Communicating Corporate Social Responsibility on the internet: A case study of Omani local banks

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Abstract

This paper investigates online Corporate Social Responsibility (CSR) as communicated by seven Omani local banks, with an analytical focus on the themes disclosed and the organisation and presentation of these themes on the corporate websites. Based on semi-structured interviews with people responsible for CSR at the banks and a content analysis of the banks’ websites, the study reveals that the banks give prominence only to product/consumer theme on their homepages, while the environmental theme was found to be a marginal activity disclosed by one bank. Another significant finding is the extremely dispersed nature of CSR information on the corporate websites. The study concludes that local banks in Oman need to invest largely in their websites. They should assign more thought and effort in presenting and organising CSR information creatively and effectively.

Key words: Corporate Social Responsibility (CSR), communication, internet, Omani local banks

1. Introduction

Corporations now have responsibilities that go beyond their economic responsibilities to stakeholders. They are integrating social responsibility into their activities in an effort to express their concern about the welfare of the community (Carroll, 1999). The corporations acknowledge the importance of these social activities in creating a positive self-image and legitimizing a firm in the eyes of its community (Deegan, 2002). Therefore, as part of its social responsibility and to enhance community trust, a corporation is expected to react to the demands of its community and to communicate with them effectively.

Corporations apply various communication channels to convey their Corporate Social Responsibility (CSR) activities to their stakeholders; one of which is corporate websites. Many studies have focused on CSR communication through corporate websites (William & Pei, 1999; Maignan & Ralston, 2002; Gao, 2008) but, to the best of this researcher's knowledge, no such study has been conducted in Oman. Thus, it is important to investigate if businesses in Oman are making use of the web to increase dialogue with their clients and to present a positive and socially responsible image to their customers. This paper focuses only on the banking sector since previous work on CSR communication often excludes financial institutions and banks from their sample, owing to the severe regulatory requirements in relation to this sector (Hossain & Adams, 1994; Ismail & Chandler, 2005; Leung & Horwitz, 2004).

The Omani banking sector dominates Oman's financial system (Bologna & Prasad, 2010), which is administered by the Central Bank of Oman (CBO). The CBO played an important role in encouraging the employment of Omanis in the banking sector to replace the foreign workforce (Omanization). To achieve this goal, the CBO implemented several strategies, the main one of which was the training and education of Omani personnel for the banking sector (Al-Lamki, 2005).

This study analyses the websites of Omani local banks in order to map their CSR actions and profile the strategies used by the banks to communicate their CSR activities to customers. It focuses on two main research questions:
RQ1. What are the social themes Omani local banks address on their websites?
RQ2. How is information about these CSR themes organised and presented on the corporate websites of Omani local banks?
   RQ2.1 How much CSR information is presented on the corporate websites?
   RQ2.2 At which hierarchical level is CSR information presented on the corporate websites?
   RQ2.3 Where is CSR information presented on the corporate websites?
   RQ2.4 In what format is the presentation of CSR information?

2. Literature Review
2.1 Social Responsibility Communication in Financial Institutions:
Studies focusing on social responsibility communication practices in financial institutions are rare (Hamid, 2004; Douglas, Doris & Johnson, 2004). Hamid (2004) investigated social responsibility disclosure in banks and finance companies' annual reports in Malaysia, revealing that issues around product/consumer theme were the most disclosed in comparison to environmental, human resources (HRs) or community related disclosures. Hamid (2004) attributed the result of his study to legitimacy theory which states that business needs to operate within the expectations of its society in order to ensure its survival.

In their study of the state of social responsibility disclosure on the websites and annual reports of six Irish financial institutions and four global financial institutions, Douglas et al. (2004) revealed that corporate governance and HRs were the most reported themes in the Irish samples’ annual report. Community involvement was the least reported theme. In the case of the global sample, the most reported themes were community involvement, corporate governance, and HRs. None of the Irish banks disclosed environmental themes.

Broader studies that included banks within their samples have examined the CSR communication themes (Abu-Baker & Naser, 2000; Tsang, 1998; Zeghal & Ahmed, 1990). Abu Baker and Naseer (2000) studied CSR disclosure practices in Jordan, examining 143 companies selected from four different industry groupings. The authors found that all companies in banking and insurance industries reported community involvement and HRs information, while none disclosed information about environmental themes. Environmental themes were given prominence by the manufacturing sector, which could cause more environmental damage. On the other hand, they explained the results of the high disclosure in the themes of HRs and community involvement to the Islamic nature of the Jordanian society, where Islamic tenets prompted Muslims to support their society actively. Companies in Islam are expected to disclose CSR information for their ongoing existence (Brammer, Williams & Zinkin, 2007).

In the Canadian context, Zeghal and Ahmed (1990) analysed three different media for social responsibility disclosures (annual reports, advertisements, and brochures) of the six largest banks and nine largest petroleum companies. They argued that information disclosure priorities depended on the target public for whom the disclosure was meant. For instance, they found that HRs theme was the most disclosed for the annual reports of the banks and none of the banks disclosed any environmental information. They related this to the fact that annual reports were mostly intended for investors, the human resources of which were a company's central source. Thus, it was usual for investors to be keen to know how a company was practising its CSR in that area.

With regard to the environmental theme, the finance industry has notably lower environmental consequences compared to other industries such as paper and pulp, chemicals, etc. Some authors used this as an argument to exclude finance companies and banks from their studies, which examined the disclosure of CSR themes (Branco & Rodrigues, 2006). Nevertheless, many international banks (such as Westpac and HSBC) disclose a large amount of information about sustainability activities on their corporate websites. They have dedicated reports for their sustainability activities, which follow the Global Reporting Initiatives (GRI) guidelines (Westpac, 2010; HSBC, 2010). Thus, in order to preserve
a noticeable room within the banking sector, Omani local banks need to disclose information related to the environment.

It can be seen that different studies analysed different social themes, addressed on the corporate websites of financial institutions. However, the main four themes discussed are: community involvement, HRs, the environment, and product/consumer. Therefore, these four themes constitute the major framework underlying this study.

2.2 The Organisation of Corporate Websites' Content
Most work in CSR has focused on the type of content available on corporate websites, whether it was available on the sites themselves or in the variety of reports that are accessible from the sites (Capriotti & Moreno, 2007). Yet, there is little research that is devoted to analysing how such content is presented and organised. It is this gap in the literature which the present study attempts to fill.

Information organisation and presentation on corporate websites is very crucial. It is not a matter of whether information is there, but also how and where it is presented, because these last issues determine its utility and usability for users (Capriotti & Moreno, 2007). CSR presentation refers to how CSR communication is presented on the corporate websites: textual, visual, multimedia, and interactive functions. Communication research has shown that the use of multimedia offers greater understanding and generates a lasting impression (Anderson, n.d). Moreover, images enable people to process information quickly. Human beings process images 60,000 times faster than text (Parkinson, 2007). Furthermore, the interactive mode of the internet enables companies to provide information targeted to its multiple stakeholders and to get feedback from them (Branco & Rodrigues, 2006). Thus, in order to enhance the credibility of CSR communication, it is very important to provide a website or telephone number that consumers can use to find more information about CSR activities (Azevedo, cited in Silva, Perks & Berry 2007). Antal, Dierkie, MacMillan & Marz (2002) argue that the most strategic advantage of the internet for CSR communication is its capacity to provide "an ongoing and interactive process rather than a static annual product."

Information organization refers the way in which the content of corporate websites is grouped and ordered (Geest, 2002). In other words, it considers whether there is a dedicated section for the theme under study and at which level the theme section is allocated in the website. It is noted that hierarchisation is the easiest way of organising information (Rosenfeld & Morville, cited in Capriotti & Moreno 2007). Information hierarchisation should be set up according to its importance and it can move from the most significant or general points to the most detailed and specific ones. Thus, level 1 would be the homepage of a bank’s website, and the successive levels would be based on the number of clicks that were essential to attain the information from the homepage (Nielsen, cited in Capriotti & Moreno 2007). Homepages act as "gatekeepers, uncertainty-reducing information sources, and image-creating tools" (Sullivan, 1999). Thus, a typical website should be user-friendly to help visitors navigate through a great amount of information (Esrock & Leichty, 1998).

Additionally, it is very useful to devote a separate topic or section to the theme in question (Capriotti & Moreno, 2007). Hofman (2008) examined information transparency and accessibility of CSR issues on the websites of the 50 largest Arab organisations by market capitalization. The results of his study revealed that the Arab organisations are still far behind the global competition. More than half of these organisations do not have a separate section for CSR issues and approximately none of them published a CSR report. The result of Hofman's study stresses the need to consider the location of CSR information on the corporate websites of Omani local banks in this study framework. If, for example, the banks' websites have a specific CSR section or report, this would reflect the high value these banks place on CSR (Capriotti & Moreno, 2007).

3. Research Methodology
This study is conducted in two stages. The first stage was used to interview people in charge of CSR at all seven Omani local banks: Bank Muscat, Bank Dhofar, Bank Sohar, Ahli Bank, National Bank of Oman (NBO), Oman International Bank, and Oman Arab Bank. The purpose of the resulting data is to validate the study framework designed from the literature. Although the researcher contacted people in
charge of CSR at all seven banks; however, only three people agreed to participate in the study. Later, a framework was created to map CSR communication at the corporate websites of Omani local banks. When the framework was finalized, it was pre-tested on Bank Muscat's website in order to see if it was designed appropriately.

The second stage of the research is a content analysis of the corporate websites. This approach is adopted because it has been widely used to measure social responsibility disclosure in corporate websites (Capriotti & Moreno, 2007; Patten, 2002; Williams & Pei, 1999). The researcher followed two types of categories that were used in the work of Capriotti and Moreno (2007): content category and category of information organization. Content category allows the identification of the issues that are included in corporate social responsibility. This paper identifies four CSR issues drawn mainly from the literature review: community involvement, employment and human resources (HR), environmental actions, and products/consumers relations.

With regard to information organisation, this study uses the three categories used in the work of Capriotti and Moreno (2007): the amount of information, the information hierarchy, and the location of the information. The researcher adds a fourth category: format of information presentation. To identify the amount of information, the average number of lines devoted to each theme was counted. While the number of lines by itself is not an accurate indicator of banks' commitment to social responsibility, it shows the effort dedicated by these banks to communicate their CSR commitment. In their examination of CSR disclosure in seven Asian countries, Chapple and Moon (2005) indicated that the more amount of CSR disclosure, the greater involved the firm is with CSR activities.

With respect to information hierarchy, it was said that level 1 would be the homepage of a bank’s website, and the successive levels would be based on the number of clicks that were essential to attain the information from the homepage. Therefore, four levels (level 1 to level 4), were established. A fifth generic level was used in order to include the information that could be found at the remaining and lower levels.

The location of information is defined as the different sections on the homepage where CSR information could be found, as well as if there are any specific sections on CSR. In this study, the links and buttons (refers to the heading of a menu) will be referred to as a section as was done by Capriotti and Moreno (2007). Finally, the researcher examined the format of online CSR communication to further evaluate the effort Omani local banks place on communicating their CSR activities.

4. Research Results and Discussion:

4.1 Social themes addressed on the banks' websites:

All local banks in Oman disclose at least three (out of four) CSR themes on their corporate websites. Community involvement: All banks disseminated information about their social commitment to improve society. They mainly disclosed information relevant to their external corporate philanthropy and their involvement in social and cultural activities through funding and sponsorships. These activities included organising festivals, organising health and safety campaigns, supporting a range of worthy causes in Oman, cash and in-kind donations to different local charities, and donations to the needy particularly in the Holy month of Ramadan. The result is not surprising as the notion of helping others is inherent in Islamic teachings (Abu-Baker & Nasser, 2000).

Products and consumers: The information about this theme focused on the products and activities of the banks and how such products would serve the banks' consumers. The banks provided detailed explanations about their products and services. For example, all the banks demonstrated their products regarding accounts and deposits, loans, treasury services, insurance, and credit cards. This result is similar to the finding revealed by Hamid (2004) in his study of financial institutions in Malaysia. Hamid (2004) explained that companies focused extensively on the product/consumer theme because
they wanted to derive greater legitimacy within their community. With respect to Omani local banks, clearly, Omani society expects banks to provide them with necessary services and products. Thus, the banks try to fulfil community expectations in order to gain its trust.

**Employment and HRs:** The only dominant HRs theme disseminated by all banks was employee education and training. The high disclosure of staff training and education could be due to the significant importance of Omanization of the workforce issues. The training and education of Omani personnel for the banking sector was one of the strategies the CBO utilizes to encourage the employment of Omans in the banking sector capable of replacing foreign workers (Al-Lamki, 2005). Additionally, all banks gave information related to job opportunities or the possibilities of career development, and they provided a chance to send a CV. On the other hand, only two banks disclosed information about their core values in HRs management such as fairness, integrity, honesty, trust and transparency. There was no detailed information about employee health care, fair pay, safety, housing, and pension.

**Environment:** This theme appeared only in one website. The information about this theme includes an explanation of the environmental values and the norms developed by the bank to be “greener”. Some environmental initiatives include reusing paper, relocation of an eco-friendly Head Office, and the bank's adaption of the "Equator Principle", a group of internationally known, voluntary principles established to manage social and environmental risk in project financing, particularly in the emerging markets (Amalric, 2005). The lack of environmental disclosure in six banks may be due to the nature of the studied population. Environmental issues in financial institutions and banks, such as energy savings and environmental protection, are not given a serious consideration, as it is the case in oil and manufacturing industries, since they are seen to have less environmental damage (Abu-Baker & Naser, 2000; Branco & Rodrigues, 2006). Another explanation, as stated by the respondents of this study, might be the absence of any law requiring them to protect the environment or to implement CSR activities.

**4.2 The Organisation of CSR Information on the Corporate Websites**

**4.2.1 Amount of information:**

A first glance at Omani local banks' websites revealed that product/consumer theme was the dominant focus of CSR activities. The average number of lines in this theme was approximately 37,985.714. In their study of Canadian firms, Zeghal and Ahmed (1990) argued that the selection of a means for information disclosure depended on the target public for whom the disclosure was meant. Since corporate websites are intended for the general public, including consumers, it is normal for organisations to give priority to product/consumer information.

Although community involvement was the second most reported issue after product/consumer theme, it was disclosed notably less than expected. Contrary to expectations of high disclosure owing to the emphasis of Islam in supporting others, it was found that only an average of 10.7 lines were dedicated to community involvement theme. The banks address this theme mainly through philanthropic channels such as donations. This is expected as the provision of charity is inherent in Islam in which the Holy Quran asks all Muslims, including businesses, to financially support the needy in order to ensure a better society (Brammer, Williams & Zinkin, 2007). Additionally, the banks did not disclose a lot of information regarding their employees. Although the respondents stated that they considered displaying information about their HRs, the banks disclosed just an average of 9.26 lines about this theme. While these banks, as stated by the respondents, encouraged their employees to participate in fundraising and volunteer initiatives, they did not communicate a lot of information regarding how they served their employees. HRs could be seen as an internal communication theme. The respondents mentioned that internal meetings and workshops were
some of the channels used by the banks to communicate CSR. Thus, the banks might explain their systems of contract, training, promotion, evaluation and dismissal through regular meetings with their employees instead of using web communication.

As mentioned previously, the environment was the least communicated theme on the corporate websites of Omani local banks. When asked about their understanding of CSR, only one respondent referred to the environment. One explanation of the absence of reference to environment in the two respondents' statements and the low disclosure of this theme on the banks' websites could be the non-activity or limited activity on this theme. The limited environmental disclosure in the websites of Omani local banks makes these banks behind the worldwide competitors such as Westpac and HSBC.

4.2.2 Hierarchy levels of CSR information:

The most utilized CSR theme (placed on all the studied websites) at level 1 is corporate products and consumers. With respect to HRs and community involvement, the majority of banks concentrated most of the information about these two themes at hierarchical level 2 of their corporate websites. Six banks placed HRs information on level 2 while only one bank placed this information on level 3. Furthermore, five banks disclosed community involvement theme material on level 2 and only two banks disclosed this information on level 1.

Obviously, none of the banks placed HRs information at level 1 where the homepage acted as "gatekeepers, uncertainty-reducing information sources, and image-creating tools" (Sullivan, 1999). Thus, besides the low amount of HRs information on the websites, none of this information was shown on the homepage. This contradicted the statements of respondents who considered HRs as an important theme. That is to say, the importance of HRs theme would be clearer if information related to it was placed on the homepage (Capriotti & Moreno, 2007).

With regard to the environment, the only bank which disseminated this theme placed it on level 4. This was rather surprising given that this issue is one of the most relevant issues in the area of sustainability and corporate responsibility.

4.2.3 Locations of CSR information:

The researcher identified four main sections on the banks' homepages in which most of the banks' CSR communicative efforts are demonstrated: 'about us', 'news', 'financial statements', and different dispersed sections relevant to the theme of product/consumer. The dispersed nature of CSR information on Omani local banks' websites hinders easy access to this information and, as a result, impedes users in obtaining a whole and wider understanding of a bank's CSR practices (Esrock & Leichty, 1998).

None of the Omani local banks provided a CSR report, suggesting they are out of step with global competitors. Hofman's (2008) study of the 50 largest Arab organisations revealed a similar result. This finding is worrying in regard to the global uptake of CSR. It was also found that the seven Omani local banks did not place all of the information on CSR topics in a single separate section but distribute it across a range of sections, links, and downplayed menus on the homepages of their corporate websites.

The number of banks with an isolated CSR section on the homepage was strikingly low (just two banks). One of these banks called the section 'CSR' and the second bank referred to it as 'Social Commitment'. The presence of a specific CSR section indicates an overt familiarity of the topic of CSR and the importance granted to this topic on the corporate websites of these two banks. Even these banks with a specific CSR section disclosed a great amount of CSR information on other sections as well. Thus, it is worth highlighting that none of the local banks in Oman concentrated all of their information on corporate responsibility in one single section of the homepage.
The theme of product/consumer was covered significantly in all banks. All of the banks devoted no fewer than four sections (with different headings) to the explanations of their products and services and their benefits to their consumers. Some examples of the headings of these sections include retail banking, e-banking, treasury services, and SME banking.

4.2.4 Format of CSR presentation:

All the banks used text and pictures in presenting their CSR information. However, textual presentation was used significantly to transmit information on CSR compared to visual presentation. Images were barely used in presenting information about the banks' product/service theme excluding other CSR themes from such presentation. As images enable people to process information quickly (Parkinson, 2007), it would be better for the local banks in Oman to use more images to illustrate their involvement in different CSR activities.

The majority of banks (85.71 per cent) used a limited amount of multimedia on their homepages to illustrate some types of their products. Only one bank did not use any. No video links were used on any of the websites. The limited amount of multimedia used could be attributed to the internet limitation of uploading pictures as was stated by two of the respondents. However, communication research has shown that the use of multimedia generates a lasting impression (Anderson, n.d). Therefore, PR professionals at Omani local banks should add more value to use various CSR communication formats to satisfy the needs of different users.

The websites were also analysed for interactivity or features facilitating two-way communication. The researcher found that five banks had a specific 'contact us' sections where inquiries for further information could be phoned, faxed, or e-mailed. The availability of these contact details would strengthen the credibility of CSR communication (Azvedo, cited in Silva et al. 2007). Furthermore, only two banks provided a 'feedback' section and three banks offered a section for FAQs.

In spite of the provision of separate sections for interactive features by some banks, these sections are for general use and not specific to CSR activities. Only one bank had a specific FAQ, phone, and fax number for CSR themes. None of the banks provided any specific CSR evaluation tool (such as interactive opinion polls, opinion forms, etc). This indicates that local banks in Oman did not push their websites to communicate effectively with their stakeholders. Because the involvement of the target groups is important to ensure a successful CSR communication (Antal et al., 2002, p. 11), the absence of interactive evaluation tools on Omani local banks websites may cause ineffective CSR communication on their corporate websites.

5. Conclusions, Implications, and Future Work

CSR communication in Omani local banks appears to be basically performed for legitimacy, reputation and image building. Product/consumer theme was found to be the dominant theme disclosed on the homepages of all banks. Different from the expectation of a high community and HRs disclosure owing to the Islamic nature of the Omani society, it was found that the amount of this information was very low, with a lack of presence on the corporate homepages. The environment was the least disclosed issue. Additionally, CSR information was scattered in different sections which may make it difficult for users to access this information easily and rapidly. With regard to the format of CSR presentation, the banks used text as a main instrument for presenting their CSR information on their websites, paying less attention to other formats such as images and multimedia.

This study implies that web communication in Omani local banks is far behind the global competition. Local banks in Oman need to invest largely on their websites. The banks need to add more information regarding the different CSR issues they are communicating. They could present case studies of different CSR projects performed, challenges faced, and how they overcome them. They may provide lessons learned so that other organisations can refer to them as benchmarks. A more advanced
utilization of technology in the form of a separate CSR report, interactive CSR video presentations, a devoted photo gallery for their CSR contributions, and downloadable CSR brochures would be of great benefit.

This study makes four imperative contributions to CSR communication research. First, it expands previous research on the banking sector, which is often excluded from sample companies because of the strict regulatory regime of this industry. Second, it adds to the small number of studies that have investigated communication practices in a developing country context. Third, it is useful for communication practitioners who may utilize it in benchmarking purposes and as a concrete instance of potential significance of the internet. Fourth, it offers a framework for the analysis and organisation of CSR information on the corporate websites of financial institutions. It can be utilized in other countries by creating comparative studies that reveal patterns in the disclosure of CSR issues and organisation and presentation of these issues.

The study is exploratory in nature and while the methodology utilized transmitted a vast amount of quantitative and qualitative data, it must be considered that the interview outcomes were grounded on the answers of just three people from three banks. Using larger respondent samples, future research may try to further generalise the results of this study and improve knowledge about the influence of other elements not theorised in this study. Additionally, because of the fact that banks use other forms of media to communicate with the greater society, such as annual general meetings, newspapers, and magazines, the outcomes of this study could be questioned. Thus, conducting research into CSR communication in other offline channels will enable the framework to be refined further. Finally, this study did not examine actual responsibility practices but rather the online CSR communication on the banks' websites. Future research could examine the actual CSR practices of these banks.

6. References


