How to Meet Stakeholders' Expectations on Environmental Issues? An Analysis of Environmental Disclosure in State-Owned Enterprises *via* Facebook

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Abstract

Social media usage has grown in recent years, providing easy access to information from any computer or handheld device. Drawing on empirical data collected in Italy, this commentary presents how and how much Facebook is used by state owned enterprises to communicate with their stakeholders on environmental issues.

Description

The role of State-Owned Enterprises (SOEs) in promoting accountability and transparency on environmental issues has received increased attention in recent years [1,2]. Among SOEs there are Public Utilities (PUs). PUs are peculiar because they operate in a number of sectors that play a pivotal role in developing a sustainable society and often are required to pursue environmental goals on behalf of the State [3]. For these reasons PUs, and SOEs in general, should face greater accountability expectations than in the private sector [4] and represent an appropriate empirical field in which to analyze environmental and sustainability disclosure.

In light of the increased demand for greater transparency and accountability, new disclosure tools have emerged. Among these, Social Media (SM) play a central role. Besides being a good disclosure tool SM are considered an effective tool of dialogic communication [5] able to promote stakeholder interaction since it allows a two-way dialogue in which one party can interact with another and both parties can revise their expectations [6].

Concerning the aforementioned themes, Giacomini et al. have recently carried out a research [1] to deep our knowledge about the PUs' ability to engage their stakeholders through SM. Indeed, the studies conducted so far have not measured the level of stakeholder interaction that characterizes the use of SM by PUs, unlike other sectors [7]. Based on legitimacy [8] and stakeholder theories [9], the study considers that SM are a powerful mechanisms for reaching and keeping in touch with a large number of stakeholders, thus guaranteeing an interactive dialogue with them at very low costs that can also contribute to creating a process of authentic stakeholder engagement [6]. The paper aims to evaluate the use of SM by PUs to communicate with stakeholders regarding environmental issues. More precisely: how many PUs offer a communication *via* Facebook (FB) concerning environmental issues and what citizens' reactions are. The sample of the analysis is 19 Italian PUs with a public FB page with more than 100 posts, and the observation's period extends from 2012 to July 2018. Furthermore, the authors analyze the sentiment of citizens related to environmental sustainability messages and comments published by PUs *via* Facebook. The authors utilize a software written in Python to investigate PUs' posts and the Sentiment Analysis (SA) [10] to measure stakeholders' feelings on FB.

As results of the research, Giacomini et al. underline an increase in the use of the FB channel from PUs in order to communicate with their stakeholders on environmental topics. Delving into the analysis, the authors argue that, concerning environmental disclosure *via* FB: PUs fully owned by Local Governments, communicate less than other PUs; larger PUs have a g a stakeholder engagement reater environmental disclosure *via* FB and the most profitable PUs carry out a slightly greater divulgence. From perspective, this research points out that, during the reference period, interactions *via* FB by stakeholders have significantly increased. Within the sample analyzed, significantly, a fifth of the posts referred to sustainability and environmental issues.

In carrying out the SA, the authors analyze the environmental disclosure through five classes: air, energy, territory, waste and water. Investigating the outcomes, the authors affirm that the overall stakeholders' feeling towards environmental issues is positive, even if it is not very marked. As SA's important indications, Giacomini et al. call our attention to the fact that approaches to environmental sustainability should be in PUs' decision making, but also to the fact that it is essential to analyze separately the individual areas that constitute the environmental dimension in a dialogue with the stakeholders [11].

Discussion and Conclusion

To keep SOEs accountable for their actions, citizens must know what these actions are. The expansion and diffusion of social media and other new communication technologies brings with it great opportunities for public companies.

Returning to the question posed at the beginning of this commentary, it is now possible to state that SM, although not considered a proper accounting tool, could be considered an effective instrument for promoting stakeholder engagement on environmental issues. These findings seem to be in agreement with legitimacy theory; in fact in the context of greater overall concern for the environment, the disclosure of PUs about environmental issues also increases.

Despite the promising results of the research, additional studies will be needed in order to enlarge the sample and the observation's period and develop a full picture of the level of environmental disclosure *via* FB and stakeholders' opinions.

Furthermore, in order for this trend to spread in a uniform and coherent way, an intervention of international standard setters – such as the GRI – would be beneficial. Their support would be to recognize how important SM official accounts are for stakeholder engagement, thus acknowledging this kind of disclosures. In turn, this would incentivize businesses to deploy these tools and to pay closer attention to the interactions with stakeholders *via* SM.

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