39.9%) sectors displayed relatively higher levels of addressing government stakeholders’ needs, compared to consumer discretionary (15.4%) and financials (15.8%) sectors. Lastly, consumer staples (15.7%), energy (11.1%), and health care (10.8%) sectors revealed the highest levels of employing activist target components, while telecommunication services and utilities sectors revealed 0% for addressing activists’ needs.

As seen in Table 1, among the three community target components, messages about a company’s environmental protection efforts were most frequently used by utilities, energy and materials industry sectors. Messages about a company’s fair labor, fair trade, and employment practices (e.g., purchase locally, creating jobs and opportunities in the community, etc.) were most frequently employed by consumer staples and information technology industry sectors. In addition, for targeting government stakeholders, messages about a company’s environmental regulation compliance were also most frequently employed by utilities, energy, and materials industry sectors, while messages about fair labor regulations compliance were most frequently adopted by consumer staples and utilities industry sectors (see Table 1).

5. Discussion and directions for future research

Our study suggests that shareholder needs are addressed most often by Fortune 500 corporation web sites (92% of Fortune 500 web sites) followed by consumers, community members, government agencies or policy makers, and activists. Since the shareholder public is directly related to the bottom line of those corporations, these findings imply that maximizing organizational profits is an important goal among Fortune 500 corporations. In addition, it might also be related to how Fortune 500 corporations prioritize their business responsibilities. Even though there are several perspectives identified in the market regarding business responsibilities such as economic responsibility, legal and ethical responsibilities, and philanthropy or discretionary responsibility (Carroll, 1979), this particular result implies the economic responsibility perspective is still dominant among the Fortune 500 corporations. In other words, the goal of business responsibility is to maximize its profits to serve self-interest, and wealth is a reward for performing a socially useful function. Based on the results of our study, it is evident that Fortune 500 companies consider the shareholders to be the most powerful publics. As a result, the sampled corporations placed the largest amount of emphasis on meeting their shareholders’ expectations.

On the other hand, given the importance scholars have placed on activist groups and their impact on an organization along with the fact that the Internet facilitates more effective issues management by allowing public relations practitioners to directly engage active publics (Sallot, Porter, & Acosta-Alzuru, 2004), it is interesting to see that activist stakeholders were the last group targeted by web-based corporate public relations efforts in our study. Considering working with activist groups
is closely related to building relationships and preventing issues from turning into a crisis (Sallot et al., 2004), our results suggest there should be increased emphases on public relations efforts to meet activist groups’ expectations by monitoring and responding issues that emerge online because online issues can take dramatic turns and multiply more quickly than issues that emerge offline.

In addition, our study found that the top 100 Fortune 500 corporations tend to address more of all five stakeholders’ needs by employing more target message components than the bottom 100 Fortune companies. This particular result could be explained by the fact that as a corporation becomes larger, public scrutiny against it increases as do the expectations for the corporation to address social responsibilities (e.g., Kim & Rader, 2010). Since the possibility is greater that larger corporations can affect more people and receive more media attention, it stands to reason that larger corporations tend to address more of the expectations of different stakeholders.

With the exception of shareholders, our study also found differences in the way various industries target stakeholders. Our results indicate that energy, health care, and consumer staples industry sectors tend to focus more on activist groups than other industry sectors. Within the energy sector, this may be due to its relation to environmental issues and health organizations which might focus more on activist groups because of public health and human rights issues.

Differences in the consumer staples industry sector seem to be fueled by global operations that are related to international human rights issues. It seems that increased public scrutiny leads Fortune 500 corporations to focus more on related social issues (Kim & Rader, 2010).

The utility industry sector’s tendency to most often address government or policy makers’ expectations could possibly be explained by the fact that, in many cases, utility organizations are regulated by government agencies. In most cases, utility organizations would spend most of their communication efforts focusing on shareholders and government agencies and less on consumers since this public generally has no choice for utility selection. This shows that utility organizations tend to value the needs and expectations of those who regulate them, resulting in putting more emphasis on building relationships with government agencies.

With regard to industry differences in terms of community targeting components (environmental protection activities, community services (e.g., employee volunteering), and fair labor, fair trade, and fair employment practices) and government targeting components, companies in different industries emphasize different targeting indicators. Utilities, energy, information technology, and materials sectors, whose businesses are often perceived as somewhat detrimental to the environment, revealed higher instances of the environmental protection indicator. The public health regulation compliance indicator was most often present among companies in the health care sector. These findings are in line with previous research that suggests higher consumer acceptance of cause-related marketing when a company’s core business is congruent with a cause supported by the company (e.g., Hoeffler & Keller, 2002).

As our results indicate, there was a discrepancy in representing the needs and expectations of different stakeholders in corporate-level public relations efforts on the Fortune 500 web sites. In other words, there seems to be a clear expectation gap between certain stakeholders and the Fortune 500 corporations. The needs and expectations of activists, government agencies, and community stakeholders are likely to be under-delivered by the organizations compared to other stakeholders such as shareholders and consumers. The revealed expectation gap can be a potential threat to organizations’ reputations (Coombs, 2007), and a failure to meet the expectations can result in conflict situations. As a result of the revealed expectation gap in our study, Fortune 500 companies should increase communication efforts with active publics such as activist stakeholders. In addition, since organizations should not only consider power and legitimacy of the stakeholders but also their willingness to address a certain problem when assessing the stakeholders (Coombs, 2007), the Fortune 500 companies should address the expectations of activist groups more actively on their web sites as their willingness might be greater than any other stakeholders.

Future research on how corporate web sites facilitate more effective issues management regarding different stakeholders should be encouraged. Another important extension of our study would be exploring the possible effects of targeting different stakeholders by adopting different corporate communication strategies such as a CSR strategy or more corporate ability focused strategy.

References


