Reviewing and previewing the transparency of corporate social responsibility elements on Arab corporate websites, 2007 – 2010

Master's thesis of

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Abstract

During the last decade, being transparent about corporate social responsibility (CSR) issues on corporate websites became a major trend among Western companies. With the current economic boom in the Arab world, especially in the Gulf, the trend is picking up there as well. However, to what extent Arab companies are offering information online and how that information is presented have not been researched in any way. This provides a new research challenge that is addressed in this study: what is the current status of transparency and CSR information on Arab corporate websites, and how is it perceived to evolve toward 2010? The outcome of this study shows that the Arab world is currently still struggling, especially when compared to its global economic peers; however, some markets and regions within the Arab world are clearly leading the effort. Especially the telecommunications companies, the globally active companies, and the companies in the Levant region are currently driving hard toward further improvement. This research study also shows that the perceived trend towards 2010 mainly focuses on the implementation of more user-oriented functionality on the corporate websites and the adoption of the most widespread CSR framework, the Global Reporting Initiative.

CSR

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8 September 2008

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“The problem of power is how to achieve its responsible use – of how to get men of power to live for the public rather than off the public.”

– Robert F. Kennedy (1964). *I remember, I believe: the pursuit of justice*.

Foreword

Everyone close to me knows that this thesis has been a long time coming. But here I am!

I started my thesis research with the choice between staying in the relative stability of a Holland-based assignment, or going to the Middle East and into the unknown. Thank you Koen, for kicking my behind. Jordan was an absolutely unforgettable experience. Thank you dad, for helping me when necessary.

When I came back, I had a hard time following through. Thank you mom and Marije, for providing me with the chance to come back and settle my life a bit. And thank you Peter, you know why. I took up two quick jobs, a day job at the publishing house Malmberg and a weekend job at bookstore Heinen. I'm so glad I worked at Malmberg - I met the most wonderful woman. Thank you Marjolein, for being around at the right time. We have our history, we're together in the present, so let's make the future!

Finally, I want to highlight my supervisors and the support from the faculty over the years. Thank you Sjoerd, thank you Mirjam.

SMH

September 2008

Summary

This research study revolves around the transparency of corporate social responsibility issues on the websites of the fifty largest Arab companies by market capitalisation. The fifty websites are comparatively analysed on information accessibility and information transparency. While this comparative analysis reveals the current state of online corporate social responsibility in the Arab world in 2007, a second part of the research study focuses on the future development towards 2010: with a survey study among nine of the fifty companies, the trend in accessibility and transparency as perceived by the companies is further analysed, allowing insight into the near future development of corporate websites in the Arab world.

Conclusions on the current state of online transparency show the Arab companies lagging behind global competition. More than half of the Arab companies do not have a separate section for CSR issues, while a staggering 90% do not produce any report on their CSR activities. This in effect translates to Arab companies labelling CSR as unimportant, which is a worrying conclusion considering the global uptake of the corporate social responsibility trend. Market-wise, companies in the services market out-do both financial and industrial companies and are most focused on providing CSR information, with Arab telecommunications companies being by far the most CSR-conscious of the 50 companies. Furthermore, Arab companies that operate in the global market seem to give much more attention to CSR on their websites than the companies operating at a national level.

Region-wise, the companies from the Levant/Egypt region and the Gulf region seem to have a similar quality of navigation and accessibility of their corporate websites. However, the transparency of those websites does differ significantly: the companies from the Levant/Egypt perform much better than their peers in the GCC region. Remarkably, that leads to the conclusion that the companies from the Levant/Egypt region, which may be regarded as underdeveloped economically in comparison to the Gulf, is actually a region that has adopted a much stronger and higher quality online corporate transparency and corporate social responsibility.

Looking towards the perceived trend towards 2010 in the information accessibility dimension, the companies signal the more Web 2.0-ish features as *should haves* rather than *will haves*, meaning that there are barriers for the companies to implement these features even though they are recognised as being important. What the companies signal as will haves are features oriented toward offering services and functionality to the user, such as RSS feeds and SMS services in case of website updates or published news. In the information transparency dimension, the companies signal the importance and likelihood of implementation of the GRI framework, while pointing out the Global Sullivan, Global Compact and AccountAbility frameworks as *won't haves*.

This explorative study clearly brings to light current efforts of the Arab world on their way to become a globally competitive region in transparency and corporate social responsibility. Despite the current gap in comparison to leading CSR regions, it does seem that there several highly motivated leaders among Arab service companies, the Levant/Egypt region, and the globally active companies, who are driving strongly at the improvement of current performance gaps to benefit from the fruits of CSR by 2010, using recognized frameworks and up-to-date online technologies to engage stakeholders.

1 Introduction

This first chapter is an introduction to the central themes of this exploratory research study. It discusses why the choice was made to focus on the subject of online transparency and CSR, followed by an elaboration on the research question. The scientific approach is introduced and the academic relevance of this research is addressed. Lastly, the contents of this study are elaborated upon.

§1.1 Context

The reputation of major companies in the United States and Europe for their ethical business conduct and social involvement was in a negative spiral during the last decade. Enron's tax fraud (The Economist, 2004a), the Parmalat tax evasion, and the Brent Spar environmental scandal of Royal Dutch Shell (The Economist, 2004b) were all unethical corporate actions that influenced the public opinion on corporate social involvement and corporate performance immensely. As portrayed in the chart from KPMG's Global Sustainability Survey below (Molenkamp, 2005), public trust in various organisations around the world varies strongly. The best trusted organisations are non governmental organisations and the United Nations. The least trusted organisations are global corporations.

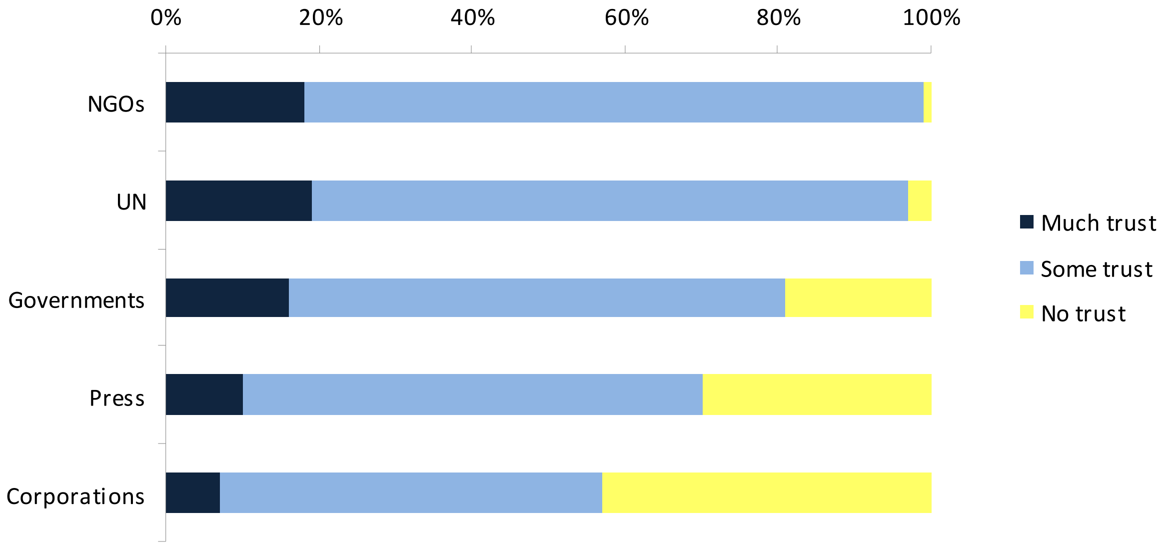

Figure 1.1 – Public trust in organisations in 2005 (Molenkamp, 2005)

During the last decade, much media attention was given to those corporate activities that were perceived and framed as being morally wrong or unethical, etching them into the collective memory of the Western societies: the media addressed issues like child labour, bad and unequal employee treatment, environmental damage, unethical business conduct, and financial swindling. This gave rise to the belief that major companies, governments and institutions needed to be accountable for an economically, socially and environmentally responsible way of business: this three pillared concept was eventually bundled under the term Corporate Social Responsibility, or CSR (Carroll, 1999; de Bakker, Groenewegen & den Hond, 2005).

This social pressure involved with adopting a corporate strategy involving CSR, and the driving forces of the global economy, both force major companies to focus on their responsibilities holistically. From a CSR perspective, a company should address and communicate its responsibilities towards all their stakeholder groups, to the environment, and to the society in which they operate.

The trend of corporate social responsibility forces them to become *corporate citizens* (Matten et al., 2003), or in other words to become socially involved. This is achieved by business being done in an economically, socially and environmentally sustainable and ethical way. But the adoption of CSR-based business is not only a demand from society. A second issue is very much tied to the economic dimension of CSR and involves the increasing need of stakeholders for companies to be transparent in and accountable for their corporate performance. This need can be illustrated by the rising number of non governmental organisations tied to corporate social responsibility reporting. These NGOs are often labelled as *corporate watchdogs*: non governmental organisations that make it their goal to monitor the performance of global corporations and to assess legislation made by governmental organizations that aim to standardize the communication of this corporate performance. As can be seen in the chart below, the total number of corporate watchdogs worldwide has doubled every five years. With this exponential rise, the number of corporate watchdogs has also increased dramatically (Molenkamp, 2005). This trend constitutes a strong social control mechanism for corporate performance, forcing companies to improve the transparency of their communication with stakeholders.

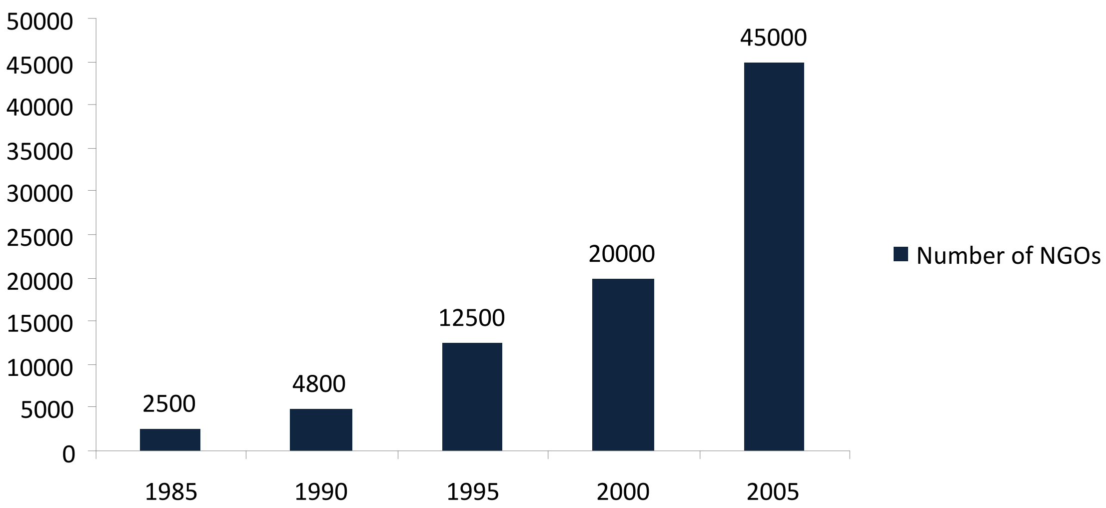

Figure 1.2 – The rising number of NGOs 1985-2005 (Molenkamp, KPMG Global Sustainability Survey, 2005)

Furthermore, governmental organizations such as the United Nations, the European Union and the OECD have developed both legislation and voluntary guidelines to stimulate the adoption of CSR-based strategies by the corporate world. The UN has its Millennium Development Goals and Global Compact (see §3.1), while the European Union has headed several new initiatives in CSR, such as new legislation around European environment and the EU Accounts Modernizations Directive, which focuses on the standardisation of financial reporting (Molenkamp, 2005). The OECD published its Guidelines for Multinational Enterprises, which focuses on business conduct and principles (OECD, 2001). Finally, there are a number of organizations that supply the corporate work with voluntary frameworks for good corporate conduct, socially responsible business and transparency of corporate performance.

Among the most important of these are the Global Reporting Initiative (2002) and AccountAbility (2006), as will be later addressed in §3.1.

The growing attention for corporate performance greatly raises the quality standard of transparency and accountability for major globally competitive companies and organisations. This transparency and accountability can usually be translated to annual reports in print or press releases, which cover the three major dimensions of the organisation in a socially networked context (SER, 1996): its financial responsibility (the annual financial report, covering income, costs, profit, revenue, etc), its social responsibility (the company's effort to increase the well being of its employees and of society), and its environmental responsibility (the company's effort to counter any negative effects it may have on the environment, and if it's able to, to create positive effects). During the last five years however, the second generation of these reports was born. A lot of European and American companies created extensive online sections on their corporate websites to cover their CSR activities and performance (Molenkamp, 2005). Following suit, other parts of the world have also picked up on the CSR issue. In Asia, Japan has been a frontrunner for many years, while the economic tigers (like India, Taiwan, Malaysia) are beginning to come up strong; in South America, Brazil and Argentina are slowly picking up the issue. As we will see, many of these economically strong and growing regions have been analysed for their particular integration and adoption of this global trend. However, the major reports have failed to produce a clear picture of one region in particular. This region is the Arab world.

The Arab world is a region that has been booming economically. Countries in *regional* economic power blocks such as the Gulf Cooperation Council, are aiming to become more and more of a *global* economic power by integrating their respective markets (Bley & Chen, 2006), much to the model of the European Union (EU) and the North American Free Trade Association (NAFTA). This contrast between the regional and the global is most certainly a proven source of growth, as can be observed by the economic prowess of the Arab region, but it can also be a source of friction (Proff, 2002). It causes friction because trends that are becoming institutionalised on a global level might, for example, still be non-existent trends on the regional level. However, the forces of globalisation make regional companies go *up or out*, meaning regional companies both *want* to and *have* to adapt to the global economic field (Proff, 2002). Corporate transparency of corporate social responsibility information is one of those global trends with regional repercussions.

The wishes of major Arab economies and companies to further improve and frame themselves as global economic powers, have indeed forced marginal adoption of the CSR and transparency trend (World Economic Forum, 2007). The exhibit below shows the results of a recent survey by AccountAbility (2007), a UK based company specializing in CSR analysis. This survey, the Responsible Competitiveness Index, measured the CSR activity of an ambitious amount of countries (108 in total), covering 95% of the global economy. It was broad and wholesome in range, covering key developments in combating climate change, enhancing labour standards, closing the gender gap and reducing corruption.

With the first 5 positions being for Western Europe (Scandinavian countries and the UK) as displayed in the table below, the United States came in at number 18 followed closely by Japan. The first Arab country came in at place 29: the United Arab Emirates. The only other two Arab countries in the 108-place ranking were Jordan (coming in at rank 50) and Egypt (rank 67).

Rank	Country	Score
1	Sweden	81.5
2	Denmark	81.0
3	Finland	78.8
4	Iceland	76.7
5	United Kingdom	75.8
~		
18	United States	69.6
19	Japan	68.8
~		
29	United Arab Emirates	62.4
50	Jordan	55.7
67	Egypt	52.6

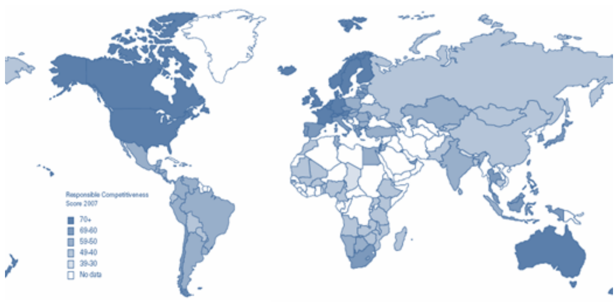

Table 1.3 – Global Responsible Competitiveness Index scores for the global leaders and the Arab region

However, as we will see in §2.3.2, the analysis of this region's performance in the corporate social responsibility field has yet to be charted. Although such an analysis can be done through a number of different fields of study, this research study focuses on the online dimension of corporate transparency and corporate social responsibility, because the academic knowledge base on this particular subject is almost non-existent. This indeed makes it a very interesting study to assess the transparency and accessibility of the corporate social responsibility elements that are communicated through the websites of major companies. Moreover, it will not only be interesting to see what the status of these corporate websites is, but also how these corporate websites might change in the near future, as perceived by the companies themselves.

§1.2 Research question and goal

Both by analysing the corporate websites themselves and by gathering information through a survey with a selection of company representatives, it will be possible to evaluate the current state and perceived future development of online transparency and corporate social responsibility reporting in the Arab world. However, transparency and corporate social responsibility are two extremely wide issues. They stretch into various fields (social involvement, financial transparency, environmental responsibility, corporate governance, etc), so consequently this research will have to be focused and narrowed down to a particular field. As Chapter 2 will explain, the economic and financial transparency dimension of corporate social responsibility is the most basic dimension in the communication of corporate performance. Because this study is done in a developing region of the world, the Arab world, where CSR and corporate transparency are only just beginning to be integrated in business strategy, the research will therefore focus on this most basic dimension: the online transparency of financial and economic corporate social responsibility performance. This study leaves other major fields of corporate social responsibility, such as environmental and social reporting, for further follow-up studies.

Taking the introduction (§1.1) into account, we can define the main research question, and the sub questions that will be answered in the first chapters of this thesis. The aim of this thesis will be to answer the follow question and sub questions:

What is the current state and perceived future trend of corporate social responsibility on Arab corporate websites?

What is at the core of corporate social responsibility?

What is the status of CSR on Arab corporate websites in 2007?

- What is the status of specific CSR sections on Arab corporate websites?
- What are the differences between Arab corporate websites from various markets?
- What are the differences between Arab corporate websites from various regions?
- What are the differences between the best-performing Arab corporate websites?

What is the perceived trend of CSR on Arab corporate websites in 2010?

- What is the trend on Arab corporate websites for information accessibility?
- What is the trend on Arab corporate websites for information transparency?

As formulated in the main research question, the goal of this research is to create insight in the current status and trend of online corporate transparency and corporate social reporting in the Arab world. Creating this insight will be the result of a two fold research process, in which a quantitative instrument for the evaluation of online CSR is at the core. This instrument will be able to provide fundamental answer in 2 directions: a comparative analysis will review the current status of online transparency and corporate social reporting in the Arab world, and a follow-up survey will cover the perceived development of these issues in the near future. This scientific approach is further elaborated upon in the next paragraph below, Approach (§1.3).

§1.3 Approach

To answer the main research question, initial desk research goes into the theoretical concepts behind corporate social responsibility. As will be addressed further in paragraph 1.4 and chapter 2, theoretical context is quite extensive, yet empirical tools are still in an embryonic state. This study therefore also focuses on the body of more practical analyses, such as reports from consultancy firms. In the overlap between academic theory and corporate practice, the studies of Molenkamp (2005) for KPMG were found to be the most extensive and referred to. The result of this initial desk phase is a ***comprehensive instrument*** that can reliably compare corporate websites on elements of corporate social responsibility.

With the theoretical context as a first step, the method of this research study will use a two fold explorative approach. The research will involve a quantitative ***comparative analysis*** of the corporate websites of the 50 largest companies (by market capitalization over 2006) from a total of 9 Arab countries (the GCC countries, Jordan, Egypt and Lebanon). The websites are analyzed for their transparency on the information about economic CSR issues. This analysis results in a comprehensive ranking of the companies that are leading the region in corporate transparency and corporate social responsibility reporting. Furthermore, the analysis focuses on the demographics of the companies and also compares the different regions and industries that are represented in this ranking.

Furthermore, the research will consist of a ***trend study***. It will follow-up on the initial comparative analysis of the status of online CSR in the Arab world, by focusing on the development of online CSR in the Arab world toward 2010. This is done through a survey among the 50 companies in the aforementioned Arab ranking index. This survey will analyse the perceptions of the companies' PR and corporate communications manager, who will rate a list of CSR and transparency features on two main dimensions: importance and likelihood of implementation. These dimensions are measured though two simple questions for each of the items in the survey:

- Do you believe it is important for your website to have this feature?
- Do you believe it is likely your website will have this feature within 2-3 years?

The survey results will be plotted in a matrix that indicates a feature from the survey as a 'won't have', a 'could have', a 'should have' or a 'will have'. This will enable the researchers to make trend predictions as to what features won't, could, should, or definitely will be implemented in the next 2-3 years on the participating corporate websites, as perceived by the PR and/or corporate communication representatives.

§1.4 Relevance

Unfortunately, the empirical analysis of corporate social responsibility and corporate transparency is still in a somewhat embryonic stage and critical issues regarding frameworks, measurement and empirical methods have not been resolved. Furthermore, much like the topic of innovation, CSR is a topic that cannot be analysed from the perspective of a single discipline. Thus, it appears that CSR is fertile ground for interdisciplinary theory development and empirical analysis. The academic relevance of this specific research lies in the combination of disciplines and the consequent pioneering nature of the research: the creation of a quantitative instrument to reliably measure corporate social responsibility information on corporate websites: *Hofman's CSR Transparency Index*. This instrument will contribute to closing the gap of knowledge as described above, and will therefore be addressed in more detail in the final chapter of this research study. Also, for further reference on the practical use of the instrument, please explore Appendix 9.6.

This instrument will then focus on two main issues: a comparative analysis of the information transparency and the information accessibility of corporate websites (a snapshot of what information exactly can be found on corporate website and how that information is presented to the readers and users), and an analysis of the perceived development in the near future of the corporate websites through a survey among some of the highest scoring companies.

Furthermore, as will be elaborated upon in §2.4, the status of corporate responsibility is an issue that has been generally recognized to be relevant in the global economy, but has yet to truly be analysed the Arab world despite the booming economies in this region. This phenomenon can be illustrated by two recent reports, which are further elaborated upon in the next chapters. The first report was completed by the World Economic Forum (2007). This report analyses the global competitiveness of the booming Arab economies: the result of this analysis shows that the Arab region may be among the fastest growing economic regions in the world, but that it does not do well in the context of global competitiveness because of its regional focus. This friction between globalisation and regionalisation is among other things caused by its generally very closed markets and the digital divide that many Arab countries struggle with (World Economic Forum, 2007; UNESCO, 2007). The second report, by

AccountAbility (2007), specifically focuses on Responsibility Competitiveness and ranks countries by evaluating CSR activities, national and regional transparency policies, and new laws concerning CSR issues. While analysing 95% of the global economy, most of the Arab countries do not have any data available whatsoever.

Although CSR will be a small contribution to the Arab region's general level of competitiveness, and CSR itself can even be characterised by many different fields of expertise, the reports above sketch the gaps in knowledge about the Arab region: the focus of this thesis could serve as one of the first steps towards closing these knowledge gaps.

§1.5 Contents

The contents of this thesis have been structured along a path of thematic exploration. In this first chapter, the context of the research is introduced and the main research questions are addressed. In chapter 2, *Corporate Social Responsibility and transparency*, the reader is introduced to the concepts of corporate social involvement and corporate transparency; first reviewing the different perceptions and theories of social involvement of companies, it then focuses on the theory that is most prominent and captures a lot of the other elements of the other theories: the triple bottom line. In chapter 3, *Taking transparency to the web*, the focus turns to the corporate website as a medium for transparent performance communication, elaborating on subjects such as the information transparency (focusing on content like CSR issues, financial reports, governance information, ethics, etc), and information accessibility (how the content should be presented). With these first chapters as the theoretical context, Chapter 4 (*Methodology*) then discusses the research approach, followed by *Analysis* (Chapter 5), *Conclusions* (Chapter 6), and *Discussion* (Chapter 7).

2 Corporate Social Responsibility and transparency

This chapter aims to set the context for the research study by elaborating on a crucial initial question:

What is at the core of corporate social responsibility?

To answer this question, paragraph §2.1 begins by tracing the origins of corporate social responsibility to major contributing fields. In §2.2, these origins are synthesized to form the current core of CSR: the People, Planet, Profit model. In §2.3, the focus turns to why CSR has become such an adopted trend.

In §2.4, corporate social responsibility is then put in a global context. Through the elaboration on a process model of social involvement, the paragraph discusses how CSR is regarded and implemented across various leading CSR regions in the world. How the Arab world differs from, yet tries to *model itself* after the leading regions is also key issue addressed in this paragraph. Then in §2.5, the communication of corporate social responsibility is addressed. This communication process will be synonymous with *corporate transparency*.

Paragraph §2.6 synthesises all the information and answers the abovementioned question through a visual elaboration on corporate social responsibility and corporate transparency, in the context of the process model of social involvement.

§2.1 Perspectives on corporate social responsibility

The concept of companies contributing to society in an economically transparent and responsible way has been around for quite a few years. It was first addressed in academic literature in the nineteen fifties (Bowen, 1953), after which it proliferated in the nineteen seventies and became very accepted and common in the late nineteen nineties (Davis, 1973; Carroll, 1999; De Bakker, Groenewegen & den Hond, 2005). However, during that time, Corporate Social Responsibility (CSR) was the subject of much debate over its own definition. The span of CSR had already become apparent to Votaw (1972), when he wrote

> **(...) corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behaviour in the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper of valid; a few see a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large.** (1972, p. 11-12)

From this citation, the essence of some of the origins of CSR can be distilled. The following paragraphs use different pairs of spectacles to look at the corporate social responsibility, synthesizing the array of perspectives in §2.2 with the main pillars of CSR.

§2.1.1 CSR and the economic instrumental perspective

In the economic instrumental perspective of corporate social responsibility, the creation of wealth is the most important goal of a company (Windsor, 2001). The end users of this wealth accumulation principle are the shareholders of the company primarily, who thus should have an important say in the decision making process; however, in another view on corporate social responsibility has the satisfaction of all stakeholders of the company as highest priority, as the stakeholder satisfaction contributes to the optimisation of shareholder value (Mitchell et al., 1997). Both the shareholder and stakeholder perspectives are normative theoretical constructs of CSR, dictating what a corporation's role ought to be. By extension, they are also often seen as theories of proper business ethics, since they dictate how decisions in a company are supposed to be made.

The shareholder perspective suggests that since shareholders are the ones putting capital at the company management's disposal, the management should only take an action that has been authorized by the shareholders. This notion has been illustrated well by Friedman (1962):

> **There is one and only once social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it engages in open and free competition, without deception or fraud.** (1962, p. 133)

On the other side of the spectrum is stakeholder perspective, which asserts that managers have a twofold duty, both to their shareholders and to *individuals and constituencies that contribute, either voluntarily or involuntarily, to a company's wealth creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers* (Post, Preston & Sachs, 2002). Stakeholders can be found among a wide range of groups in the social environment of the company; examples could be employees, environmental organizations, consumers, suppliers, financial partners, and public authorities. It should be a goal to invest in these surroundings of the company, as these stakeholders provide the company with a wide range of vital resources, such as employees, knowledge, capital, but also legitimacy (Deegan, 2002).

The fundamental distinction between both concepts is that the stakeholder perspective demands that the interests of all stakeholder groups are considered in the decision making process, even if those considerations reduce company profitability. From the shareholder perspective, the non shareholders are viewed as the means to the end of profitability, while from the stakeholder perspective the interests of non shareholders are also taken to be ends.

§2.1.2 CSR and the political perspective

Political perspectives on CSR view the company as an integral part of society and focus on the interactivity between the company and society, where the company has a powerful and responsible position. A few theories have been formulated, among which are the social power equation (Davis, 1960), the iron law of responsibility (Davis, 1967), and the idea of corporate citizenship (Davis, 1973).

The social power equation

According to Davis, the social status is directly linked to the social responsibilities of managers. In other words, a top-level manager at a key company in society has much more of a duty to guide his company towards responsible behaviour, than a manager at a company that is less weaved into society.

This theory also refers to the need-based relationship or social contract discussed in stakeholder-shareholder theory (Deegan, 2002).

The iron law of responsibility

Another theory by Davis, this concept refers to the notion that if leading managers do not use the social power given to them in a responsible fashion, or even not at all, they will consequently always lose this power. Society expects certain community figures to assume responsibility for acts, and if the figures in power cannot live up to these expectations, they will be replaced by leaders who can.

Corporate citizenship

Corporate citizenship is a term that refers to the notion of belonging to a community; the term has seen a huge boost in popularity thanks to the continuing globalisation of business. Matten et al. (2003) distinguish three different types of corporate citizenship, namely a limited view, a CSR view, and an extended view. The limited view on corporate citizenship implies that society can have some expectations of a company's social responsibility, but that they should be mainly linked to investments and philanthropy. The CSR view goes one further and is the most common view. This view really stresses the interactivity between business and society on multiple levels, such as economic transparency, environmental responsibility and social responsibility. Lastly, in the extended view on corporate citizenship, the government's system is questioned. Thus, the business should provide citizens with exactly what they need, such as safety, housing, proper wages and insurance (Matten et al., 2003)

§2.1.3 CSR and the social integration perspective

The integrative perspective assumes that companies should integrate the demands that exist in society into their own business. Again, as mentioned before, this is directly linked to the idea that companies can only exist because of its direct surroundings. The surroundings legitimate the company's existence if this company acts responsibly and socially involved. In contrast with other theories, integrative theories are about the achievement of social legitimacy, greater social acceptance and prestige. The company should therefore listen to the demands of its surroundings at all times, to adjust its business accordingly. The responsiveness to these social issues is often defined as the theory of stakeholder engagement or issues management (Wartrick & Rude, 1986).

This concept of stakeholder engagement hinges on the discrepancy of the socially expected behaviour of a company and the actual behaviour of that company (Ackerman, 1973). The company should be focused to spot and analyse this discrepancy and then manage whatever issue it encompasses; this phenomenon was named social responsiveness, and later changed to the term issues management. This has been defined by Wartrick & Rude (1986) as

> (...) **the processes by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it.** (1986, p. 1)

The issues that need to be managed, however, stem from the expectancies of certain stakeholder groups such as the customers, suppliers, financial partners, governments, etc. Cumming (2001) suggests that the approach to address stakeholders is aligned with a shift from a trust me culture, in which stakeholders place implicit and explicit faith in the companies to act in their best interests, to a tell me culture, in which stakeholders want to be reassured by the companies that their actions are morally right. Finally, the latest evolution in this process is the adoption of an 'involve me' culture, where companies ask their stakeholders what they should do to act responsibly in their eyes. These approaches in maintaining a relationship with the stakeholders are of vital importance: only when a company is totally aware of the information needs of the stakeholder groups, can that company disclose the right information to become a 'truthful' company. And likewise, stakeholders must be willing to ask for the information from companies, and if they are not provided with this information, must be willing to make an issue out of this. This relationship was captured well in Shepherd's two-way process for effective corporate communication (2001) and has been displayed in the figure below. On the left side of the spectrum is the organization which should be in constant dialogue with the right side of the process, the stakeholder groups. The dialogue consists of messages, discussion, comments and questions, all with the goal of the organization disclosing the information that the stakeholders want to obtain and to perceive the organization as 'trustworthy'.

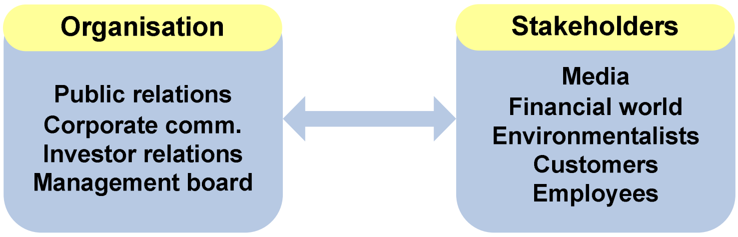

Figure 2.1 – Shepherd's two-way model for effective corporate communication (2001)

Using a stakeholder approach in corporate communication has a number of benefits (Cumming, 2001). It allows stakeholders to judge the company's operations, activities and strategy and compare them to their own ideas of a morally right business. Furthermore, if companies adapt to a stakeholder approach in their reporting, they are given the chance to constantly monitor their environment and act on this. Thus, this gives them a crucial time advantage over competition not using a stakeholder approach.

§2.1.4 CSR and ethics: corporate idealism

Another perspective on CSR stresses the importance of an honest, trustworthy, and virtuous relationship between a company and society: corporate idealism. A company, being part of a society, should always contribute to the common good for that society, without being a parasite of it. It should contribute to society in every way it can, offering wealth, skills and equality to those it employs (Melé, 2002). In other words, it should provide for sustainable development.

However, with continuing globalisation and the increased merging of markets, inequalities in business are become more and more apparent. The term 'sustainable development' first appeared in a report by World Commission on Environment and Development (1987) and was defined as quoted in paragraph §2.1 above. This theory originally focused on environmentalist issues, but in recent years has also adopted the idea that changes in the environment cannot be done without changes in social and economic approaches. Critics of this theory have stated that is too much of an ideal toward which society and business can continually strive, the way we strive is by creating value, creating outcomes that are consistent with the ideal of sustainability along social environmental and economic dimensions (Wheeler et al, 2003), and that it lacks pragmatic goals. This criticism was transformed into alternate ideas, like those of Stead and Stead (2000) for example who suggested corporate ecological sustainability would be good enough. They suggested extending the traditional form of accounting (merely showing the economic health of the company) to a sustainable form of accounting that would include economic, social and environmental elements.

§2.2 What is the core of CSR?

Taking into account all the perspectives on Corporate Social Responsibility that are listed above in this chapter, an idea of the core of CSR can be distilled from those theories. As may be concluded from the previous paragraphs, the main perspectives and dimensions of CSR involve the relationship between the company's aim at profit and its social and natural environments. This relationship was captured well in an analysis by the Dutch organization SER (Sociaal Economische Raad – Social Economical Council) in one of their reports (1996). The definition for Corporate Social Responsibility was titled the *triple bottom line*, for the three dimensions it encompassed:

> **Corporate Social Responsibility means consciously focusing the activities of the business on long-term value creation in three dimensions: people, planet, and profit.**

Since its inception, these three dimensions of CSR have become the most accepted theory of CSR. The dimensions each cover an array of subjects, but basically coincide with a number of perspectives from the previous paragraph: the **people** dimension is strongly focused on corporate social involvement and social ethical responsibility, the **planet** dimension is very much focused on environmental responsibility, while the **profit** dimension mainly revolves around economic accountability, ethical business conduct, and corporate transparency. Each dimension will be elaborated upon in detail in the paragraphs below. The dimensional construct of the *triple bottom line* has been used as the foundation for many frameworks aiming to standardise corporate social responsibility, such as the Global Reporting Initiative (2002), and mandatory legal obligations such as the European Modernizations Directive (Molenkamp, 2005). Over 40% of the global companies and organizations that report annually on their corporate performance and social responsibility use the triple bottom line for the decision on what information to communicate to their stakeholders (Molenkamp, 2005). The next sub paragraphs elaborate briefly on each dimension.

§2.2.1 People

This dimension of CSR has its roots in two perspectives as mentioned above, namely the political and the social integration perspective. Therefore, it clearly has two different sides. First of all, the People dimension can be meant to signify the internal structure of the company. A socially responsible company provides its employees with the right benefits and salary while ensuring their safety, offers employment opportunities to minorities and also creates scope for the combination of work and family life. On the other side of the dimension are the external surroundings of the company. Without the legitimacy given to it by society, the company could not exist (Deegan, 2002).

§2.2.2 Planet

This element of CSR is mostly related to the social integration and the ethical perspectives. It focuses mainly on environmental issues and stresses the need to companies to be really proactive in securing the environment for future generations: eco-efficiency. This is the supply of goods and services that meet human needs, contribute to the quality of life and at the same time place less and less burden of resources and the ecosystem. This can be achieved through the external pressure from third parties (Greenpeace, activists), through flexibility in the company to allow for changes and manoeuvring, and the focus on gaining a competitive edge.

§2.2.3 Profit

The element Profit is directly related to the economic performance perspective listed above in paragraph §2.1.2. The goal of this element is the accumulation and maximization of value for the company, through its production processes (an internal side) but also through its interactions with the surroundings (external side), providing jobs and sources of income. It hinges on the economic theories as formulated by Deegan (2002). Without a long-term profitability the company cannot exist, but another prerequisite is the approval by and legitimacy for the society in its direct surroundings. The element Profit is regarded as the sturdy foundation of healthy economic performance upon which the other elements of Corporate Social Responsibility can be built to last. This is suggested because the effects of CSR activities related to the People and Planet elements are often measured through the impacts they had on the short-term and long-term corporate financial performance (Profit). Examples of this might be found in the organization’s relationship to its stakeholders, from which benefits might be gained through positive relationships. Regulators may ease the permitting process for companies that have shown a consistent focus on high sustainability performance. Also, better access to capital might be a benefit; it is a fact that the financial community pays greater attention to the companies performing well in social and environmental fields (Molenkamp, 2005; Epstein & Roy, 2001). Furthermore, activities to improve sustainability might also lead more directly to cost reductions through material innovation or substitution, changes in packaging processes, changes in energy consumption, or reductions in handling costs. These direct impacts also have indirect benefits, such as the customers who can benefit from reduced production costs. All these things support the concept of Profit being the most basic and tied-in element of Corporate Social Responsibility (Epstein & Roy, 2001).

One of the most important characteristics of the triple bottom line is that it suggests interconnection and balance of all dimensions, creating the perfect spectrum of elements necessary for a company to do business in a socially responsible manner. Each individual dimension, represented by the three circles below, has its own issues but also several overlapping features, connecting them to each other. These connections are represented by the overlapping areas, where circles intersect. In the yellow centre of the intersection, the term CSR denotes the perfect harmony of all dimensions, coming together to share a wholesome perception of corporate social responsibility in which every dimension has the same relevance and weight. Thus, in the *triple bottom line*, corporate social responsibility equates the harmony of the dimensions people, planet, and profit.

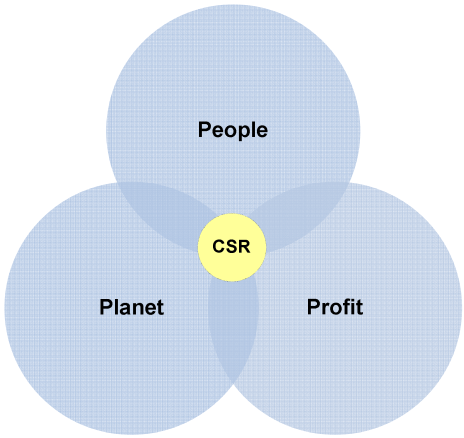

Figure 2.2 – Triple bottom line for corporate social responsibility (SER, 1996)

Now that the concept of corporate social responsibility has been found to exist of three main dimensions, the question can be asked: why is this relevant? Why would a company want to adopt such a strategy of social responsibility and involvement, environmental responsibility and economic responsibility? In the next paragraph, the focus turns to the drivers for corporate social responsibility.

§2.3 What drives the adoption of CSR?

As addressed in the first chapter, increased media focus on corporate performance and increased pressure from society to do business in an ethical and socially involved and transparent manner are two of the most traditional motivations for companies to adopt a CSR-oriented business strategy. These motivations are external drivers. However, there also are some important internal corporate drivers (Molenkamp, 2005). In the chart below, the results of a survey among CEOs of global companies are listed. Molenkamp (2005) asked them for the important reasons to adopt a corporate social responsibility strategy.

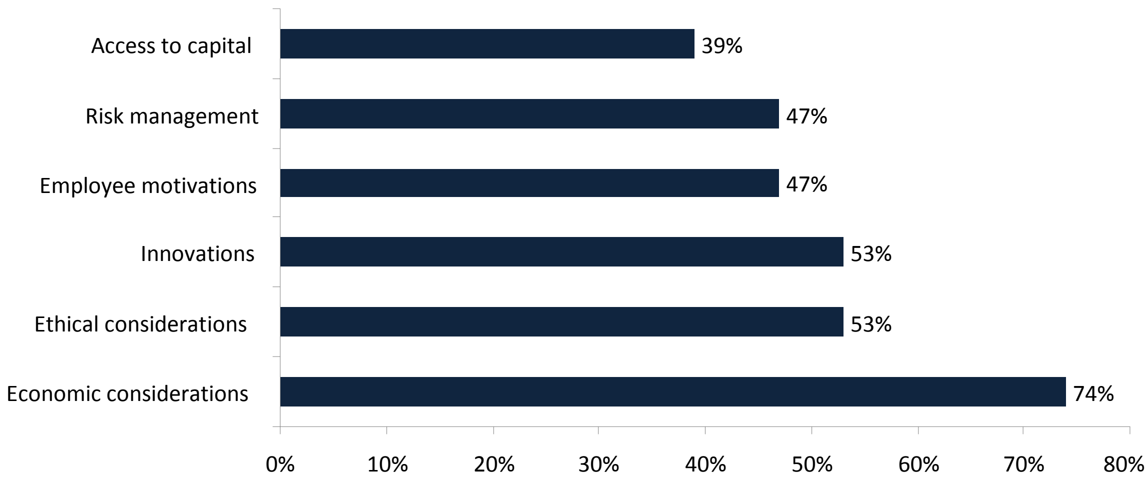

Figure 2.3 – Percentage of CEOs indicating specific drivers for corporate social responsibility (Molenkamp, 2005)

In Molenkamp's research, which is bundled in the KPMG Global Sustainability Survey (2005), the driver of *economic consideration* is the most important, followed by ethical considerations and innovation. Economic considerations are mostly directly linked to creating added value for shareholders, and indirectly to the other top drivers, such as innovation, reduced risk, ventures and reputation management. Ethical considerations and innovation are also important drivers for companies to incorporate CSR in their business strategy. They have become linked to each other with the development of so-called ‘green flagships’, which have become profitable over the last few years. Green flagships are new sustainable and socially responsible products or markets that are initial niches but grow to become mainstream product lines and markets. An example is the hybrid car industry. The development of the Prius, Toyota’s first hybrid electric-fossil fuel powered car, took place between 1997 and 1999. The sale for the car in the first year (2000) was just 17 cars. In the second year, it was 656. And in 2005, the Prius was sold 250.000 times worldwide (Wikipedia, 2007).

Another ‘economic’ driver is access to capital. Corporate Social Responsibility is a concept that can attract investors, because it has become a key performance indicator for the sustainability of business (Molenkamp, 2005; Eurosif, 2006). In a European SRI (Socially Responsible Investing) study by Eurosif (2006), it was reported that the total size of the European SRI market reached €105 billion in 2006. This figure represents a substantial growth from 2004, even after correction for the overall average growth of the European equity markets. Preferred European approaches for investments on portfolios are the Best-in-class (the few companies that perform best in sustainability are invested in), Positive screens (multiple investments in good performing sustainable business) and Ethical exclusions (companies that have been found to act socially irresponsible are excluded from investments). The growth and the figures in themselves allow for the conclusion that the practice of investing based on key indicators of socially responsible business is becoming an accepted practice (Eurosif, 2006; Social Investment Forum, 2005). Also, the creation of so-called Sustainability Indices (e.g., Dow Jones Sustainability Index and the FTSE4good Index), for which inclusion requires companies to show consistent high performance on CSR issues such a corporate governance, environmental protection and labour practices, shows that companies are eager to be highly rated on responsibility performance (Molenkamp, 2005).

Employee motivation and risk management are other drivers that stimulate the incorporation of CSR in the corporate strategy. Through the responsible involvement of a company in society, it is possible to attain and retain employees (Mele, 2002; de Bakker, Groenewegen & den Hond, 2005): the fact that corporate social responsibility is an important driver for employee motivation becomes clear by these figures as seen in the KPMG Global Sustainability Survey (2005): 75% of North American students say that they would *not apply* for a job with a company that is not perceived as socially responsible. On European students 55% said the same, while in Asia the figure was 45%.

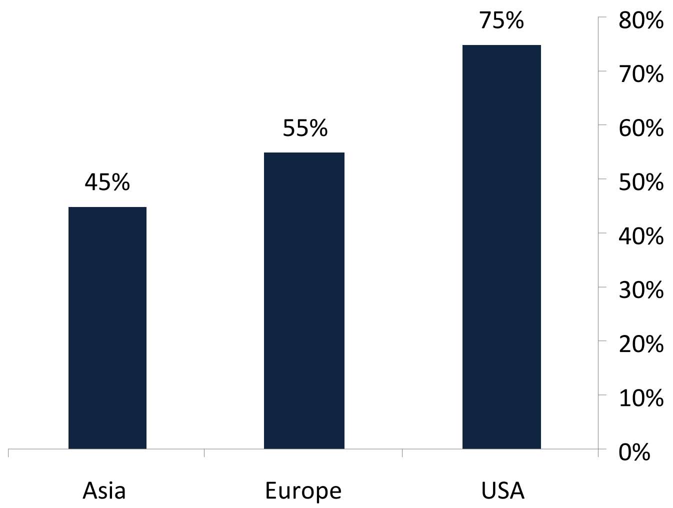

Figure 2.4 – Percentage of students that would not apply with a company perceived to be passive on CSR (Molenkamp, 2005)

These figures are directly linked with the second driver, risk management, because it is related to the company's reputation. De Quevedo (2001) identifies 2 different types of corporate reputation: external reputation (how the external stakeholders, such as investors, media and the community) regard the company and its business actions) and internal reputation (how the internal stakeholders, such as employees and unions, regard the company and its actions). Employee motivation is directly related to internal reputation, while risk management is directly related to external reputation. The company's stance and action on social issues like child labour, human rights, working environment, ethical business, and on environmental issues like illegal logging and CO2 reduction, is important because these issues are at the core of the media attention to corporate social responsibility. If a company does not make an effort to perform well on and communicate these issues, they may very well turn to be a negative factor for both the internal and external reputation (de Castro, Lopez & Saez, 2006).

§2.4 Corporate social responsibility as a global trend

The previous paragraphs discussed the origins of corporate social responsibility, its core and its drivers. It was found to be a broad concept having roots in many different fields of expertise, but revolving around three main dimensions known as the *triple bottom line*, namely people (the social responsibility), planet (the environmental responsibility), and profit (the economic/financial responsibility). In §2.3, the focus turned to the drivers of corporate social responsibility. The next paragraph puts CSR and its drivers in the context of the global economy: the concept is discussed as a trend in a global context. In the next paragraphs, phases of social involvement are discussed, after which the focus turns to how those phases relate to corporate social responsibility in various regions around the world.

§2.4.1 From social awareness to social reporting

In the regions regarded as leaders in corporate social responsibility such as Japan, Northern/Western Europe and North America, corporate involvement has been boosted over the last decade by two major mechanisms (Molenkamp, 2005), namely pressure by society, media and NGOs, and also by new obligatory legal standards (further see §3.2). In burgeoning economies however, these forces may be at different levels, i.e. they may still be developing or even non-existent. In developing countries in Asia and the Arab world, the huge boost in the economy has brought with it unprecedented wealth for many businesses, but also the realization that this unregulated growth has its own negative effects, which in turn spurs social pressure on companies and governments through media channels, human rights organisations, NGOs, and their call for corporate transparency.

An example is the real estate boom in Dubai. The major city in the United Arab Emirates has developed at an unprecedented rate, with skyscrapers and hundreds of thousands of homes rising from the desert. However, this development also comes at a price: according to Human Rights Watch, the labour conditions for the migrant construction workers are dreadful (Human Rights Watch, 2006). Long days in sweltering heat, low or no wages, bad accommodation, and employers take the passports from their workers to prevent them from returning before the job is finished. These conditions and the subsequent reporting on them, create a global media attention in which the evildoers are the major companies and government of the United Arab Emirates. Such social pressure, in combination with the aforementioned main drivers for the incorporation of CSR in the business strategy (§2.3), spurs companies and governments along the path of social participation and involvement.

According to Ahmad & Sulaiman (2002) and Theoh & Thong (1984) this process of social involvement is a gradual one, mainly consisting of four steps: social awareness, social involvement, social reporting, and social audit.

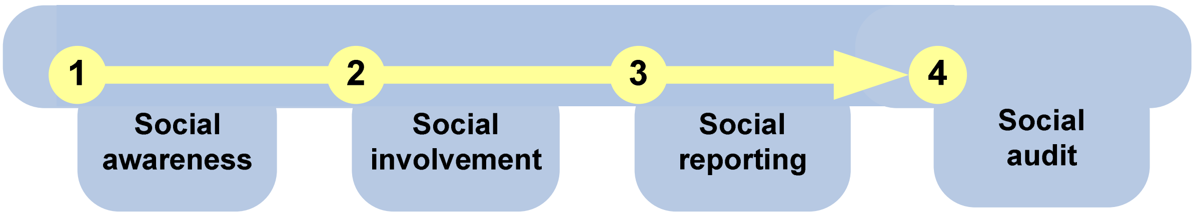

Figure 2.5 – Ahmad & Suleiman's phase model of corporate social involvement (2002)

The initial phase is the development of a social awareness by the company, country or region, which means that it is somehow introduced to a demand for social commitment and transparency, and then decides to act on it through orientation. As mentioned before, the biggest stimuli for this realization are profitability, ethical considerations and innovation (Molenkamp, 2005). Other particular stimuli for companies in developing countries and economies are the philosophy and vision of top management, new (environmental) legislation, and the alignment with a possible parent brand company from a Western nation (Theoh & Thong, 1984). In the same research by Theoh and Thong (1984), they found that these local companies with a parent brand in the West had a bigger drive to implement corporate social responsibility activities in their overall local business strategy.

In the social involvement phase, the company sets out to actively and consciously participate in the community (Ahmad & Sulaiman, 2002). Theoh and Thong (1984) looked at the fields of action. They found that companies in developing countries focused their social activities mostly on human resources and product service to customers, while community involvement and physical environment lagged behind. However, companies with foreign ownership got significantly more involved with these latter two fields.

Once companies have developed their economic, social and environmental policies and strategies, have put them into action and have seen the results, they will have to report on these results: this phase is known as the social reporting phase. Currently, many Western companies are legally obligated to communicate a standardised annual report, for example, the Netherlands' Environmental Protection Act requires a social and environmental report to accompany the annual financial report (Molenkamp, 2005). Often however, this has not yet been made into legislation in economically developing countries. The paradox lies in the fact that major companies from these countries do perceive the drivers of corporate social responsibility as important enough to act upon because of the potential global economic implications (Ahmad & Suleiman, 2002; Theoh & Thong, 1984). It is for this reason that companies from economically developing countries and regions, such as the Arab world, do adopt a corporate social responsibility strategy and are stimulated to advance down the social involvement phases (Ahmad & Suleiman, 2002).

The products of the social reporting phase itself may be characterised by three different levels of development (below); initially, the social and environmental reports will be published as a section in the paper annual financial report. Then, the section will grow to a stand alone paper report, accompanying the financial report. Finally, the latest evolution of this phase: the financial, social and environmental performance information will be put on the corporate website as an addition to the paper versions. This allows for interactive communication with the stakeholder groups, which builds a more direct relationship between the company and the community; this relationship can give the company crucial feedback about its activities.

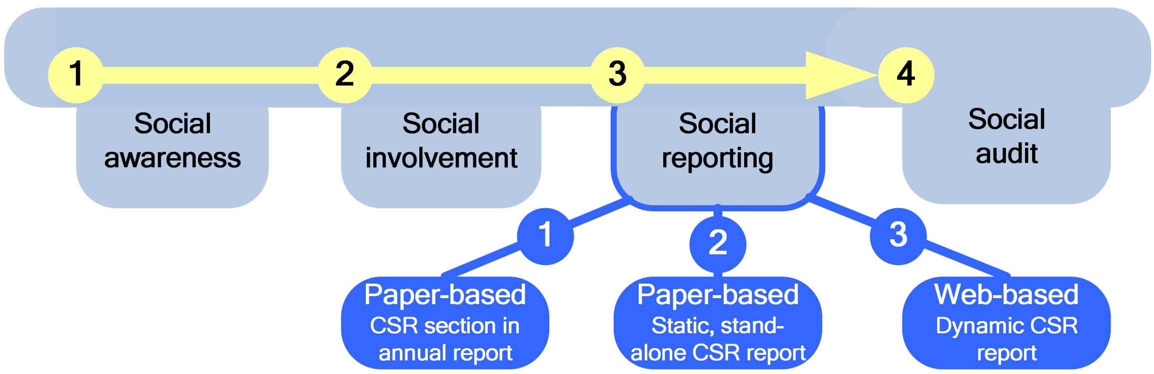

Figure 2.6 – Ahmad & Suleiman's phase model with specific social reporting steps

Finally, the social involvement hierarchy is topped by the social audit phase. Social auditing is the evaluation phase of a company's social, financial and environmental reporting and aims to critically examine the effects of the company's actions (Theoh & Thong, 1984). When a company has entered this phase, it should be able to critically observe its own actions and change them for the socially responsible good: in other words, the social audit phase is a phase of meta reporting.

When focusing on the goals of the phases in the model above, some important issues are clear. Ahmad & Suleiman's model is focused on the transition from a largely internal process to an external process. The internal process is one of realisation of the importance of social involvement and of the incorporation of corporate social responsibility issues in a corporate strategy. This largely internal process encompasses the first two phases, social awareness and social involvement. Then the next two phases are aimed at the interaction with the environment about these social involvement processes. In the phases social reporting and social audit, it is vital to be in direct communication with various stakeholders about the corporate social responsibility issues, through annual paper and online reports. This is achieved by a high level of *corporate transparency*, an issue that will later be elaborated upon (see §2.5). However, before focusing on the communication process of corporate social responsibility, the next paragraph will focus on some of the regional differences in the approach of CSR, while maintaining Ahmad & Suleiman's phase model (2002) as the context.

§2.4.2 A look at the leaders…

When comparing the level of corporate social responsibility across cultures such as North America, Western Europe and Japan, good indications of the nature of CSR can be distilled from a number of different sources. Ahmad & Suleiman's (2002) phase model of corporate social involvement focuses on two main issues in the CSR process: the corporate culture's intrinsic level of corporate social involvement, and the level of social reporting. Molenkamp's research (2005) distinguishes between regions through differences in CSR focus, and adoption of CSR frameworks and issues. Other research (Maignan, 2001; Picken, 1987; Lenssen & Vorobey, 2005) provides further interesting viewpoints of the cultural differences. In the table below, regional differences in the approach of CSR have been listed.

	North America	**Western Europe**	**Japan**
Social involvement	Focus on shareholders (*Anglo-Saxon model*)	Focus on stakeholders (*Rhineland model*)	Focus on harmony (*social philosophy*)
Social reporting	+/-	+	++
Central CSR topics	Corporate philanthropy	Social topics (human rights, labour laws)	Environmental topics
Central CSR process	Corporate governance	Integrating CSR in core business processes	Focus on supplier/client/product
Frameworks used	Compliance-driven by regulations (e.g. Sarbanes-Oxley)	Influence by EU legislation and voluntary reporting frameworks (GRI, GC)	Influence by national legislation and voluntary reporting frameworks (GRI, GC)
Important drivers	Global, regional, national economic considerations	Corporate image, risk management, economic consideration	Product branding

Table 2.7 – Regional differences in CSR and focal areas (Maignan, 2001; Picken, 1987; Lenssen & Vorobey, 2005)

Looking at this comparison, Japan seems to be a region that has high levels of corporate social involvement and corporate social reporting. In Japanese corporate culture, social involvement has long been an essential part of the corporate philosophy (Picken, 1987). This means that care for and transparent communication to the community, its workers and the environment are central concepts in the organization's strategy and actions. Japanese companies have a very holistic idea of society and the environment, and the responsibility that comes with their place in these two dimensions (Picken, 1987). Furthermore, the Japanese corporate culture has been a leader in the level of CSR reporting for many years: currently, some 88% of Japanese companies report annually on their social, environmental, and financial performance (Molenkamp, 2005). As is apparent from the last row in the table above, this relatively high percentage mainly stems from extensive governmental regulation, but also from the adoption of popular frameworks such as the Global Reporting Initiative and the Global Compact frameworks (Molenkamp, 2005).

At the other end of the spectrum, we find the North American form of social involvement, which is mainly focused on the shareholder and rooted in the compliance concept. This model is popularly known as the Anglo-Saxon model of corporate involvement (Lenssen & Vorobey, 2005). Often, North American companies regard social involvement as equalling corporate philanthropy. In between these two extremes, we find Europe's Rheinland model. This is the model aimed at consensus on various levels of society (government, financial institutions, and corporations) and it is a model that tries to engage all stakeholders through interaction (Lenssen & Vorobey, 2005). This difference between the European and North American approach to CSR is further suggested by Maignan's research.

Maignan (2001) focuses on the consumers and their willingness to actively support a socially responsible and active company. In her study, she concludes that the European consumer is much more focused on social responsibility and willing to support and invest in a socially responsible company than the American consumer. This directly coincides with findings by Molenkamp (2005), who finds the same difference, only from the corporate perspective. American companies are much more focused on corporate philanthropy, while European and Asian companies are more socially involved and value corporate responsibility and stakeholder interactivity more, precisely because their consumers do too (Molenkamp, 2005).

§2.4.3 ...and a laggard.

But how would the focal region in this research study, the Arab world, do when taking the performance characterisation of its global peers into account? The Arab world is a developing region that has shown high economic growth over the last decade, and it slowly but steadily entered the global playing field. A recent World Economic Forum report, the Arab World Competitiveness Report published in 2007, analysed the level of global competitiveness for the economies in the Arab World (WEF, 2007). The countries from the Gulf Cooperation Council, such as the UAE, Qatar, Kuwait and Bahrain, were all judged by the World Economic Forum to be the leading globally competitive economies in the Arab World. The trailing economies in terms of global competitiveness appear to all be from the Levant (Jordan, Egypt), except Oman. These conclusions show that certain parts of the Arab world have changed economically from having a regional focus, to attaining a global focus. Still, earlier chapters in this research study have shown that the Arab world is only slowly adopting the corporate transparency and CSR-minded approaches that are so much more common in Western countries. Why is that?

Al Khatib et al. (2002) and Solberg (2002) give a possible explanation for this current lack of CSR competitiveness. They suggest that the cause could be the discrepancy between something that might work for a company on a local or regional level, but not on a global level: a difference in corporate culture. Two of the main differences between the current corporate culture in the Arab world and that culture in some of the leading regions, are the willingness to be transparent and the view on stakeholdership (Izraeli, 1997; Al Khatib, 2002; Solberg, 2002). While for example most European companies have slowly but surely become obligated by a web of laws (both nationally and on a European level) to list their financial performance data quite extensively in all dimensions (financial performance, social and environmental performance), these legalities have not yet been standardised in the Arab world. It is much more common to just supply the stakeholders with the bare financial data

(Al Khatib, 2002), because this is the minimum legally obligated information. As discussed in §2.1.2, this concept is called compliance-by-law, or simply compliance. Much like in North America, this concept of reporting only the most relevant and legally obligated financial data seems to prevail in the Arab corporate culture as well (Al Khatib, 2002). This concept also reflects in the corporate strategies. In the Arab world, CSR activities are generally not incorporated in the strategy or vision of a company, even though CSR activities are often undertaken and very much so part of corporate culture. Consequently, CSR practices do not tend to be sustainable but are rather ad hoc (Izraeli, 1997). Because they are not put into the strategy, this means that the activities will not be sustainable on an annual basis, but will rather increase seasonally; for example, sponsorships and charity will increase during Ramadan, a feast of sharing and giving for Muslims. In order to be able to truly adhere to a CSR-related view on business, companies should include CSR activities in their corporate strategies, budgets, and communication, so it can be of a sustainable nature.

Furthermore, another aspect that is quite Anglo-Saxon is the concept of who exactly is the stakeholder (Solberg, 2002). In the Arab region, as shown earlier, the prevailing concept is that the stakeholder is the shareholder. However, to be able to compete on a global instead of a regional level, this concept should be broadened to include stakeholders such as employees, the surroundings (suppliers, consumers, competition, and environment) and the general public. A socially responsible company sees as its stakeholders all internal and external parties that it is in direct or indirect communication with (Deegan, 2002).

Another key cultural difference between Arab corporate culture and the previously mentioned regions can be distinguished. In Islam, it is common to not take pride in actions that should be taken for granted such as helping out your fellow man, being charitable, and doing business ethically. Corporate culture is influenced by these convictions, leading to the situation in which Arab companies often do not report on their CSR activities, however embedded they may be in the company itself (Solberg, 2002; Izraeli, 1997). If compared to the other discussed regions, the Arab world would resemble the Japanese corporate culture most in their social involvement; traditionally, the largely Muslim Arab world has had a corporate culture that is strongly aimed at the community and environmental welfare. However, Japan and the Arab world part ways at the stage of reporting on Corporate Social Responsibility. Although both cultures are traditionally humble and do not want to show off any good deeds (i.e., CSR activities and the consequent reporting on them), Japan has adapted to the growing globalization in the market; 80% of the Japanese companies now have CSR reports, both in paper and online (Molenkamp, 2005).

In conclusion, all the abovementioned characteristics paint a picture of the Arab world as a region with a tradition inclination towards a highly socially involved culture, but with some traditional cultural obstacles that hinder the progression towards a globally competitive culture in terms of corporate social responsibility and corporate transparency. Yet, recent research such as that by AccountAbility (2007) clearly shows that the global concept of corporate social responsibility is seeping into the Arab World. The Arab world has been evolving through phases of social awareness and involvement, and the leading globally competitive nations of the region, such as the United Arab Emirates, Qatar, and Kuwait are now slow entering the third phase, **social reporting**, in an effort to pick the fruits of being a globally competitive CSR region.

However, when looking at the white gap of the Arab world in the map at the previous page, it is clear that vital information about the status of CSR activity and social reporting in the Arab World is still missing. As stated earlier, this research study aims to understand the status and development of transparency of corporate social responsibility issues on Arab corporate websites. The process of CSR has been made clear through Ahmad's & Suleiman's phase model for corporate social involvement (2002). To comparatively analyse the Arab region's position as a whole in this process, it is essential to focus on the communication of corporate social responsibility. Ahmad & Suleiman (2002) name this communication phase the social reporting phase; in CSR discourse, it is more commonly known as corporate transparency.

§2.5 Communicating social reports

During the past decade, the concepts of transparency and accountability have been at the core of the discourse on corporate social responsibility communication (World Bank, 2000; Levy & Kaplan, 2006). In March 2000, the European Council stressed that one of the most essential strategic goals of the European Union would be to become the most competitive and dynamic knowledge-based economy in the world. One of the pillars of this goal was the encouragement of European companies to report voluntary on their sustainable development and corporate performance (EBNSC, 2000). To standardize this reporting process, all publicly quoted companies were asked to use a *triple-bottom line* in their annual reports that measures their performance against social (People), environmental (Planet) and economic (Profit) criteria. Since that time, the three dimensions have been adopted on a global scale as the three main pillars of all CSR issues. According to the Molenkamp's research in the KPMG Global Sustainability Survey (2005), over 40% of the world's companies and organizations reporting their Corporate Social Responsibility performance see the *People, Planet, Profit* framework as the norm for wholesome and credible reporting on corporate performance (Molenkamp, 2005).

§2.5.1 Social reports on paper

North America, Europe and Japan have been the front runners in this *triple-bottom line* trend in the communication of corporate social responsibility issues, while Asia, South America and the Arab world are currently slowly catching on. In 2005, 52% of the world's 250 biggest companies (G250) issued reports of Corporate Social Responsibility compared to 45% in 2002 and 35% in 1999 (Molenkamp, 2005). Of the top 100 companies in 16 countries (N100), specific CSR reports have also been rising in popularity. Looking at CSR in various industries, the financial sector has seen the biggest increase in CSR reporting over the last couple of years, having almost doubled (Molenkamp, 2005). This is most likely due to specific new regulations like the Kyoto treaty and the EU Emissions Trading Scheme.

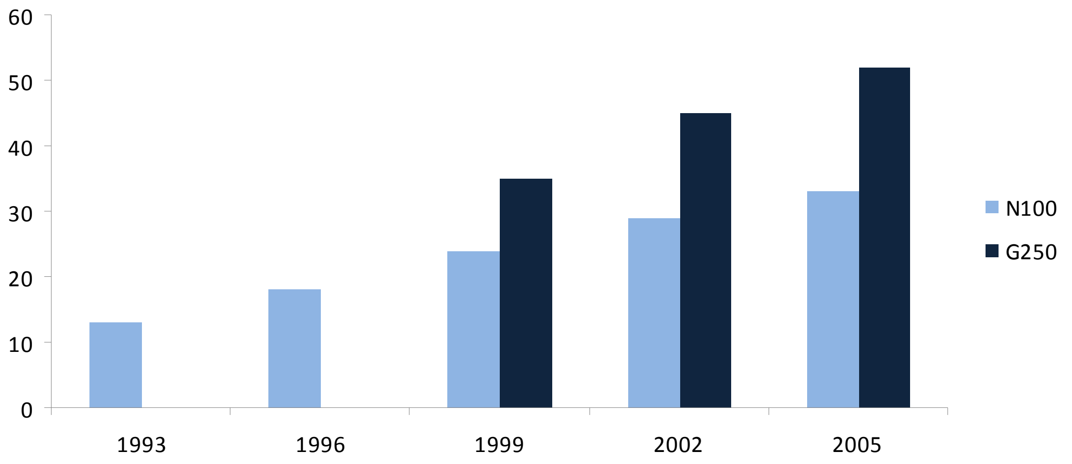

Figure 2.8 – Percentage of N100 and G250 companies with annual reports specifically for CSR issues (Molenkamp, 2005)

In this research study, the spotlight will solely be on online social reporting on the corporate websites of Arab companies. In the next paragraph, the focus therefore turns to online transparency.

§2.5.2 Social reports online: transparency and accessibility

With the worldwide total of Internet subscribers (both narrowband and broadband) rising steadily over the last 6 years (figure 2.13), the importance of having an online corporate presence has also grown sharply. Along with this continuing rise of the Internet, many major companies in Europe, Japan and the US quickly picked up on the growingly popular trend of online performance reporting, online transparency and accountability (The Economist, 2004c; Waddock, 2006).

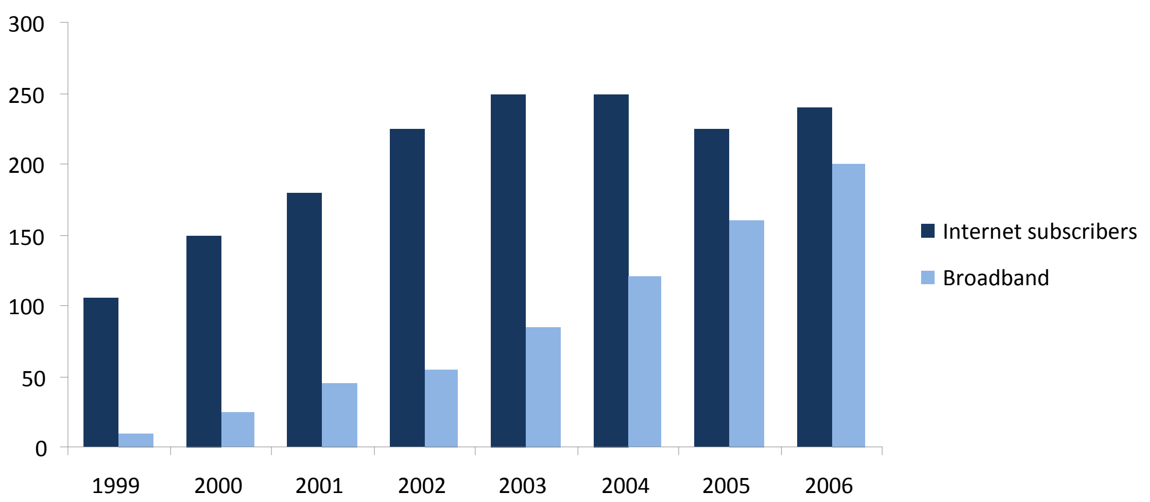

Figure 2.9 – Number of worldwide Internet (broadband) subscribers, millions (OECD, 2006)

The traditional paper annual financial and social responsibility reports therefore evolved into a combined online Internet-based report (Molenkamp, 2005). This allowed much more issues to be covered in a dynamic, interactive and usable way. Currently, many of the major European, North-American and Japanese companies have full-fledged corporate websites with information about their financial, environmental and social performance, in addition to having a paper and PDF version available of both their annual financial and CSR report. Online corporate communication of annual reports is a relatively new phenomenon, which has been slowly starting to replace the paper version of the annual financial, social and environmental reports. In some Western countries these paper reports are obligated by law, yet there as well, the Internet is proving to be the perfect addition to this old-fashioned, static and expensive form of communication (Molenkamp, 2005; Shepherd et al, 2001). It offers much more possibilities in interactivity, multimediality and personalization than the old media channels do. The Internet allows the companies to reach a more diverse, global audience, save money on the costs of producing the printed report, update the information more easily than with print, and provide a user-friendly accessible method for stakeholders to find the information they are seeking (Sheperd et al, 2001).

Looking at what is at the core of a corporate website, both in general and specifically for corporate websites with CSR content, the academic consensus focuses on two main dimensions of research: **information transparency** and **information accessibility** (Chakraborty, Srivastava & Warren, 2004; Zviran, Glezer & Avni, 2005; Shepherd, Abkowitz & Cohen, 2001).

The first dimension, information transparency, covers the issue of what information exactly should be made available online, or the content. In this research study, these *should-haves* are selected through a thorough analysis of internationally adopted voluntary guidelines and frameworks for CSR reporting. A stated before in this research study, the focus will mainly be with the elements that can be characterised to fit the *Profit* element (the economic/financial dimension) of the triple bottom line for CSR, as described in chapters 1 and 2.

The second dimension, information accessibility, consequently covers the issue of how that content should be offered to the users. Because these two dimensions cover two vital fields of online communication (Chakraborty, Srivastava & Warren, 2004; Zviran, Glezer & Avni, 2005; Shepherd, Abkowitz & Cohen, 2001), they will be used as a basis for further exploration in chapter 3 of this research study.

§2.6 Conclusion: CSR, social reporting, and corporate transparency

Synthesizing the theoretical context from the previous paragraphs into an extended version of the social involvement process of Ahmad & Suleiman (2002), this paragraph aims to answer the question of the start of this theoretical exploration.

What is at the core of corporate social responsibility?

It has become clear that the transparent communication of corporate social responsibility activities in three dimension (People, Planet, Profit) is at the core of a socially responsible company: in other words, corporate transparency. Below, the visualisation of the communication process in the context of Ahmad & Suleiman's (2002) model of social involvement has been depicted.

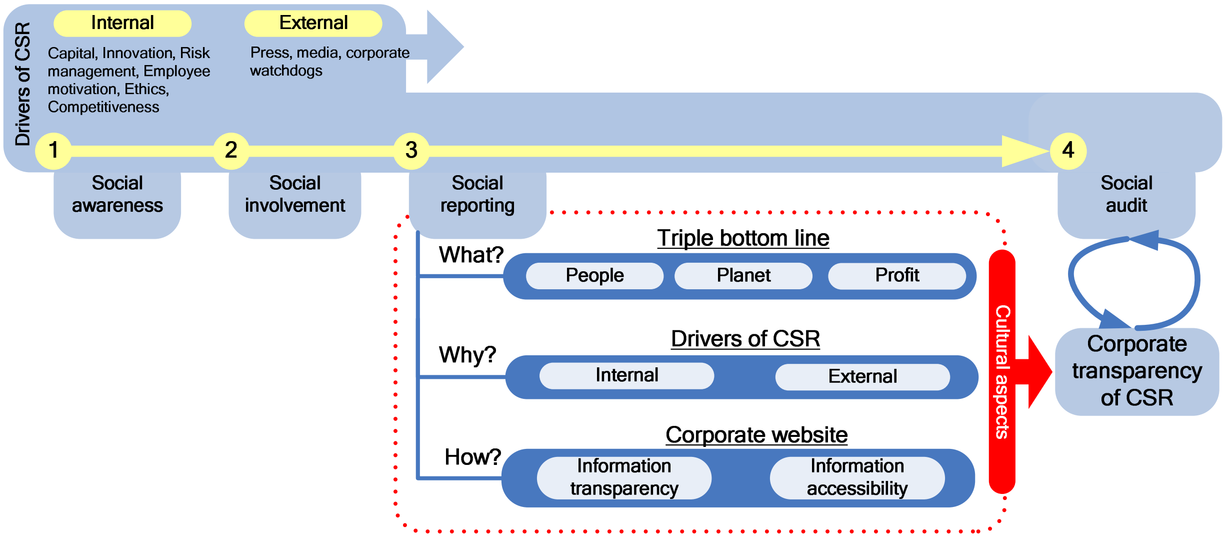

Figure 2.10 – Visualisation of corporate transparency of CSR issues, in the context of Ahmad & Suleiman's model

As has been elaborated upon extensively, a generic characterisation of the gradual process of corporate involvement and social responsibility may be found in Ahmad & Suleiman's social involvement process (2002). The process consists of four phases, namely the social awareness, social involvement, social reporting and social audit phases (§2.4), and may be applied to reflect the global economic cycle towards the corporate integration of a socially responsible strategy. From a look at the current state of global competitiveness for the Arab world in the field of CSR, in addition to a brief cultural analysis in which the intrinsic cultural social involvement in the Arab world became apparent (§2.4), the conclusion was that the Arab region has now entered the third phase of the social involvement process: social reporting.

Social reporting is the first communication phase: in the visualisation, a number of sub elements sketch the means of communication. When looking at what exactly should be communicated, the consensus in paragraph 2.2 was the triple bottom line of CSR: people, or the focus on employees and community, planet, or the focus on the impact on the environment, and profit, or the focus on financial transparency.

In paragraph 2.3, the discussion turned to why companies would want to adopt a CSR-based strategy: the economic drivers of CSR were elaborated upon here.

In paragraph 2.5, the focus then turned specifically to one media channel for the communication of CSR, namely the corporate website: the further subject of this research study. To analyse what should be on this corporate website, the academic consensus was with two major elements: information transparency, or what content is and is not on the corporate website, and information accessibility, or how users may use that content.

Because these last elements are at the core of this research study and will form the basis for a quantitative instrument, the next chapter *Being transparent on the web* will specifically look at the operational meaning of these elements.

3 Being transparent on the web

As addressed in the previous chapters, the last decade has given rise to increased external pressures for organisations to demonstrate social and ethical performance and accountability, and internal drivers have been found to steer towards a socially responsible organisation. Organisations have innovated in their response to these wishes by their stakeholders, by adopting various approaches to social, ethical, environmental reporting and accountability. One of these approaches, as elaborated upon in chapter 2, is the corporate website. In this chapter, the focus turns to the elements that define the quality of a corporate website: information transparency and information accessibility.

§3.1 Transparency of CSR information

For corporate social responsibility and corporate transparency, standardisation of information plays a significant role: the adoption by major companies of reporting and accountability principles has raised the question of what corporate information should actually be transparent to stakeholders. Non-governmental organisations, civil society organisations and the media are doubting the inclusivity, completeness, and meaning of corporate reports: for example, many NGOs feel that the willingness of companies to be transparent and accountable does not stem from a sense of corporate social responsibility, but rather out of a public relations and marketing strategic point of view (Moneva, Archel & Correa, 2006; Clark, 2000).

The result of these doubts and calls for clarity has initiated two trends. Firstly, many national governments and supranational institutions (EU, UN) have signed and implemented international declarations and conventions to guide and control the way in which companies interact with society and the environment, and the way they then report on this. Generally, these declarations and conventions commit companies to a certain reporting standard or reporting frequency and do not specify the exact contents (OECD, 2001).

A trend with much more influence however, is the growing call for standardisation of contents from the corporate world itself, allowing companies to be transparently benchmarked at certain levels. This call has led to the development of a growing number of corporate standards, guidelines, principles and frameworks. These tools for standardisation are voluntary in nature and have much more rapidly been diffused among major global companies (The Economist, 2004c; Waddock, 2006) in comparison to the mandatory governmental declarations. This fast diffusion by major, often multinational, companies happened because of their eagerness to pre-empt the calls from non-governmental organisations, which were meant to reign in the growing power of corporations and to force them to act in an ethical, transparent and socially responsible way towards their stakeholders (Bendell, 2000).

Several frameworks have been adopted by popular vote as the 'definitive' standards for proper corporate transparency in terms of economic, social and environmental reporting. However, with these frameworks the distinction is often made between those offering **aspirational and ethical frameworks** and those that offer **accountability and reporting frameworks** (OECD, 2001). In this chapter, the focus turns to both types, with two representative frameworks from each type being discussed below and later helping to shape the research model used in this thesis. The most important aspirational principles and ethical frameworks are the UN's *Global Compact* principles, and the North-American *Sullivan Principles*. The most important accountability and reporting frameworks are *AccountAbility*

1000 series and the *Global Reporting Initiative guidelines* (OECD, 2001; Molenkamp, 2005). These two different types of frameworks will be addressed in the following paragraphs.

§3.1.1 United Nations' Global Compact

The Global Compact program by the United Nations was started in 1999 with the creation of nine aspirational principles for the business and governmental world. The principles covered 4 main areas of social responsibility, each derived from these major UN declarations (UN Global Compact, 2007):

- Human rights (derived from the *Universal Declaration of Human Rights*);
- Labour (derived from the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*);
- Environmental responsibility (derived from the *Rio Declaration on Environment and Development*);
- Anti-corruption (derived from the *United National Convention against Corruption*).

The International Declaration of Human Rights is the foundation for this program, and it urges organizations to make sure that all human beings are treated equally in their respective spheres of influence. Furthermore, organizations should ensure the abolition of any forced labour of child labour, and should ensure their employees with the freedom of association. Organizations are also encouraged to take action in countering the harm they do to the environment or in countering any negative effects they might have, and to replace these by innovative, greener technologies (OECD, 2001). Lastly, the issue of corruption is a major dimension of the Global Compact principles. A complete list of the UN Global Compact aspirational principles can be found in the appendix 9.2.

§3.1.2 Global Sullivan Principles of Social Responsibility

The Global Sullivan Principles were created by a reverend in South Africa in the 1970s and was one of the first sets of aspirational principles formed to stimulate business and community interaction through the focus on ethical business, employee safety, and employee development. Its initial purpose was to trigger investments from American companies in South African companies, allowing for the equal treatment of all employees. In the late 1990s, these original principles were modernized and launched again, encouraging companies to support economic, social and political justice wherever they do business. The main principles in this framework are (OECD, 2001; Global Sullivan Principles, 2007):

- Support for universal human rights with particular interest for employees, the communities in which the company operates and other parties with which the company does business;
- Promote equality for employees at all levels of the company and operate without unacceptable worker treatment;
- Provide a safe and healthy workplace for employees, protect human health and environmental, and promote sustainable development;
- Promote fair competition and ethically sound business.

This framework is very strict in these principles and demands a high level of ethics and social involvement from a company. If a company wishes to uphold the Sullivan Principles, it should provide information that really shows its allegiance with the Sullivan organization. A complete list of the Sullivan aspirational principles can be found in the appendix 9.2.

§3.1.3 AccountAbility 1000 Series (AA1000s)

This British framework, first created in 1999, revolves around the quality of social and ethical accounting, auditing and reporting. It provides company with a set of standards, which can either underpin the quality of the specialized accountability instruments that currently exist or are emerging, or it can be used to serve as a process for the management and communication of social, ethical, and economic performance (AccountAbility, 2006). AA1000S is based on the Inclusiveness principle, which means that it uses the stakeholder theory as its foundation. That is, it says that all stakeholders of the company (employees, management, but also surroundings like neighbours and activists) should have access to the corporate performance information of the company (OECD, 2001). This framework is designed for both internal and external audit procedures, and can be used by companies, governments and NGOs of any size. For an overview of its principles, see Appendix 9.3.

Figure 3.1 – The AccountAbility process model

To reach the aim of Inclusiveness, labelled *stakeholder engagement* in the centre of the diagram on the left, AccountAbility interestingly uses a phase model that consists of similar elements as used in Ahmad & Suleiman's model from Chapter 2.

The *Planning* phase established the organisation's commitment to the process of social and ethical accounting, auditing and reporting, and to the important role of stakeholder within this process. It also identifies stakeholders and defines its corporate values. In the second step, *Accounting,* stakeholders are engaged to find relevant issues that must be reported upon to fulfil the information needs of the stakeholder groups. These issues should be the base for the creation of performance indicators, further analysis, and a clear image of the company's performance on these indicators. In the third step, *Auditing and reporting*, this performance should then be communicated. Finally, the process of embedding means the organisation establishes systems to support this phased model; it aims to achieve the targets based on the performance indicators, which were gathered through stakeholder engagement, and to act in line with the corporate values. These performance indicators cover two main dimensions, namely **organisational accountability** and **reporting accountability**.

In the first dimension, among the issues of relevance are the organisation's *profile, history, and outlook*; its *mission and values*; its *governance structures*; and its *statutes and codes of conduct*. The second dimension covers reporting issues, such as using the *triple bottom line* to select content; the report's *compliance and legitimacy*, an *auditing statement* to prove external checking; working from the *inclusivity* principle to assure the say of stakeholders; and the reporting on other *external benchmarks*, such as ISO compliance.

§3.1.4 Global Reporting Initiative (GRI)

The Global Reporting Initiative or GRI in short, is the brainchild of the CERES (Coalition for Environmentally Responsible Economies) organization, which encompassed the principles of over 50 social and environmental justice groups. The product of the GRI is a set of metrics intended to be applicable to the CSR (and CSR reporting) of all companies and organizations, but there are also industry-specific frameworks. This set of metrics is focused on the presence of a statement by the CEO, the key economic, social and environmental indicators, descriptions of relevant policies and strategies of the company, relationships existing with stakeholders, a measurement of the management performance, operational performance and product performance, and finally an overview of the contribution to sustainability by the company (GRI, 2002). In effect, the guidelines of the GRI cover the exact same fields of Corporate Social Responsibility as the ones discussed in chapter 2, namely the *triple bottom line* of People, Planet and Profit (SER, 1996). The GRI covers these fields by the use of various key principles for **report content** and **report quality**, which are displayed in the exhibit below. The main principles of the GRI framework are *transparency of corporate performance* and *inclusiveness of stakeholders*, much like the AccountAbility framework.

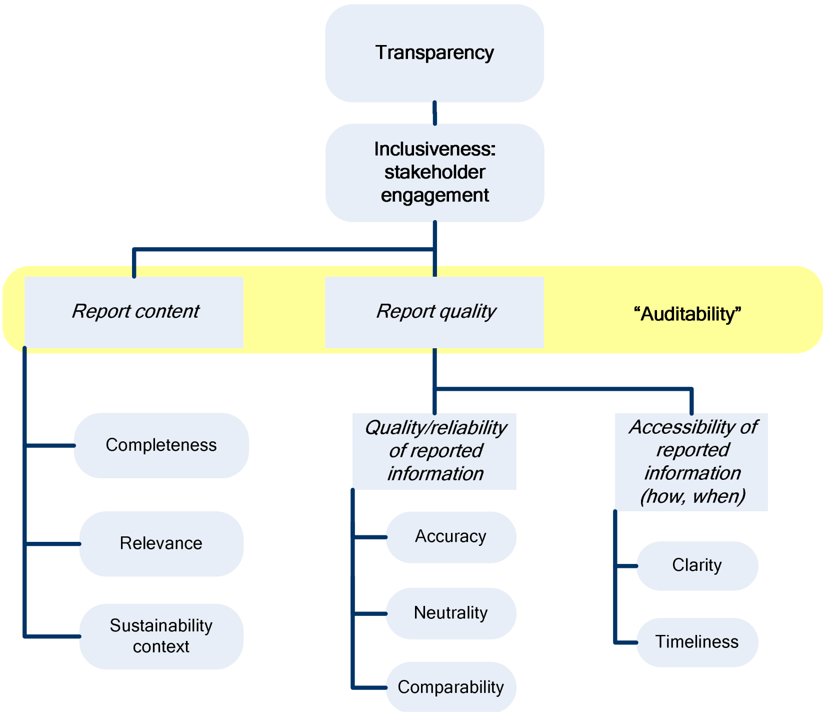

Figure 3.2 – Global Reporting Initiative's key principles for report content and quality (GRI, 2002)

First of all, it covers the **report content** by the use of three reporting principles – completeness of information, sustainability context and materiality (is the information relevant?). These principles should determine what information exactly should be reported upon (GRI, 2002).

Examples of the content that should be addressed according to the GRI framework are ***organisational vision and strategy*** (both in general and specifically concerning CSR); ***a thorough profile of the organisation*** (markets served, size, products/services offered, consolidated structure); ***CSR report background*** (who are the contacts, what is the period reported upon, what are the assurance policies); and ***governance structure and policies*** (board member description, board compensation policies, controlling policies, share and shareholder information, board-level processes for the identification of CSR issues).

Furthermore, the actual **report quality** is determined by two main dimensions, namely the quality and accessibility of the information. These two dimensions can further be characterised by five principles: accuracy, comparability, neutrality, clarity and timeliness. The balance between these principles determines the overall transparency and accessibility of the CSR report (GRI, 2002).

An element of the reporting process that is important in both reporting dimensions is the '*auditability*' of the report. The *auditability* has been labelled yellow in the figure above, indicating that is a vital concept in the GRI reporting process and underlying to both reporting dimensions. This step should ensure that the company uses a benchmark by which the performance can be compared to other peer companies or organisation. A company should also disclose information on itself as a whole entity, meaning the company with all its subsidiaries. This disclosure should focus on the company's profile, including information of the company strategy and governance, and on the management approach, including information on how exactly an organizations addresses the relevant CSR topics.

§3.1.5 Comparing the frameworks

When comparing the frameworks on the coverage of the triple bottom line dimensions of People, Planet and Profit, it seems that the GRI is the most wholesome framework currently available. The OECD (2001) and European Commission (2003) graded a total of 17 frameworks on their coverage, and the 4 frameworks mentioned above scored as depicted below. It is clear that the GRI scores best as the framework that determines what information should be addressed.

Instrument	People	Planet	Profit	Popularity
United Nations Global Compact	+	+	+	✓✓
Sullivan Business Principles of CSR	+	++		✓
AccountAbility 1000 Series	+	+++	+	✓✓
Global Reporting Initiative (GRI)	+++	+++	+++	✓✓✓

\+ Inclusion, with minimum coverage
++ Inclusion, with some coverage
+++ Inclusion, with extensive coverage

Table 3.3 – OECD's (2001) *Global instruments for CR* and EC's (2003) *Mapping instruments for CSR*

The Global Reporting Initiative is also the most widely used set of principles in the world, as depicted in the table above. According to Molenkamp's research in the KPMG Global Sustainability Survey (2005), over 40% of the world's companies and organizations reporting their Corporate Social Responsibility related actions use this framework as the foundation for the decision on what information to include in their paper and online reports (Molenkamp, 2005). The adoption of the AccountAbility framework has also gone swiftly, with 20% of the world's companies and organisations that report on CSR using these guidelines for content. In the next paragraph, the frameworks will serve as the knowledge base from which the most relevant issues for online transparency will be filtered.

§3.2 Key issues of information transparency

The key issues that must be covered by the corporate website for an acceptable level of corporate transparency can be distilled from the voluntary frameworks discussed above (OECD, 2001; Molenkamp, 2005; GRI, 2002). The Global Reporting Initiative has been used as the main framework. As displayed in the previous paragraph, the GRI frameworks covers the dimensions from the triple-bottom line the best and currently is the most popular framework in use globally.

In the table below, the key issues have been listed along with a short description and from which framework or theory the element was adopted for use. As stated in chapter 1, the focus of this research will be on the Profit dimension of the triple-bottom line: thus, the other two dimensions (People and Planet) are left for further research and have not been included in the list below.

Element	Description	Deduced from
Profit, or economic CSR	Reporting wholly on financial performance: annual report, share, dividend, market outlook, etc.	SER (1996), AA1000s (2006), GRI (2002)
Corporate products/services	Specification of products and services from a corporate perspective	GRI (2002)
Corporate profile	Elaborating on mission, strategy, core values, company history and future, message from the CEO, etc.	GRI (2002)
Corporate governance	Elaborating on the company power structure and policies for power control and decision making	GRI (2002), AA1000s (2006), Global Compact (2000)
Corporate standard	Specification of recognition from (inter)national standards and/or frameworks, such as ISO, GRI, GI, etc.	GRI (2002), AA1000s (2006), ISO (1999), Global Compact (2000)
Corporate idealism	Elaboration on the company values, business principles and ethics	Global Compact (2000), Sullivan (2007), Melé, (2002)

Table 3.4 – Key issues of information transparency

One of the most important elements in the GRI framework largely coincides with an element from the *triple bottom line*, namely the element Profit (SER, 1996; AccountAbility 1000s, 2006; GRI, 2002). The element Profit, as we have seen in previous chapters, covers economic performance, accountability and responsibility and is a basic element of the concept of corporate social responsibility reporting. In an information transparency context, this means that companies or organisations will have to make available and report transparently on certain key issues. Examples of these issues are the annual financial reports, share performance information, dividend information, market outlooks, and global investment ratings; in essence, it covers a wide range of issues that are often regarded as *investor relations* issues.

Furthermore, another key issue is the transparency of companies on their website about their corporate products and services. According to the GRI framework, this information transparency should be *focused on being informative from a corporate view, not persuasive from a commercial view* (GRI, 2002).

A third key issue in information transparency is the corporate profile. In order for a corporate website to be acceptably transparent, it should for example have information detailing the company's history, core values, a clear strategy and vision, and a message to the reader from the company's CEO (GRI, 2002).

Furthermore, corporate governance is a key issue that is both regarded as both an ethical and an organisational structural principle. In itself, it has become a trend, much like corporate social responsibility: unlike corporate social responsibility however, it has been researched extensively.

Consequently, it is a hugely relevant and popular issue with a very wide scope: it ranges from principles of ethical business conduct to policies for the rewards of the board members. In the context of information transparency, a corporate governance section on the corporate website should cover issues such as power structures and the control of decision makers. A principal framework for corporate governance is the GRI (2002), but also AccountAbility framework AA1000s (2006) and Global Compact (2000) cover the issue.

Corporate standard is a key issue that stems from both the GRI (2002) and the AccountAbility (2006) frameworks: a corporate website should have information on the company's implementation of certain international standards, such as ISO (*International Organization for Standardization*) compliance. This critical success factor is related to the GRI principles of neutrality and comparability. By being transparent about the implementation of internationally recognised standards, the company is providing the stakeholders with a neutral, unbiased standard that allows the stakeholders to compare the company to its peers (AccountAbility, 2006).

Finally, corporate idealism is a key issue in successful online corporate transparency. Companies and organisations should be transparent in the communication of their business principles and corporate ethics. These principles and ethics go for both the internal and the external stakeholders. This element has its roots in the aspirational frameworks such as the Global Compact (2000) and the Sullivan framework (2007), but also in theories such as the *common good approach* mentioned in chapter 2 (Melé, 2002).

§3.3 Accessibility of CSR information

In the previous paragraph, the key issues for transparency of information regarding economic and financial CSR issues became apparent. The other side of online transparency and CSR reporting is how the content can be presented in the most effective way to the user. Therefore, the focus of this paragraph is turned to the characteristics of how a good, effective, successful website makes its information accessible. The type of research that can indicate the relevant characteristics and their supposed performance is usability research.

§3.3.1 Making information accessible: usability

Marisco and Levialdi (2004) and ISO (1999) define usability as

> **(...) the extent to which a product can be used by specified users to achieve specified goals with effectiveness (the accuracy and completeness with which users achieve specified goals), efficiency (resources expended in relation to the accuracy and completeness with which users achieve goals) and satisfaction (the freedom of discomfort, and positive attitude to the use of the product) in a specified context of use.** (1999, p. 383)

Usability research has been continuously improved over the last fifty years, evolving from being applicable to military machinery to a technique that could be applied on most new technologies. Over the last twenty years, the arrival of the personal computer boosted the need to understand how human beings interacted with computer software; thus, researchers also employed the usability construct to this new technology, paving the way for the analysis of information systems, websites and other hypermedia (Fang & Holsapple, 2006)

These analyses of user interfaces have resulted in many guidelines. One of the founders of usability as we know it is Jakob Nielsen. He has done extensive research on usability techniques and usability elements, resulting in a technique that has become widespread: usability heuristics. It was defined by Nielsen & Molich (1990) as

> **(...) an informal method of usability analysis where a number of evaluators are presented with an interface design and asked to comment on it.** (1990, p. 340)

In the same paper, they listed a set of key heuristics for usability analysis. These heuristics mainly focused on the usability fields of the language used to relay the information, the time it takes for users to process steps, and consistency and functionality of the design.

• Minimize the user's memory load	Efficiency
• Provide shortcuts	Efficiency
• Be consistent	Efficiency/effectiveness
• Provide clearly marked exits	Effectiveness
• Prevent errors	Effectiveness
• Provide feedback	Effectiveness
• Simple and natural dialog	Language
• Avoid using jargon, but speak the user's language	Language
• Provide good error messages	Language

Table 3.5 – Key heuristics for usability analysis (Nielsen & Molich, 1990)

These heuristics are very applicable to websites and the Internet. But according to Mariage, Vanderdoncht and Pribeanu (2005), an application of these heuristics to a user interface such as a website will cover the most basic elements, but is definitely not sufficient. They suggest that even if a website covers all the heuristics well, it still might be deemed to be unsatisfactory by the user. Thus, there should be more elements of information accessibility available for this research paper. According to Hallahan (2001), a website is in essence a set of documents which the user goes through in order to find the required information; this requires the information to be organized, well-presented and easily accessible to the user. These facts are especially true with the core of this research, the economic corporate social responsibility information on a corporate website. The user must be able to navigate properly through the abundance of corporate information, in other words, it should be made accessible by the company (Palmer, 2002). Furthermore the user should be able to manipulate that information, in essence making it a personalized website. Palmer (2002) also found that good navigational design and use of interactive features help the user find his information more quickly, leading to a higher satisfaction with the website. Moreover, the convergence of media channels is also important for a better accessibility of the website.

Examples of interactivity are the use of a feedback form or an online debate facility, or even an interactive game about the company or business itself. Examples of convergence are providing streaming video and audio feeds on the corporate website during press conferences.

Furthermore, the website's language is also an element of usability. According to Coope (2004), there are dangers in using communication to compensate for a corporation's mediocre performance. Make it dull and no one reads it, make it interesting and you'll be accused of misrepresenting the facts. The language should be straightforward, clear and unambiguous (Coope, 2004).

§3.3.2 Specific accessibility of online CSR

In his research, Coope (2004) furthermore addresses five specific accessibility and usability issues that must be implemented to reach the full potential of a CSR related website (see below).

Element	Examples
• The CSR section should be accessible and easy to use	Search function, archives, indexing
• The CSR section should use multiple report formats	PDF & HTML annual reports
• The CSR section should be interactive and dynamic	Feedback option, contacts, polls, games, personalizing option
• The CSR section should be prominent and promoted	Link on the home page, links from IR section, addressed in news section
• The CSR section should be consistent in design	Should match the main site

Table 3.6 – Coope's elements of usability for online corporate social responsibility (2004)

First of all, Coope suggests that the CSR website should be made accessible to all stakeholders and users and that it should harness the full capacity of database power, making use of search engines, archiving and indexing.

Also, the website should not offer just a single format of the CSR report. The PDF format is great for printing but the HTML based report is much more useful for online use. It is easy to load and is very flexible and dynamic, creating new ways with which to present information to the user.

This dynamic quality of HTML allows for another element to be implemented, namely the use of interactive tools. Feedback forms, contact details, online polling, interactive games and the use of forums and message boards are all options that become available to a dynamic website, which improve the usability of it (Palmer, 2002).

Another issue is the prominence of a CSR website in the main site. It should be accessible from the main page, not just to help the user in its search for the right information, but also to stress the importance of CSR to the company as a whole. This last point can be implemented by putting links to CSR pages in other relevant sections of the website, such as Investor Relations or Human Resources.

Finally, Coope (2004) suggests the website's design should be similar to that of the main website, again to stress the important of CSR to the company.

§3.4 Key issues of information accessibility

As discussed in the previous paragraph, a variety of characteristics determine the accessibility of a corporate website. These include the heuristics of Nielsen (1990) but also other vital ingredients making up a usable website such as those listed by Coope (2004). It was found that information accessibility can be expressed in a number of major elements listed below.

Element	Description	Deduced from
• Website logistics	Simple navigation, hierarchy, search function, consistency, good design	Hallahan (2001), Palmer (2002), Nielsen (1990)
• Language	Clear, simple, no jargon, understandable to various stakeholders	Nielsen (1990), Coope (2004)
• Personalization	Customizable	Palmer (2002)
• Report formatting	Multiple formats (HTML, PDF)	Coope (2004)
• Interactivity *(Web 2.0)*	User created content, feedback, two-way traffic	Palmer (2002)

Table 3.7 – Key issues of information accessibility

First, there's a *logistical* element to any website (Hallahan, 2001; Palmer, 2002; Nielsen, 1990). This concerns the way in which the website is structured (hierarchy or not) and offers ways to navigate that structure (search functions, clear exits, links). The *language* is also an issue that is of importance, as both Nielsen (1990) and Coope (2004) made clear in their research. Ideally, the language used should be clear, concise and free from spelling or grammatical mistakes. It should also be accessible to multiple stakeholders and user and should at least be bilingual. *Interactivity* is a third key issue, covering the ways in which the website allows users to interact with the company (Palmer, 2002). Examples would be the availability of forums, polls, mailing lists, FAQs and contact details. In line with Interactivity is the key issue of *personalization*, also derived from the work of Palmer (2002). This element is concerned with the options offered on the website for personalized newsletters, analytical tools and adjustable tables and graphs. Finally, *report formatting* is an important element of usability specifically for CSR reporting (Coope, 2004). It concerns the question if a site offers multiple formats (PDF and html) for their online annual reports and CSR information.

On the next page, a case has been added to further elaborate on the theories and key issues of the information transparency and accessibility dimensions, through a practical example. The focus turns to the award-winning corporate website of Novo Nordisk, a Danish pharmaceutical company. As will become clear, the corporate website of this company is a benchmark when it comes to transparently reporting on CSR issues.

§3.5 From key issues to an instrument

The previous paragraphs initially explored the available theoretical context of online corporate social responsibility, narrowing down to the most relevant or key issues that may be used for this research study. These key issues were at the core of the research instrument, and were therefore further operationalised by use of both existing CSR frameworks and current usability research.

The result of this chapter is a comprehensive instrument for the quantitative measurement of the transparency and accessibility of corporate social responsibility information on the corporate websites of the 50 largest companies in the Arab world. In the next chapter, the focus turns to the validation of that instrument and the consequent use of it through a comparative analyse and trend study of the 50 corporate websites.

Case study: information transparency and accessibility of the Novo Nordisk website

Novo Nordisk, a global pharmaceutical company from Denmark, has won many awards for its transparent and high quality CSR reporting techniques. The company has won the European Sustainability Reporting Awards for 6 consecutive times (Strauss & Bird, 2007). Its reports are published in a paper form, but the company also uses its corporate websites to report in a transparent way. Novo Nordisk does this by using the most important dimensions of CSR (People, Planet, and Profit) to give information, adhering to the leading CSR reporting framework: the Global Reporting Initiative (GRI, 2002). The result is a best practice website with an incredible amount of standardized CSR information that is presented in a highly usable way. Below, the focus turns to the Investor Relations and Sustainability parts of this best practice website.

The Investor Relations section of the Novo Nordisk website has full coverage of all important issues for **successful economic transparency** (GRI, 2002), such as shareholder information, full financial data, share performance, full corporate governance information and a corporate calendar. What makes the website unique is the use of **converging media** to serve the stakeholder (Palmer, 2002). The website features streaming audio and video broadcasts of shareholder meetings, financial presentations, TV appearances of the management, and interactive share performance analysis.

Looking at the latest annual report available on the Investor Relations website, the **formatting** of the annual report is HTML-based and thus **very dynamic** (Coope, 2004; Palmer, 2002). Instead of offering the user just a static PDF format of the paper annual report, the Novo Nordisk corporate website offers the full potential of the modern Internet to make the data dynamic, usable and clear. Through interactive charts, the user can manipulate the CSR data (such as social and environmental impacts) and graph them as he likes. By providing the option to manipulate key performance indicators, Novo Nordisk allows the stakeholder to make his own conclusions about the performance of the company. In addition to all this dynamic HTML-based data, the website also provides almost everything in a PDF format, which is more suitable for sending by email and for printing.

Furthermore, to engage the user, the website offers **interactive** games (Palmer, 2002). This puts the user in the shoes of the company itself, allowing him to make decisions and see their consequences in a virtual environment. The games revolve around business ethics, climate change, and economics and health.

The user and stakeholder is also encouraged to be in communication with Novo Nordisk; through easily accessible **feedback** forms and email addresses, the user is given the opportunity to let the company know how to improve its reports in the fields of materiality, completeness and responsiveness (Cooper, 2004; GRI, 2002).

Finally, a great asset of this online annual report is the **auditing process** (GRI, 2002; AccountAbility, 1999). First of all, the auditing and accountability process has been reported on in detail, providing information on internal and external auditing, auditing policies and auditing results. Secondly, where a paper based annual report has an auditor's report attached, the online annual report must have something similar: Novo Nordisk's solution is that the online report has a symbol of a green ✓-tick on almost every individual page, which indicates that that page has been assessed by the auditor.

4 Methodology

The previous chapters have attempted to create a clear context and argumentation for this research. However, the goal of this research, to create an overview of the current state and trend development of corporate transparency and corporate social responsibility reporting in the Arab world, requires a specific approach. This chapter elaborates extensively on the research methodology. It is structured by addressing three main phases in this research: firstly, §4.1 addresses the theoretical creation and validation phase of the instrument that is at the core of this research. Secondly, §4.2 elaborates on the method by which the instrument was implemented as a research tool, leading to the actual comparative analysis phase. Finally, the trend study method and instrument will be explained in §4.3.

§4.1 Model and validation

As was already addressed in the first chapter, academic research in the fields of corporate social responsibility is in an embryonic stage: there is no real academic consensus over the empirical methods that could best be used to chart these organisational phenomenon, nor is their a definitive academic consensus over existing instruments that could be used in this fields. However, it was found that in the context of the social reporting phase in Ahmad & Suleiman's model (2002), successful online communication through corporate websites relies on two main dimensions, namely the information transparency and the information accessibility of that website (Chakraborty, Srivastava & Warren, 2004; Zviran, Glezer & Avni, 2005). The arguments to focus on these dimensions were further elaborated upon in paragraphs §3.2, §3.3, §3.4 and §3.5. As shown in this Chapter 3, various frameworks for online corporate social responsibility and corporate transparency *do already* exist, and they *do already* map the key issues that should be addressed in the process of successful corporate social responsibility reporting and corporate transparency. The information from these frameworks pin points key issues and items in information transparency. During the literature review of online corporate transparency, some empirical base was also found to exist: in the website usability field, research showed a consensus on the key issues and items for information accessibility.

After this synthesis of information on the dimensions of information transparency and accessibility into a solid instrument, the question rose if the key issues and items in both dimensions truly covered the research subject, and if not, how could they be better operationalised to provide an answer to the main research question? Validation is a procedure for estimating the level of compliance of a model or instrument with the actual reality. In the case of this study, the instrument's *content validity* needed to be established: content validity is a judgement that concerns how well the elements and items selected to measure a theoretical construct, represent all the dimensions of the concept that is being measured (Hasson et al., 2000). To validate the elements and items used in the instrument of this study, the Delphi method for content validity was chosen. Furthermore, to assess the reliability of the instrument in practical use, Cohen's kappa was used to determine the level of agreement between the researchers, or raters.

§4.1.1 Delphi

Pre-study validation through Delphi is a method that focuses on the consensus of experts on the researched subject, through consequent rounds of structured group analysis. It often is used when there is little prior empirical research available in the academic literature (Linstone & Turoff, 1975) and it is a relatively efficient method with good results (Powell, 2003). The group of experts, called the panel, are anonymous and over a number of rounds each member is confronted with the questions, comments, and alterations to the instrument of the other panel members. He or she then adds their own questions, comments and alterations, and evaluates the altered instrument: the goal of the Delphi method is the general consensus of the panel on the validity of the instrument. In this research study, the Delphi method was applied because of the limited availability of empirical academic research on corporate transparency and corporate social responsibility, and because the available literature had been synthesized to form a new two-dimensional instrument, which had not been tested for its content validity before.

In this study, selected expert panel members were recruited through their presence on regional and international conferences and their daily involvement with CSR and corporate transparency research. They were contacted through email to participate in this Delphi research. A total of five experts responded positively and confirmed their participation. The panel consisted of one Lebanese university professor of corporate social responsibility, one Dutch CSR business consultant and university professor, two Jordanian CEOs of companies involved in the promotion of CSR in the Arab world, and one professor of corporate website usability from the United Arab Emirates.

The panel participated in two phases of the Delphi analysis, namely the exploratory phase and the consensus phase. The exploratory phase was used to gather specific suggestions from the experts for items to use in the instrument. The consensus phase then aimed to get the panel of experts to agree on the validity of that instrument, which had been further expanded with the findings from the exploratory phase.

§4.1.2 Delphi: exploratory phase

The experts, or panellists, received an initial e-mail that introduced and listed the key issues for the two main research dimensions. The e-mail then posed these questions:

- What other specific elements of corporate social responsibility would you look for when browsing a corporate website?
- What other specific usability elements would you consider relevant when browsing a corporate website?

This exploratory strategy served as an idea-generation phase to uncover how the individual panellists would further specify the two research dimensions and their key issues. The findings were then used to expand the initial instrument, as it had only so far been made up of elements compiled from the theoretical context in chapter 2. The results from this first phase served to create a draft version of the instrument that specified the key issues into items, which in turn served as the input for the second phase of the Delphi method.

The output of the exploratory and consensus phases was respectively the draft and final version of the instrument. The comparison of the draft and final versions had been made visible below.

Information transparency	Number of items		
Key issue / *characterisation*	**Draft (Exploratory)**	**Final (Consensus)**	**Change**
Profit/Economic responsibility	17	17	**0**
Full financial data/report, investor relations			
Corporate products	3	3	**0**
Products, services and brand-related items			
Corporate profile	18	16	**–2**
Profile of the company, company news, history/future item			
Corporate governance	6	5	**–1**
Power structure and power policy-related items			
Corporate standard	2	2	**0**
Associations with other organisations, (ISO) standards			
Corporate idealism	3	3	**0**
Corporate values & etiquette-related items			
Information accessibility			
Key issue / *characterisation*	**Draft (Exploratory)**	**Final (Consensus)**	**Change**
Website logistics	15	11	**–4**
Navigation, hierarchy and functionality-related items			
Language	5	6	**+1**
Items related to use of language on the website			
Personalisation	4	3	**–1**
Items related to ease of manipulating performance data			
Report formatting	8	4	**–4**
PDF/HTML-related items			
Interactivity (*Web 2.0*)	4	8	**+4**
Interaction and feedback-related items, use of RSS, video, audio			

Table 4.1 – Characterisation, total number, and change of items in the draft and final versions of the instrument

The items that were named by the 5 participating panellists in the exploratory phase were compiled, and where possible bundled to form the draft version of the instrument. The next phase, the consensus phase, aimed at obtaining the panellists' consensus about the result of the exploratory phase, namely the translation of the elements into items. The results of the consensus phase are further discussed in the next paragraph.

§4.1.3 Delphi: consensus phase

The second phase aimed to reach a general consensus of validity within the group of five experts through two rounds of Delphi evaluation. Firstly, the panellists received the second version of the draft instrument per email, as prepared by the researchers after phase one. The full instrument was constructed of the key issues, specified to an item-level that could be quantified by a five-point scale. They were asked to give their opinion about the adequacy of the key issue as covered by these items, grade the degree of adequacy for the key issues with items using a score system ranging from 0 to 10, and to again give specific suggestions for inclusion, exclusion, and alteration of items (see table below). After this first round, a second round was used to send panellists the key issues for which no consensus was reached. An average grade of 6 for a key issue, in addition to not being found inadequate by any of the panellists, was the minimum score for general consensus. If general consensus was not reached for a key issue, an extra round of Delphi evaluation was initiated again for that key issue.

The general conception of the key issue seems to be:		
☐ totally adequate	☐ partially adequate	☐ inadequate
Tick the grade you would give to the key issue as a whole:		
☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐10		
Are there items you would add, omit or modify?		
☐ No	☐ Yes	
	Indicate the item and give your suggestion	

Table 4.2 - The short instrument evaluation questionnaire that was sent to panellists in the consensus phase

Of the five experts that took part in the panel of the exploratory phase, all five (100%) agreed to participate in the second phase of the Delphi validation. Consensus on validity was obtained by the panellists in the second round of consensus determination. None of the panellists disagreed with the overall theoretical construct of the instrument as presented after the first draft. As displayed below, agreement on partial or total adequacy was achieved in all sections in the first round, although some key issues performed better than others.

In the information transparency dimension, the items were generally deemed to cover the key issues adequately. General consensus was achieved in the first round and specific suggestions for inclusion, exclusion, and alteration of items were not many. In the figure below, the Delphi results for consensus have been compiled for the information transparency dimension. The figure shows the percentage of panellists to find the key issue totally adequate, partially adequate or inadequate, as well as the mean grade and its standard deviation in bold font.

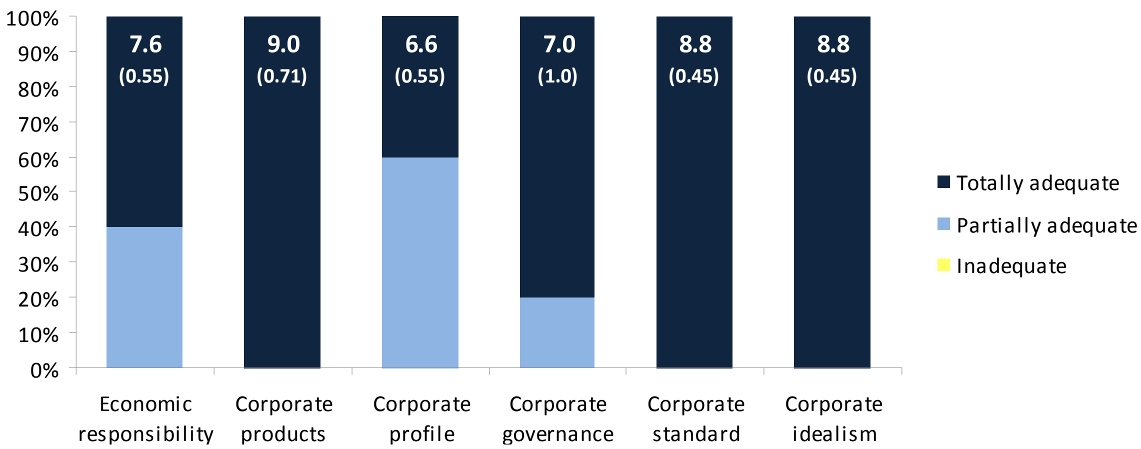

Figure 4.3 – Information transparency: adequacy and grading of key issues after consensus phase, round I

As can be observed, none of the key issues are graded below the minimum score of 6, nor are found to be inadequate by any of the panellists. A total of 3 out of 6 key issues (50%: *Corporate products*, *Corporate standard* and *Corporate idealism*) have 100% consensus between the panellists on their total adequacy. For the *Economic responsibility* issue, 60% of the panellists agreed that the items covered the issue totally adequate, while the other 40% considered them partially adequate. No further suggestions were made for inclusion, exclusion or alteration of items for these key issues, and were therefore not further altered for the final draft of instrument. The panellists did however make some suggestions for the two lowest scoring key issues.

The items under *Corporate profile* were deemed to cover the issue less well, with only 40% of the panellists agreeing on total adequacy. This consensus on partial adequacy was also reflected in the average grade (6.6) given to the key issue by the panellists, which was the lowest grade given to a key issue in this dimension. However, the key issue received no vote of inadequacy so was still found to have a positive consensus between the panellists. A total of 2 items from the exploratory phase were suggested to be excluded, a suggestion that was reflected in the final draft as can be seen below.

For *Corporate governance*, 80% of the panellists found the items to cover the key issue totally adequately. The key issue also scored an average grade of 7 between the members of the panel. A suggestion that was made by 3 of the 5 panellists was the exclusion of 1 item, which is reflected in the final draft.

In the information accessibility dimension, the items were agreed upon to cover the key issues less adequately than in the transparency dimension. General consensus was not achieved in the first round and specific suggestions for inclusion, exclusion, and alteration of items were numerous. In the figure below, the Delphi results for consensus have been compiled. The figure shows the percentage of panellists to find the key issues of the information accessibility dimension totally adequate, partially adequate or inadequate, as well as the mean grade and its standard deviation in bold font.

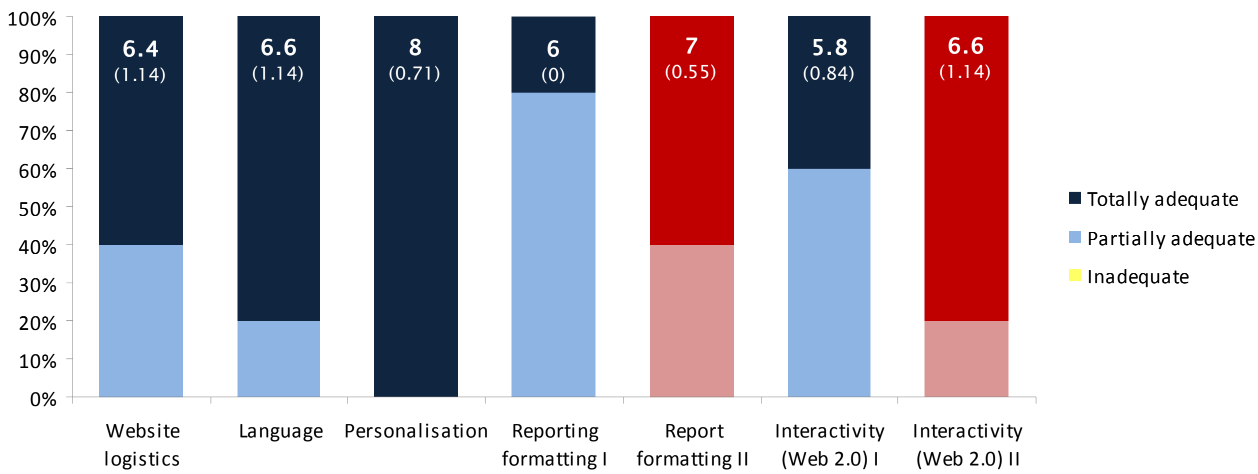

Figure 4.4 – Information accessibility: adequacy and grading of key issues after consensus phase, rounds I & II

As can be observed, one of the key issues, namely *Interactivity/Web2.0,* was graded below the minimum score of 6 in round 1. Another key issue, *Report formatting*, was graded with the bare minimum in the first round. None of the key issues were deemed to be inadequate by any of the panellists.

However, most of the panellists found the items from the draft instrument to cover the key issues *Interactivity/Web2.0* and *Report formatting* only partially, with a respective 60% and 80% of the panellists claiming partial adequacy. This was reflected in the suggestions made for inclusion and exclusion. The panellists suggested that 4 items were to be taken from *Report formatting* and placed under *Interactivity*, because it would fit the characterisation of the key issues better in the final draft. After this change was made, round 2 (as depicted in red hues in figure 4.4) reached general consensus among the panellists about the adequacy of the two key issues. Report Formatting was found to be totally adequate by 60% of the research and scored a 7, while Interactivity/Web 2.0 was claimed to be totally adequate by 80% and scoring a 6.6.

Only one of the six key issues (*Personalisation*) was agreed upon to be totally adequate, scoring an 8 on average between the panellists. However, one panellist suggested the exclusion of 1 draft item.

For the *Website logistics* issue, 60% of the panellists agreed that the items covered the issue with total adequacy, while the other 40% considered them partially adequate. The average grade between the panellists was 6.4, thus also scoring sufficiently high to have general positive consensus. Some suggestions were made for items in this key issue, with 4 items being excluded in the final draft of instrument.

Finally, the *Language* issue was also generally agreed upon. Some 80% of the panellists found the key issue totally adequate, while the remaining 20% considered it partially adequate. The average grade between the panellists was 6.6, thus also scoring sufficiently high to have general positive consensus. A single suggestion was made for the draft items in this key issue, with 1 item being added in the final draft of instrument.

§4.1.3 Inter-rater reliability: Cohen's kappa

The previous paragraph detailed the manner in which the instrument itself was validated before use. The Delphi method can give a reasonable level of validity to the instrument, as it aims at agreement by experts on *what exactly* is measured, and if that covers the theoretical construct well enough. However, another aspect of agreement is also important in this research study: the inter-rater reliability.

Inter-rater reliability is the degree of agreement among raters and can be measured through a number of different approaches, among which is Cohen's kappa (Sim & Wright, 2005). This method may be applied to determine inter-rater reliability when the number of researchers or raters is two: in this research study, that was indeed the case. It is also generally thought to be a good and accurate measure, because Cohen's kappa takes into account both the percent agreement calculation and the agreement occurring by chance. Kappa has a range from 0 to 1.0, with higher values indicating a higher level of agreement and thus reliability. Generally, a kappa value of more than 0.70 is considered satisfactory and indicates the instrument's users generally seem to rate the same items in the same manner (Sim & Wright, 2005; Landis & Koch, 1977).

In this research study, Cohen's kappa was determined through a comparison between the two raters. The two raters each evaluated the same ten corporate websites on the first two items from each element. For the information transparency dimension, this meant that the raters covered 12 out of 46 items (26%), two from each element. For the information accessibility dimension, this meant that 10 out of 32 items (31%) were covered, again with two from each element. About a third of each dimension was thus used to determine the level of agreement. With a total of 220 items, namely 22 items for each of the 10 websites, Cohen's kappa was intended to adequately calculate the level of agreement between the raters and thus of its general reliability. The results of this determination are further elaborated upon in the next chapter, *Analysis*.

§4.2 Comparative analysis: reviewing Arab corporate websites of 2007

The method of comparative analysis is further focused upon in the following paragraphs, elaborating on the selection process of the 'top' companies in the Arab regional markets (§4.2.1), the validation process of the instrument by the inter-rater reliability method (§4.2.2), and the actual implementation of the instrument and how its end result was achieved (§4.2.3), the top 50 ranking.

§4.2.1 Selection of companies

Because a list of the largest Arab companies did not exist in the public domain, it had to be created from scratch. This top 50 was constructed with the help of public financial information that was gathered from the most important national stock markets of the Arab countries, as listed in below.

Stock market	Country	Website
The Bahrain Stock Exchange	Bahrain	www.bahrainstock.com
Cairo/Alexandria Stock Exchange	Egypt	www.egyptse.com
Amman Stock Exchange	Jordan	www.ase.com.jo
Kuwait Stock Exchange	Kuwait	www.kuwaitse.com
Beirut Stock Exchange	Lebanon	www.bse.com.lb
Muscat Securities Market	Oman	www.msm.gov.om
Al Tawadul Stock Exchange	Saudi Arabia	www.tadawul.com.sa
Dubai Int.Financial Exchange	UAE	www.difx.ae

Table 4.5 – The Arab region's main stock markets (Arab Advisors, 2007)

The representatives from each major Arab stock market were selected according to the principle of economic weight. Because of the general consensus in financial research that market capitalisation would be a valid and comprehensive evaluation of the current company's value based on e.g. size, growth, perceived future outlook, economic and monetary conditions (DeAngelo, 1990; Rousseau & Wachtel, 2000; Schaberg, 1999; Bley & Chen, 2006), this research study used capitalisation to assist in the selection process of the largest companies in the Arab markets. The total market capitalisation of its respective Arab stock market(s) for year-end 2006 was used to determine that economy's regional weight as a percentage of the total economic market in the Arab region. Thus, countries with a higher market capitalisation and hence a bigger economy were more strongly represented than those with smaller economies. The combined capitalisation figures of all the individual markets as listed above was calculated to be US$ 723 billion over 2006 (Bley & Chen, 2006).

The differences in contribution of the national economies to that total figure are quite significant; the economy making the chief contribution to the total market capitalization of the selected countries is the Kingdom of Saudi Arabia (KSA). Saudi Arabia makes up a total of 44% of the market cap, resulting in its representation in the Top 50 with the largest 22 companies from the Riyadh stock exchange. Next is Kuwait, represented by 9 companies. Just below these two giants come Egypt and the United

Arab Emirates, each represented by 5 companies. Qatar and Jordan are represented by 3 companies each, while the smallest contributors are Bahrain, Oman and Lebanon.

The final step towards the top 50 selection of the largest Arab companies by market capitalisation was the translation of those weighted economies to the actual individual companies. To do this, the number of representatives was used to select individual companies by the market capitalisation from each national economy.

The country of Jordan may serve as a clarifying example. As was determined by the region's total market capitalisation and the weight of the national economy within the region, Jordan's market capitalisation represents 5% of that total weight. Because the research study has been narrowed to a top 50 companies in the Arab world, Jordan's representation in this top 50 will be 5%, or its top 3 companies from year-end 2006. Gathered from the online data of the Amman Stock Exchange, these companies were Arab Bank Group, Housing Bank for Trade & Finance, and Jordan Telecom.

For a complete list of the participating companies that were selected through this method, see the Appendix 9.1.

§4.2.2 Implementation

The implementation of the instrument consisted of two steps. Firstly, each of the selected corporate websites were thoroughly viewed and explored in May 2007. This allowed the researchers to get an idea of both the overall and individual quality of the information and accessibility of the set of 50 websites.

Following this phase, May 2007 until June 2007 saw the analysis of the corporate websites in the two research dimensions, through the implementation of a heuristical checklist. The key elements that were found to be at the core of the transparent communication of economic and financial CSR issues (see §3.2 and §3.4) were analysed through an evaluation of 78 items, which were the end result of the Delphi validation as discussed in the previous paragraph (§4.1). A single corporate website was rated on the presence and more importantly the quality of each of these 78 items, through the use of a 5-point scale.

In addition to this heuristical checklist, a short list on the companies' demographics was also scored by the researchers for statistical purposes. This included characterisations of the companies such as their size, business, market orientation, and Western ownership.

§4.2.3 Scale

The 5-point scale ranged in the following classifications: missing, poor, satisfactory, good and outstanding. These comparative classifications were achieved through the initial viewing of the 50 corporate websites, which allowed the researchers to compare an individual website to the overall level of information transparency and information accessibility of the corporate websites in the Arab region. Each corporate website was further analysed with an additional part of the instrument (see Appendix 9.4, *Demographics & CSR specific*), which characterised the nature of the company through elements such as the market in which it was active (financial, industrial or service), its operational scope (national, regional, or global), and wherever possible, its specific CSR section.

§4.2.4 Ranking

To rank the corporate websites, the following method was used. The applied scale allowed a corporate website to score a maximum classification of 5 (Outstanding) on a single item; the total number of items within an element times this score, reflected the maximum possible performance on a single element. An exception to this rule was the element Profit in the information transparency dimension, which had 9 out of 17 items that were merely checked for online presence through a yes/no checklist. These items were meant to check if certain financial information was *available*, not to check the *quality* of this information.

The *individual* website's classification could thus be translated into a percentage of the 'ideal' or 100% website. The elements and variable scores combined were calculated as the mean score of their dimension. Thus, an individual website could be assigned a percentage score for all individual elements in the information transparency dimension, and for the information transparency dimension as a whole. This scoring system was also applied to the information accessibility dimension. Finally, the total score was the mean of the scores on both dimensions. This percentage gave the company and its corporate website the ranking position among the 50 largest companies in the Arab world.

§4.3 Trend study: previewing Arab corporate websites of 2010

With the core of the research study revolving around the *current status* of CSR/transparency of corporate websites in the Arab world, an additional study was executed in an attempt to indicate the *future status* of those corporate websites. This trend study revolves around the perceptions of the senior corporate communications officers from the 50 companies on the development of their corporate websites in terms of accessibility and transparency of information.

§4.3.1 Target group

The companies in the Top 50 (see appendix 9.1) were approached with a general email, asking the participation of the head of their PR/corporate communication departments in a survey. The goal of the survey was explained in the email. The email also explained how the trend study was part of a bigger study, in which the corporate website of their company was comparatively analyzed in an attempt to see the current status of online transparency at the biggest companies in the Arab world. Out of the 50 PR/corporate communications departments that were approached, a total of 9 companies (18%) replied positively. These 9 companies participated by setting a meeting time of one hour with the researchers for the survey, which was then conducted by telephone.

§4.3.2 Implementation

The participants were presented with a shortlist of the items in the instrument (see Appendix 9.5), which had been compiled from the initial comparative analysis. The shortlist consisted of 18 items. Although the actual survey data was gathered through the telephone, the participants were sent this list of items in advance by email to smooth the process. The 18 items covered both the information accessibility (13 items) and the information transparency (6 items) dimensions as defined in the comparative analysis. The survey itself revolved around two main questions:

- Do you believe it is important for your website to have this feature?
- Do you believe it is likely your website will have this feature within 2-3 years?

These two questions were asked of each of the 18 items on a 5-point scale. For the questions on the importance of an item, the scale ranged from 'Very unimportant' to 'Very important', including one of the options as 'I don't know'. For the questions on the likelihood of an item, the scale ranged from 'Very unlikely' to 'Very likely', including one of the options as 'I don't know'. With 9 participating companies in a survey of 18 items, the total possible number of plotted answers was 162. However, the data was analyzed in such a way as to omit the items that had already been implemented by the participating company: this was done through the additional answer 'already implemented'. The cases in which this answer was indicated were omitted from further research. This was done to put the focus only on those items that were not implemented yet: in other words, on the future.

The results of the survey were then plotted into a matrix, with the importance on the x-axis and likelihood on the y-axis. In order to analyse possible trends in these plots, the axis were split into a categorised matrix: won't haves, could haves, should haves, and will haves (see figure below).

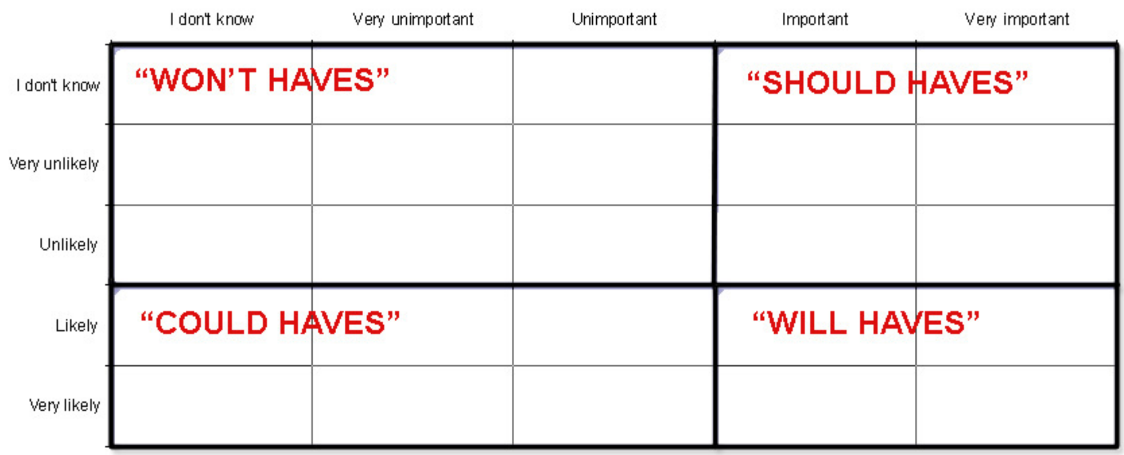

Figure 4.6 – Trend study matrix, divided over two axis (likelihood and importance) and four main cells

The **won't haves** were assumed to be those items on which the participants signalled both unimportance and unlikelihood of implementation. The item was not perceived to be important to the participant, and it also was not thought likely to be implemented.

The **could haves** were assumed to be those items on which the participant signalled unimportance, but also a likely implementation over the next 2-3 years. These are items that are not thought to be very important to have on the website, but that have a low threshold of implementation and would thus be very easy to acquire.

The **should haves** were assumed to be those items on which the participant signalled that it was highly important to have, but that the likelihood was low due to some sort of barrier, such as the lack of necessity for the company's target group, or a high threshold, such as complex technology.

Finally, the **will haves** were those items that the participant regarded to be both highly important and highly likely to be implemented over the next 2-3 years. These items were assumed to indicate the path that the companies were going to take in the next 2-3 years.

5 Analysis

Following the same structure as the previous Chapter 4, *Method*, the focus in Chapter 5 will turn to the actual results of the research. The first paragraph (§5.1) will elaborate on the results of the validation and reliability tests, after which the main core of the research study will be addressed in §5.2: the comparative analysis of the 50 corporate websites. Finally, §5.3 will discuss the results of the survey about the perceived future trend for the accessibility and transparency of corporate websites.

§5.1 Model and validation

The techniques used to validate and judge the reliability of the instrument for comparative analysis were the Delphi technique, and Cohen's kappa for inter-rater reliability. The Delphi analysis consisted of two phases, the exploratory phase and the agreement phase, both of which were discussed in §4.1. In paragraph §5.1.1, the focus will turn to the inter-rater reliability through the determination of Cohen's kappa.

§5.1.1 Inter-rater reliability: Cohen's kappa

The inter-rater reliability was determined by the actual use of the instrument by two raters. As described in the previous chapter, the raters individually first thoroughly explored and then evaluated a total of 10 websites (from the top 50 companies) with the 5-point scale. The evaluation was limited to the first two items of every element of the instrument. Below, the results of that evaluation have been compiled in table 5.1.

				Rater I classification			
		Missing (1)	**Poor (2)**	**Satis. (3)**	**Good (4)**	**Outst. (5)**	*total*
	Missing (1)	**46** *(8.4)*	3	0	0	0	*49*
Rater II	**Poor (2)**	0	**37** *(9.4)*	5	4	0	*46*
classification	**Satis. (3)**	0	2	**41** *(14.2)*	9	2	*54*
	Good (4)	0	3	8	**29** *(9.6)*	5	*45*
	Outst. (5)	0	0	4	5	**17** *(2.8)*	*26*
	total	*38*	*45*	*58*	*47*	*24*	***220***

$$\frac{\sum\text{agreements} - \sum\text{expected by chance}}{N - \sum\text{expected by chance}} = \text{Cohen's kappa} = 0.715$$

Table 5.1 – Results of the inter-rater reliability test: Cohen's kappa for 2 raters over 10 websites

As can be observed, the bold numbers highlighted in light blue are the total instances wherein the raters agreed perfectly on the classification of an item. In this reliability test, 170 out of 220 items (77%) were agreed upon. A total of 50 items (23%) was not agreed upon. However, the value of Cohen's kappa in this reliability test (0.715) validates the instrument to a significant extent. The general academic consensus is that .70 is the minimal level of agreement for a reliable instrument (Sim & Wright, 2005; Landis & Koch, 1977). In effect, the instrument meets the minimal reliability standard for use in the field.

In the same light blue fields, a second number in brackets reveals the expected frequency for the number of agreements that would have occurred by chance. As can be observed, the highest agreement by chance is the classification *satisfactory*: 14.2. The two clearest and best agreed upon classifications are *missing* and *outstanding*. These have very low expected frequencies for agreement by chance, and thus may be said to be clearer than the other classifications.

§5.2 Comparative analysis: reviewing Arab corporate websites in 2007

The core of this research lies in the comparative analysis of the 50 largest companies in the Arab world by market capitalization. In the following paragraphs, the focus turns to the results of the analysis. In paragraph §5.3.1, the 50 companies have been graded as elaborated upon in Chapter 4. In the next paragraph §5.3.2, the demographics of the Top 50 is further elaborated upon. The following paragraph §5.3.3 focuses specifically on the CSR section of the corporate websites. Finally, the different markets and countries that are represented in the comparative analysis are compared.

§5.2.1 Top 50 companies

The table below, the 50 biggest companies in the Arab world by market capitalisation have been compiled in a single list. The ranking score reflects reflect their average scores for online corporate transparency, being an average of their scores on the information accessibility dimension and the information transparency dimension. The average scores on these two dimensions can be found in the total overview in Appendix 9.1.

As can be seen, the best performing companies are highlighted by means of a 'Top 10'. Top scores range from 56% (Orascom Telecom at rank 10) to 69% (Emaar Properties at rank 1).

For the sake of the following paragraphs of analysis, the companies that received a top through medium mark, or more than 50%, are also important. These companies have been highlighted with a bold score. As displayed below, some 21 companies have a top through medium score. In the analysis in the next few paragraphs, these 21 companies will be referred to as the 'Top 21'.

Logo	Rank	Company name	Country	Score
	1.	Emaar Properties	UAE	**69%**
	2.	Mobile Telecommunications Company	KW	**68%**
	3.	Mobinil	EG	**65%**
	4.	Orascom Construction Industries	EG	**63%**
	5.	SABIC	KSA	**62%**
	6.	Vodafone Egypt	EG	**61%**
	7.	The Savola Group	KSA	**59%**
	8.	Qatar Telecom	QA	**59%**
	9.	Jordan Telecom	JO	**57%**
	10.	Orascom Telecom	EG	**56%**

11. Saudi Telecom (**KSA: 54%**)	25. Etihad Etisalat (KSA: 48%)	38. Saudi Hollandi Bank (KSA: 44%)
12. Ahli United Bank (**BA: 53%**)	26. Gulf Bank (KW: 48%)	39. National Bank AD (UAE: 44%)
13. Qatar Nat. Bank (**QA: 52%**)	27. Arab National Bank (KSA: 47%)	40. Al Rajhi Bank (KSA: 43%)
14. Investment Dar (**KW: 51%**)	28. Yansab (KSA: 46%)	41. Samba Fin. Group (KSA: 42%)

15. Bank Muscat (**OM: 51%**)	29. Saudi French Bank (KSA: 46%)	42. Saudi Fertilizers (KSA: 42%)
16. Nat. Bank Kuwait (**KW: 51%**)	30. Comm. Bank (KW: 46%)	43. Al Bilad Bank (KSA: 41%)
17. Etisalat (**UAE: 51%**)	31. Emirates Bank (UAE: 46%)	44. Bank Al Jazeera (KSA: 40%)
18. Du (**UAE: 51%**)	32. Housing Bank TF (JO: 46%)	45. Nat. Industries Co (KW : 38%)
19. Arab Bank Group (**JO: 50%**)	33. SABB (KSA: 46%)	46. Yamama Cement (KSA : 37%)
20. AD Comm. Bank (**UAE: 50%**)	34. Wataniya Telecom (KW: 46%)	47. Saudi Cement (KSA : 37%)
21. Global Inv. House (**KW: 50%**)	35. Solidere (LB: 46%)	48. Saudi Electricity Co (KSA: 26%)
22. Saudi Invest Bank (KSA: 49%)	36. Kuwait Fin. House (KW: 44%)	49. Agility Company * (KW)
23. Riyadh Bank (KSA: 49%)	37. Industries Qatar (QA: 44%)	50. Southern Cement * (KSA)
24. Telecom Egypt (EG: 48%)		* = Under construction

Table 5.2 – The Top 50 for online corporate social responsibility reporting, with the Top 21 in bold

The representatives in the Top 50 cover 2 main regions, namely the Gulf Cooperation Council countries (GCC: Saudi Arabia, UAE, Oman, Kuwait, Bahrain) and the Levant countries (Jordan, Egypt and Lebanon). The former makes up 84% of the Top 50, while the latter contributes 16% to the Top 50. This is due to the GCC's much stronger position by market capitalization.

Region		**Market**		**Scope**	
Gulf Cooperation Council	84%	Financial	48%	Global	24%
Levant	16%	Services	26%	Regional	10%
		Industrial	26%	National	66%

Table 5.3 – Representation of the Top 50 companies by region, market, and organisational scope

When looking at the different industries making up the Top 50, there is a healthy representative balance between the industrial (26%), financial (48%) and services (26%) sectors. The Services market largely consists of telecommunications companies (12 out of 13) with only 1 company belonging to the logistics and shipping submarket. The Financial market is overwhelmingly made up of banks (22 out of 24), leaving 2 investment companies. The industrial market consists of 2 real estate companies, 1 electricity company, and 10 production companies.

The companies in the Top 50 tend to operate mostly on a national level. Some 66% of the Top 50 companies only focus on their respective national markets, while another 10% are active in their regional, Middle Eastern market. Just under a quarter (24%) of the companies in the Top 50 operate on the global market.

§5.2.3 What is the status of specific CSR sections on Arab corporate websites?

When analyzing the specific Corporate Social Responsibility section on the corporate websites of the 50 companies, the following results can be extracted from the data gathered by the instrument.

Nearly half (48%) of the companies in the Top 50 offer a specific section on their corporate website with CSR related information. This percentage consists of 22% who put the CSR section's link on the main page, thus making it an important section on their website, and another 26% who tuck the CSR section deeper in the corporate website on a sub page, thus making it harder to find and less relevant. The remaining 52% do not have a specific section for CSR *at all*.

Looking at the terminology used to describe and bundle CSR activities by the 24 companies that have these specific CSR sections available on their corporate website, it can be observed below that the better part of these companies bundles its information under the term '(Corporate) Social Responsibility' (38%). Various other relevant terms used are Community (21%) and Sponsorship (16%). A minority (4%) chooses to use the term 'Commitment'. Some 21% is too various to define, and includes denominations such as 'Environment', 'Humanity', and 'Motivation'.

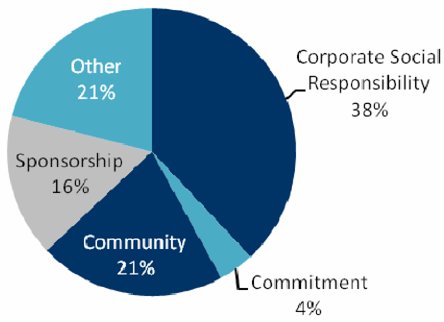

Figure 5.4 – Terms used to signal a link to the specific CSR section

To classify the nature of the corporate social responsibility on the corporate website, the researchers classified the information in the online CSR section according to the triple bottom line: People, Planet, and Profit. Most of the information in the CSR sections can be classified to belong to the social responsibility (People) dimension of CSR (38%), with combinations of the People and other dimensions following in second place: People & Profit (21%) and People & Planet (21%). Only one company elaborated on its environmental responsibility (Planet, 4%) exclusively, and two discussed their financial responsibility (Profit, 8%) exclusively. Finally, two companies discussed all dimensions above (8%).

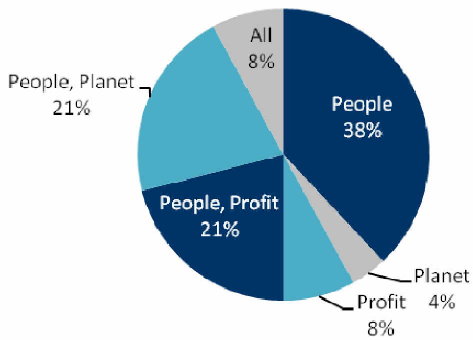

Figure 5.5 – Online CSR information vs. the triple bottom line

When looking at the number of companies that actually put their annual reports and Corporate Social Responsibility reports online in PDF or HTML format, the comparative analysis reveals the following. Judging by the number of companies posting their annual report online, the need for stakeholders to access vital financial information online has clearly been recognized. Some 66% of the companies provide their annual reports online exclusively in PDF format, while 22% of the Top 50 companies provide the annual report exclusively in HTML format. Only 4% have a combination of both PDF and HTML formats available. Four companies (8%) in the Top 50 do not provide any annual report or financial information.

Focusing on the CSR report, only 2% of the companies in the Top 50 have provided a separate CSR report online for its users and stakeholders. Another 8% have incorporated their CSR report into their annual report. Overwhelmingly, 90% of the companies neither produce a separate CSR report, nor a CSR report in the general annual report.

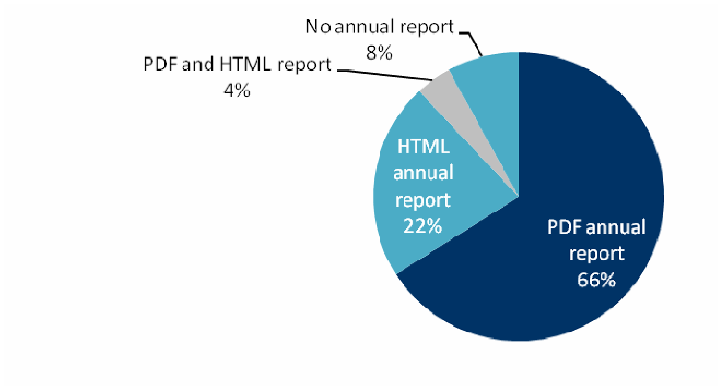

Figure 5.6 –Format of online annual report

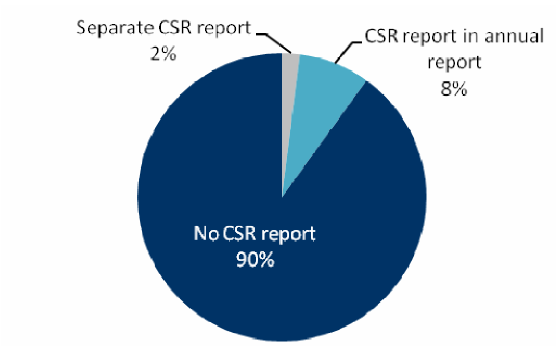

Figure 5.7 – In/exclusion of CSR report in annual report

Finally, the figure below gives an overview of the differences in availability of a separate online CSR section per the various markets (Industrial, Financial, and Services), regions (GCC and non-GCC) and organisational scope (National, Regional, and Global).

When analyzing the three main markets, it becomes apparent that the Services market provides separate CSR sections on their corporate websites in 77% of the cases, with the greater portion (62%) providing a link on a sub page and a smaller share (15%) offering it on the main page itself. In the Financial market, some 12% provides a link to a CSR section on the main page, while another 17% does on a sub page. The majority (71%) does not provide any section for specific CSR information. Of the industrial companies, 46% of the companies provide a link to the CSR section on the main page and 8% do this on a sub page. The remaining 46% does not provide any separate section for CSR information.

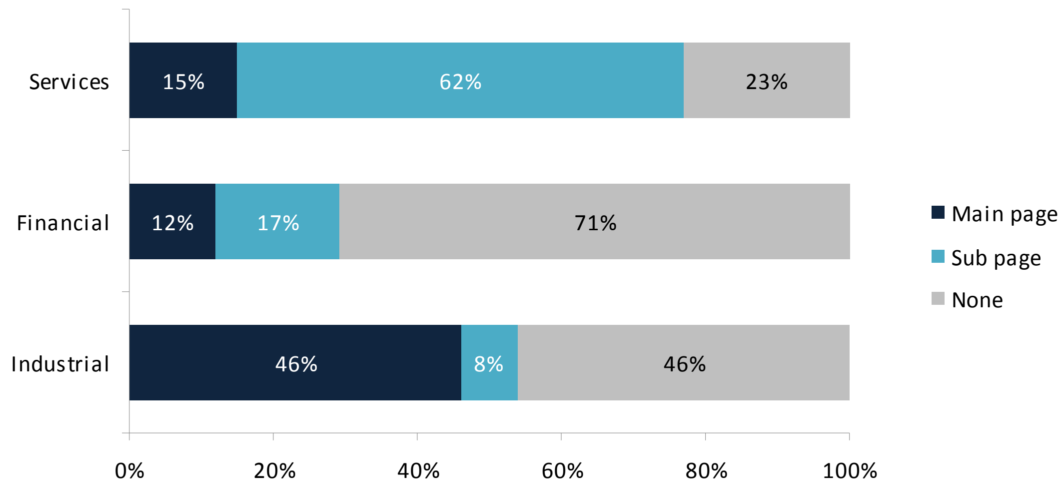

Figure 5.8 – Markets and having a separate CSR section

When using the ANOVA test to compare the mean scores of the three markets, the data suggests that, while the means of all markets are not significantly different at the 0,05-level (F=3,059, p=0,056), the financial and industrial market means do differ significantly (p=0,035).

	df	F	p
Between all groups	2	3,059	0,056
Within all groups	47		
	49		
		I x F	0,035*
		I x S	0,803
		S x F	0,066

*Table 5.9 – ANOVA comparing availability of a CSR section for Industrial, Services and Financial markets (*p <.05)*

Turning to the regions, the non-GCC companies provide a CSR section link on the main page in 25% of the cases, while 63% offers it on a sub page. Some 12% of the non-GCC companies do not have a CSR section at all. In the GCC region, 60% of companies do not have a CSR section. Only 21% of the GCC companies provide a link on the main page, while 19% of the GCC companies offer it on a sub page.

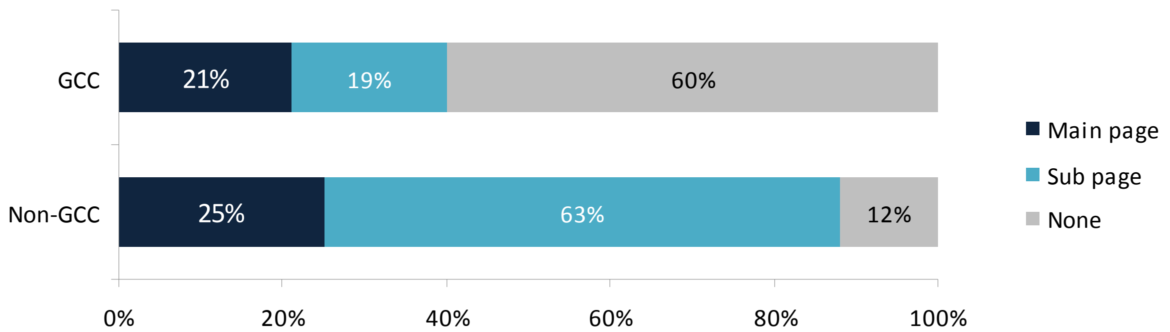

Figure 5.10 – Availability of separate CSR section by region

When analyzing for significant differences between mean scores of the two regions on the availability of a separate CSR section on their corporate website, the data suggests the following. While having to assume inequal variances due to Levene's test (F=4,493; p=0,039), the difference in mean scores between the Levant & Egypt and the GCC is not significant on the 0,05-level (p=0,076).

	N	Mean	SD
Levant & Egypt	8	1,875	0,641
GCC	42	2,381	0,825

	Levene's F	Levene's p	t	p
Equality assumed	4,493	0,039	-1,638	0,108
Equality not assumed			-1,947	0,076

Table 5.11 – T-test comparing the availability of a CSR section for the Levant/Egypt and the GCC regions

Finally, the focus turns to the differences between the companies with a national organisational scope, a regional scope, and a global scope. Some 42% of the companies with global presence have a link to a CSR section on the main page of their corporate website, while another 33% has it on a sub page. A quarter (25%) does not offer a separate CSR section. Companies operating on the National and Regional levels perform much worse. Respectively, only 15% and 20% provide a link on the main page, while 27% and 0% provide a link on a sub page. Of the companies operating on the National level, 58% does not have a separate CSR section, while for those operating on a Regional level, that percentage is even higher at 80%.

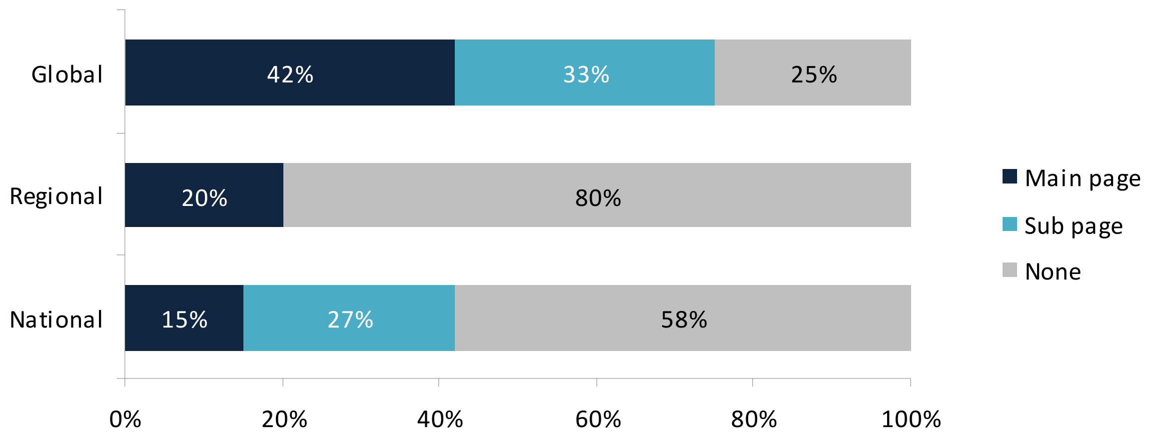

Figure 5.12 – Availability of separate CSR section by organisational scope

When using the ANOVA test to compare the mean scores of the three types of organizational scope (Global, Regional and National) on the availability of a CSR section on the separate website, the data suggests that, while the means of all scopes are not significantly different at the 0,05-level (F=2,902, p=0,065), the companies with a specific national and global scope do seem to differ significantly (p=0,030) in their mean scores on the availability of a separate CSR section on the corporate website.

	df		F	p
Between all groups	2		2,902	0,065
Within all groups	47			
	49			
		N x R		0,643
		N x G		0,030*
		R x G		0,073

*Table 5.13 – ANOVA data comparing availability of a CSR section for national, regional and global companies (*p <.05)*

§5.2.4 What are the differences between Arab corporate websites from various market sectors?

When focusing on the three main markets represented in the Top 50, namely the Industrial, Financial and Services markets, a comparison on their average scores in the two main dimensions and key issues shows the following results.

Most mean scores are below a 50%-mark. Only one sector, the Services sector, holds an overall mean of 51.1%: it scores above 52.4% on both the Content dimension and nears the 50-mark for usability (49.7%). Looking to the other two markets, the financial companies score an average of 47.1%, with a higher score on the information transparency dimension (47.8%) than on the information accessibility dimension (46.3%). The Industrial companies score a 43.8% on average, consisting of an information transparency score of 46.6% and an information accessibility score of 41%.

When focusing on the scores for the individual key issues, it is apparent that the companies in the Services market again score overall grades. The Services market scores especially well on *Website logistics* (64.2%) in the information accessibility dimension, and *Economic responsibility* (56.8%), *Corporate profile* (54.8%) and *Corporate governance* (41.5%) elements of the information transparency dimension.

The Financial and Industrial markets score high on specific key issues. For the Financials, those key issues are *Language* (60.6%) and *Report formatting* (35.2%). In other words, the corporate websites of financial companies in the Top 50 are more usable in terms of language use (e.g. English and Arabic versions, clarity of language, no jargon, and no spelling errors) and in terms of annual report formatting (availability of the annual reports in PDF or HTML, or both). For the Industrial companies, their best features can be found in the concise information they provide on ISO standards that apply to their company (*Corporate standard*: 34.6%) and the information on principles, values and business etiquette they provide (*Corporate idealism*: 35.4%).

		Industrial	Financial	Services
Information accessibility		41.0%	46.3%	**49.7%**
	Website logistics	50.6%	57.1%	**64.2%**
	Language	53.6%	**60.6%**	58.7%
	Personalization	27.2%	27.8%	**31.3%**
	Report formatting	28.1%	**35.2%**	33.9%
	Interactivity/Web 2.0	23.3%	24.2%	**25.8%**
Information transparency		46.6%	47.8%	**52.4%**
	Economic responsibility	51.9%	54.0%	**56.8%**
	Corporate profile	47.3%	50.6%	**54.8%**
	Corporate governance	35.1%	29.8%	**41.5%**
	Corporate standard	**34.6%**	34.2%	30.8%
	Corporate products	60.5%	73.6%	**74.9%**
	Corporate idealism	**35.4%**	27.2%	34.4%
Mean score		43.8%	47.1%	**51.1%**

Table 5.14 – Information accessibility and information transparency scores per market

When using the ANOVA test to compare the mean scores of the three main markets in the information accessibility dimension, information transparency dimension and the overall mean, the data suggests the following. The mean scores between all markets are not significantly different at the 0,05-level (Information accessibility: F=1,817, p=0,174; information transparency: F=0,608, p=0,549; overall: F=1,051, p=0,358), nor do the markets seem to differ significantly on the individual level in their mean scores in the information accessibility dimension, information transparency dimension or the overall mean.

	df	F	p
Information accessibility			
Between all groups	2	1,817	0,174
Within all groups	47		
	49		
Information transparency			
Between all groups	2	0,608	0,549
Within all groups	47		
	49		
Overall			
Between all groups	2	1,051	0,358
Within all groups	47		
	49		

Information accessibility	
I x F	0,194
S x F	0,413
I x S	0,660
Information transparency	
I x F	0,822
S x F	0,357
I x S	0,315
Overall	
I x F	0,465
S x F	0,367
I x S	0,155

Table 5.15 – ANOVA for mean scores on information accessibility and information transparency vs. Markets

Turning the focus to the group of companies in the Top 50 that have acquired a top through medium mark of 50% or above, which is the top 21 companies, the following division for the three markets can be observed (figure below). Of the top 21 companies, 9 are from the Services sector, 8 are from the Financial and only 4 from the Industrial market. This comes down to a respective division of 43% for Services, 38% for Financial and 19% for Industrial.

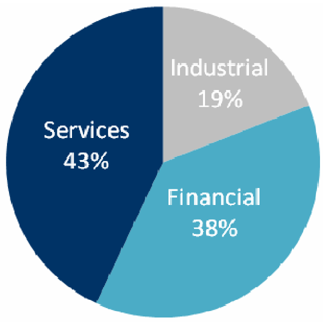

Figure 5.16 – Division of Top 21 companies by market

More interestingly, the markets' performance can be measured by their representation in this highest scoring group of companies, the top 21. The chart below that the Services market is very well represented, having nearly 70% of all its representative companies (a total of 13 out of 50) in the Top 21. Notably, all these companies are telecommunications companies, meaning that nearly half (43%) of the entire Top 21 is comprised of this sub market.

The Financial and Industrial markets have a lesser share of their companies in the Top 21. The companies in the financial market have a third (33%) of its total number of companies among the highest scoring companies. Of the industrial companies, only 31% of its total number of companies is listed in the Top 21.

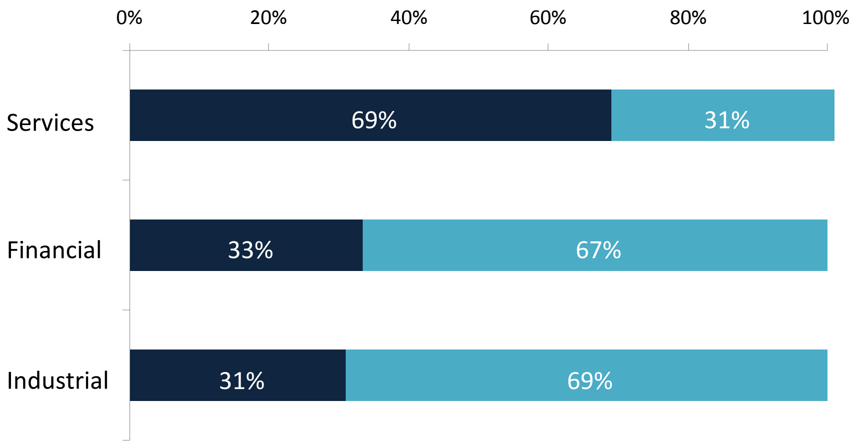

Figure 5.17 – Percentage of markets represented in Top 21

§5.2.5 What are the differences between Arab corporate websites from various regions?

When focusing on the nine countries and the two main regions in the Top 50, namely the countries in the Gulf Cooperation Council (GCC) region and the countries that are not (Non-GCC), a comparison on their average scores in the two main dimensions shows the following results.

The results show that the non-GCC region has a much higher average than the GCC region, especially in the information transparency dimension which differs some 13%. In the information accessibility dimension, the scores are closer together, but the non-GCC countries still score some 7% higher. The result of this difference is a 10% difference on average over the two research dimensions, with the non-GCC countries scoring 55.7% and the GCC region scoring lower with 45.7%.

Region	Country	Accessibility	Transparency	Average	Rank
Levant		**51.6%**	**59.8%**	**55.7%**	
	Egypt	**52.8%**	**64.5%**	**58.6%**	**1**
	Jordan	49.8%	51.9%	50.9%	6
	Lebanon	42.9%	48.3%	45.6%	7
GCC		44.7%	46.7%	45.7%	
	Bahrain	**51.9%**	**53.5%**	**52.7%**	2
	UAE	50.5%	52.9%	51.7%	3
	Qatar	50.8%	52.7%	51.7%	3
	Oman	50.6%	51.7%	51.1%	5
	Kuwait	41.8%	46.7%	44.3%	8
	Saudi Arabia	42.9%	42.9%	42.9%	9
Total		45.8%	48.7%	47.3%	

Table 5.18 – Ranked percentage scores for regions and countries in the Top 50, for dimensions and on average

When analyzing for significant differences between mean scores of the two regions on the accessibility and transparency dimensions of their corporate websites, the data suggests the following. When analyzing the regional difference in the *Information accessibility* dimension, we have to assume equal variances due to Levene's test (F=0,121; p=0,729). However, the difference in mean scores between the Levant/Egypt and the GCC is not significant on the 0,05-level (p=0,134). However, when analyzing the regional difference in the *information transparency* dimension, Levene's test again assumes equal variances (F=0,069; p=0,766), but this translates into a significant difference in mean scores between the Levant/Egypt and the GCC (p=0,016).

		N	Mean	SD
Information accessibility				
	Levant & Egypt	8	51,648	7,605
	GCC	42	44,712	12,356
Information transparency				
	Levant & Egypt	8	59,790	9,165
	GCC	42	46,571	14,305
	Levene's F	**Levene's p**	**t**	**p**
Information accessibility				
Equality assumed	0,121	0,729	1,524	0,134
Equality not assumed			2,102	0,053
Information transparency				
Equality assumed	0,069	0,766	2,506	0,016*
Equality not assumed			3,372	0,004

*Table 5.19 – T-test comparing mean scores on information accessibility & information transparency to Regions (*p<0.05)*

Out of the best performing Top 21 companies, 6 are non-GCC (29%), while 15 companies come from the GCC region (71%). This is an interesting division, because the non-GCC companies again score much better than the GCC companies. Shown in the exhibit below, 67% of the non-GCC companies are in the Top 21, while only 30% of the GCC companies are represented.

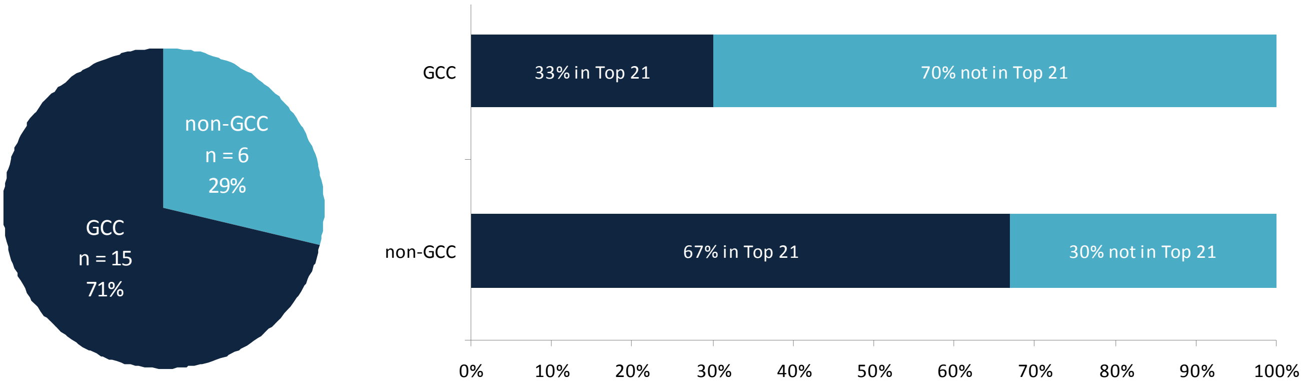

Figure 5.20 & 5.21 – Regional origin of Top 21 companies (left) and Top 21 regional division (right)

When examining the division of countries in the Top 21, it can be observed that the non-GCC companies score higher on their average scores than the GCC companies, respectively 58.6% to 55.5%. A high ranking country again is Egypt, with 80% of its total representation being in the Top 21. Jordan also scores high with two-thirds of its representatives in the Top 21. Lebanon's single representative does not appear among the best scoring companies.

Region	Country	Mean	# in Top 21	% of Top 21	# in Top 50	% of own total
Levant		**58.6%**	**6**	29%	9	**67%**
	Egypt	**61.2%**	4	19%	5	**80%**
	Jordan	53.4%	2	10%	3	67%
	Lebanon	0	0	0%	1	0%
GCC		55.5%	**15**	**71%**	**41**	30%

	Bahrain	52.7%	1	5%	1	**100%**
	UAE	55.2%	4	19%	6	67%
	Qatar	55.4%	2	10%	3	67%
	Oman	51.2%	1	5%	1	**100%**
	Kuwait	55.2%	4	19%	10	40%
	Saudi Arabia	58.6%	3	13%	20	15%
Total			21	100%	50	

Table 5.22 – Ranked percentage scores for regions and countries in the Top 21, for dimensions and on average

When analyzing the Top 21's mean scores for significant differences between the two regions on the accessibility and transparency dimensions of their corporate websites, the data suggests the following.

When analyzing the Top 21 regional difference in the *Information accessibility* dimension, we have to assume equal variances due to Levene's test (F=0,209; p=0,653): the difference in mean scores between the Levant/Egypt and the GCC is not significant on the 0,05-level (p=0,455). Also, when analyzing the regional difference in the *information transparency* dimension, Levene's test again assumes equal variances (F=0,126; p=0,726) and does not signal a significant difference in mean scores between the Levant/Egypt and the GCC at the 0,05-level (p=0,349).

		N	Mean	SD
Information accessibility				
Levant & Egypt		6	55,177	4,604
GCC		15	53,163	5,741
Information transparency				
Levant & Egypt		6	62,005	9,574
GCC		15	57,785	8,909
	Levene's F	**Levene's p**	**t**	**p**
Information accessibility				
Equality assumed	0,209	0,653	0,763	0,455
Equality not assumed			0,841	0,417
Information transparency				
Equality assumed	0,126	0,726	0,961	0,349
Equality not assumed			0,930	0,377

Table 5.23 - T-test comparing Top 21 means on information accessibility & information transparency to Regions

In the GCC, Bahrain and Oman are each 100% represented in the Top 21, but then again, both are represented in the Top 50 with only a single company due to their stockmarkets' marginal economic weight in the Arab world. Other high scoring countries in the GCC are the UAE and Qatar, each having two-thirds of their representatives in the Top 21. The lowest ranking countries in the Top 50 also score quite low when looking at the Top 21 companies: 40% of Kuwaiti companies manage to get a satisfactory score, while only 15% of Saudi companies are listed in the Top 21. Interestingly, these 3 Saudi companies in the Top 21 do tend to score quite high with a mean score of 58.6%. That puts Saudi Arabia only behind Egypt (61.2%) in the Top 21 average scores.

Finally, the focus deepens. It specifically turns to the regional and country results on the key issues of each research dimension. In the table below, the scores for each of the key issues in the information accessibility dimension have been listed.

Region	Country	Average	Logistics	Language	Personalization	Format	Web2.0
Levant		**48.5%**	**66.8%**	**62.5%**	27.5%	**33.8%**	**28.8%**
	Egypt	**52.8%**	**70.0%**	61.3%	29.3%	32.0%	28.0%
	Jordan	49.8%	61.2%	**64.4%**	24.4%	36.7%	**30.0%**
	Lebanon	42.9%	47.3%	60.0%	**60.0%**	35.0%	20.0%
GCC		48.1%	55.5%	57.5%	**28.7%**	32.9%	23.5%
	Bahrain	51.9%	65.5%	60.0%	20.0%	**45.0%**	27.5%
	UAE	50.5%	64.8%	60.6%	25.6%	38.3%	25.0%
	Qatar	50.8%	61.2%	62.2%	35.6%	40.0%	**30.0%**
	Oman	50.6%	60.0%	63.3%	33.3%	**45.0%**	27.5%
	Kuwait	41.8%	50.9%	54.3%	30.7%	31.5%	22.0%
	Saudi Arabia	42.9%	53.7%	56.8%	26.3%	29.5%	22.6%
Total		45.8%	57.3%	58.3%	28.5%	33.0%	24.4%

Table 5.24 – Ranked percentage scores for regions and countries in the Top 50, for key issues of accessibility

When observing the regional scores on the elements, the non-GCC companies score just slightly higher than the GCC companies on the average score for the information accessibility dimension. The main differences can be found in the key issues *Logistics* (a gap of 11.3%), *Language* (a gap of 5.0%) and *Web 2.0* (a gap of 5.3%). This indicates that from an information accessibility perspective, the non-GCC representatives in the Top 50 tend to score higher on average when it comes to such issues as search functionality, navigational features, archiving of news items and press releases, and providing contact details and feedback opportunities. The non-GCC companies score slightly higher on the key issue of *Language*, which indicates that the websites are more often bilingual, written in good English, and are made for multiple stakeholders. Finally, the non-GCC region has a higher average score on the key issue *Web 2.0*, indicating better use of features such as RSS feeds, video streaming and polling.

In the analysis of the T-test for the equality of means, the data suggests that there are no significant differences between the two regions when comparing them on their mean scores for the information accessibility elements. All Levene's tests point at the assumption of equal variances, and as shown in the table below, this means that there are no significant differences between the two regions (all p > 0,05).

	Levant & Egypt			GCC		
	N	**Mean**	**SD**	**N**	**Mean**	**SD**
Website logistics	8	66,818	12,283	42	55,454	16,723
Language	8	62,500	4,629	42	57,460	14,138
Personalization	8	27,500	10,947	42	28,730	15,265
Report formatting	8	33,750	5,175	42	32,857	10,367
Interactivity/Web 2.0	8	28,750	5,000	42	23,511	7,906

	Levene's F	**Levene's p**	**t**	**p**
Website logistics				
Equality assumed	0,099	0,755	1,824	0,074
Equality not assumed			2,249	0,043
Language				
Equality assumed	0,677	0,415	0,991	0,327
Equality not assumed			1,848	0,073
Personalization				
Equality assumed	0,329	0,569	-0,217	0,829

Equality not assumed			-0,272	0,790
Report formatting				
Equality assumed	1,115	0,296	0,237	0,814
Equality not assumed			0,367	0,717
Interactivity/Web 2.0				
Equality assumed	0,692	0,410	1,798	0,078
Equality not assumed			2,439	0,028

Table 5.25 – T-test data comparing mean scores on information accessibility for Regions

In the table below, the average scores for the key issues of the information transparency dimension have been listed. When observing the regional scores on the elements, it becomes apparent that the non-GCC countries also score higher on average (59.8% vs. 46.6%) in the information transparency dimension, with a much larger difference (13.2%) than in the information accessibility dimension (0.4%). Also, when looking at each individual key issue's average, it can be seen that the non-GCC countries consistently score higher averages.

Region	Country	Mean	Economic responsibility	Profile	Governance	Standard	Products	Idealism
Levant		**59.8%**	**63.4%**	**61.6%**	**49.5%**	**35.0%**	**83.3%**	**50.0%**
	Egypt	**64.5%**	**71.4%**	**62.0%**	**56.8%**	28.0%	**85.3%**	**53.3%**
	Jordan	52.0%	50.0%	60.8%	37.3%	46.7%	80.0%	44.4%
	Lebanon	48.3%	48.3%	52.5%	44.0%	20.0%	80.0%	26.7%
GCC		46.6%	52.4%	48.8%	31.3%	33.1%	68.1%	27.6%
	Bahrain	53.5%	50.0%	58.8%	48.0%	**50.0%**	80.0%	46.7%
	UAE	53.0%	59.2%	57.1%	36.7%	26.7%	80.0%	27.8%
	Qatar	52.7%	63.2%	56.3%	29.3%	30.0%	71.1%	26.7%
	Oman	51.7%	58.6%	55.0%	32.0%	40.0%	80.0%	26.7%
	Kuwait	46.7%	52.4%	47.9%	34.0%	34.0%	69.3%	24.7%
	Saudi Arabia	43.0%	48.8%	44.7%	27.2%	34.5%	61.7%	28.3%
Total		48.7%	54.1%	50.9%	34.2%	33.4%	70.5%	31.2%

Table 5.26 – Ranked percentage scores for regions and countries in the Top 50, for key issues of transparency

In the analysis of the T-test for the equality of means, the data suggests that there are various significant differences between the two regions when comparing them on their mean scores for the information transparency elements.

First of all, having to assume equality of means on the *Corporate profile* element due to Levene's test (F=1,192; p=0,280), the means of the two regions seem to differ significantly at the 0,05-level (p=0,028). Also, the two regions differ significantly on the *Corporate governance* element (p=0,009). Lastly, the data suggests a significant regional difference on the *Corporate products* element (p=0,049). The Levant/Egypt and the GCC do not seem to differ significantly in their mean scores on the *Economic responsibility*, *Corporate standard* and *Corporate idealism* elements.

	Levant & Egypt			GCC		
	N	**Mean**	**SD**	**N**	**Mean**	**SD**
Economic responsibility	8	63,362	12,286	42	52,422	15,811
Corporate profile	8	61,562	6,772	42	48,809	15,526

Corporate governance	8	49,500	23,609	42	31,333	15,924
Corporate standard	8	35,000	20,701	42	33,095	18,009
Corporate products	8	83,333	16,714	42	68,095	20,001
Corporate idealism	8	50,000	28,949	42	27,619	16,234
	Levene's F	**Levene's p**	**t**	**p**		
Economic responsibility						
Equality assumed	0,000	0,991	1,848	0,071		
Equality not assumed			2,196	0,049		
Corporate profile						
Equality assumed	1,192	0,280	2,267	0,028*		
Equality not assumed			3,765	0,001		
Corporate governance						
Equality assumed	3,397	0,072	2,728	0,009*		
Equality not assumed			2,088	0,069		
Corporate standard						
Equality assumed	0,01	0,970	0,268	0,790		
Equality not assumed			0,243	0,813		
Corporate products						
Equality assumed	0,007	0,932	2,020	0,049*		
Equality not assumed			2,286	0,043		
Corporate idealism						
Equality assumed	8,586	0,005	3,113	0,003		
Equality not assumed			2,124	0,067		

*Table 5.27 – T-test data comparing mean scores of information transparency for Regions (*p<0.05)*

§5.3 Trend study: previewing Arab corporate websites of 2010

With the main body of this research revolving around the *current status* of information transparency and accessibility of corporate websites in the Arab world, an additional study was executed in an attempt to indicate the *future* status of information transparency and information accessibility of those corporate websites. Out of the total possible items scored (n = 162), the answers to a total of 62 items (38%) were omitted from further research because the participant indicated the item had already been implemented on their website, while the answers to 100 items (62%) were plotted in the matrix.

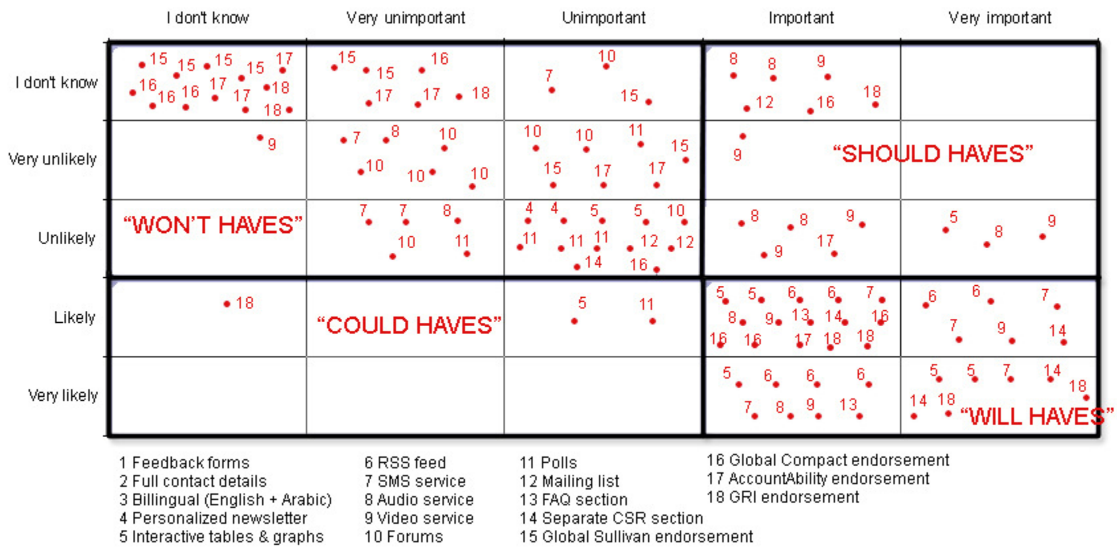

Figure 5.28 – Trend study matrix with plotted answers from the survey

When looking at the plot, it is clear that the items were mostly plotted into the *won't haves* (n=51, or 51%) and *will haves* (n=31, or 31%) cells. Items plotted in the *could haves* (n=3, 3%) and *should haves* (n=15, 15%) cells were rarer, indicating that the combinations important-unlikely and unimportant-likely were much less frequent than the important-likely and unimportant-unlikely combinations.
When focusing on the percentage representation of the items in the various matrix cells, the following matrix appears.

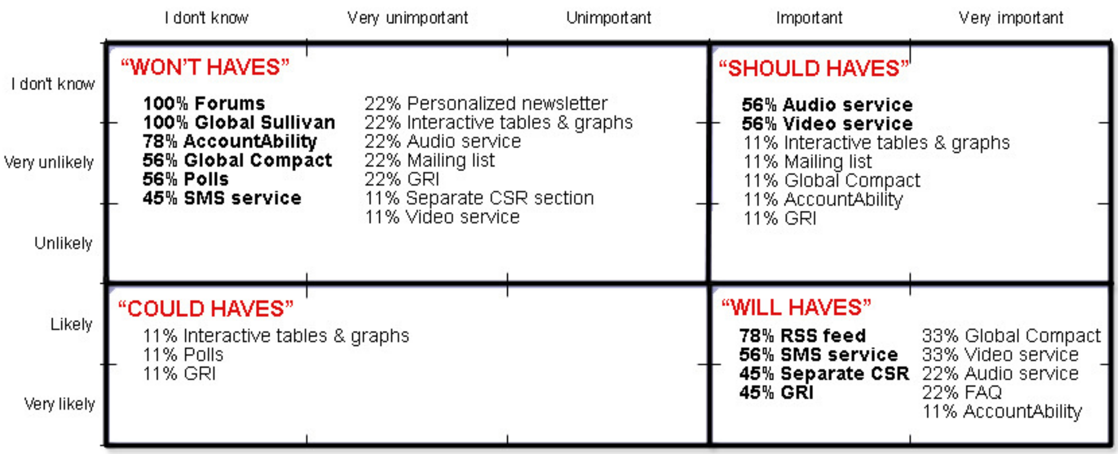

Figure 5.29 – Trend study matrix with percentages of items in matrix cells (n=9)

In the *won't haves* cell, there are items from both main research dimensions. For information accessibility, all of the nine companies say they will not implement forums in the next 2-3 years, while half of the companies say that polls (56%) and an SMS service (45%) are both unimportant and unlikely to be implemented. Looking at the items from the information transparency dimension, it is clear that a number of globally popular CSR frameworks (see paragraph 3.1.5) are not as popular among Arab companies. The Global Sullivan framework (100%), the Accountability framework (78%) and the Global Compact framework (56%) are all labelled as *won't haves*.

Another interesting result may be found in the *should haves* cell: here, it becomes apparent that a number of items from the information accessibility dimension were indeed labelled important, but unlikely to be implemented in the next 2-3 years. A large share of companies (56%) label online audio and video feeds as *should haves*. Coincidentally, these are items that are typically complex in technological implementation and require regular updates and high maintenance.

Finally, focusing on the *will haves* cell, again there is a split between items from the information transparency and information accessibility dimension. For accessibility items, most companies indicate the importance and likely implementation of RSS feeds (78%) and SMS services (56%) in the next 2-3 years, which both are services oriented towards making the site more interactive to the user. When looking at the *will have* items from the information transparency dimension, the high importance and likelihood becomes apparent for the creation of a separate CSR section of the corporate websites (45%). Furthermore, the predominant framework for this CSR section seems to be the GRI framework (45%).

6 Conclusions

Having analysed results in chapter 5, the following paragraphs focus on the conclusions about the instrument at the core of this research study (the CSR Transparency Index), the comparative analysis of the 50 corporate websites in 2007, and the trend study their direction toward 2010.

§6.1 Instrument: the CSR Transparency Index

As pointed out in the very first chapter of this research study, the empirical analysis of corporate social responsibility has been lacking, despite a strong trend toward it in the corporate world. The vast majority of academic research in this field has been theoretical in nature. This research study has provided for an important first step in another direction by creating an easily usable instrument that embodies both theoretical context and practical frameworks.

The model was comprised of two major elements pulled from the theoretical background of website design and CSR. The first element focuses on the usability of the website, *information accessibility*, while the second element focuses more specifically on the content of corporate websites, *information transparency*. Desk research completed in this study sought the body of information accessibility in current theories on usability research, while also using academic research specifically aimed at usability of CSR websites. The data on information transparency was gathered by means of the major current frameworks, such as the Global Reporting Initiative and Global Compact.

Both information accessibility and information transparency were operationalised through further theoretical research and finalised with help of experts through the Delphi method. The full instrument provides a unique tool for researchers to quantitatively analyse both the current status and a future status of a wide range of CSR issues on compared corporate websites.

§6.2 Comparative analysis: reviewing Arab corporate websites of 2007

In the paragraphs below, the research questions that make up the comparative analysis of Arab corporate websites in 2007 are elaborated upon.

§6.2.1 What is the status of specific CSR sections on Arab corporate websites?

With regard to the 50 largest Arab companies having separate sections on their website for CSR related information, the results show conclusively that this is not very common yet. More than half of the companies do not have any separate section. And then, even the other half is divided: one quarter puts the CSR section prominently on the home page, while another quarter hides the section within the deeper layers of the website. Furthermore, while most corporate websites do seem to provide full financial information (mostly in PDF format), Arab companies do not seem to produce separate CSR reports yet: an overwhelming 90% of researched companies produce neither a separate CSR report, nor a CSR section in the annual report. This in effect translates to Arab companies labelling CSR as unimportant, which is a worrying conclusion considering the global uptake of the corporate social responsibility trend.

Most companies that do have a CSR section tend to label it by the terms ‘Corporate Social Responsibility’, ‘Community’ and ‘Sponsorship’. These labels betray a focus of CSR activities in the

Arab world on community and employee development: this is confirmed by the companies' preference for a certain type of CSR, as the researchers classified almost half of the CSR sections solely focusing on the 'People' dimension, which revolves around employee treatment, social involvement and sponsorships.

Out of the three markets, the companies in the Services market are most focused on providing CSR information. Some three quarters of all Services companies, most of which are in telecommunications, provide the visitor of their corporate website with a separate CSR section. It can thus be said that Arab telecommunications companies are by far the most CSR-conscious of the Top 50 companies. Financial companies in the Arab world score the worst in this field, while the Industrials do significantly better. The Industrials focus their CSR communication effort more along the Planet or environmental dimension, while the Services companies focus on the People dimension. These dimensions seem logical, as they fit the markets very well: the Industrials' concern is their interaction with the environment, while the Services' main concern is interaction with consumers.

Region-wise, the companies from the Gulf Cooperation Council and the Levant & Egypt do not seem to differ significantly in providing separate CSR sections on their corporate website. However, there is a difference when looking at the scopes of the companies in the Top 50: the results show that globally active companies score significantly higher than companies that operate on a national level. This can be explained by the much fiercer competition on the global level, in which a very interactive communication with the stakeholders has become much more important: in other words, typical CSR issues are playing a vital role. Arab companies that operate in the global market seem to give much more attention to CSR on their websites than the companies operating at a national level.

§6.2.2 What are the differences between Arab corporate websites from various markets?

The companies from the industrial, financial and services markets in the research study do not differ significantly in their average scores, neither in the information accessibility and information transparency dimensions, nor in overall scores.

§6.2.3 What are the differences between Arab corporate websites from various regions?

With regard to the two regions, this research study comes to some interesting conclusions. Firstly, the Levant/Egypt and the GCC region do not differ significantly on their scores in the information accessibility dimension. This translates to a similar quality of navigation and accessibility of websites across the Arab world. However, the transparency of those websites does differ significantly between the two regions: the companies from the Levant/Egypt perform much better than their peers in the GCC region.

For the individual elements within both research dimensions, the regions again do not differ in the information accessibility dimension but rather in the information transparency dimension. The Levant/Egypt region has much stronger online corporate presentation (with high scores on the *Corporate profile* and *Corporate products* elements), but also seems to focus much more on a typical CSR issue such as *Corporate governance*. The communication and transparency of corporate structure, reward policies for boards of management, decision structures, etc has a much more evolved place among the companies from the Levant/Egypt.

In a remarkable conclusion, it may be said that while the Levant/Egypt is a region may be regarded as underdeveloped economically, it is actually a region that has adopted a much stronger online corporate transparency and corporate social responsibility in comparison to the ‘booming’ region in the Gulf.

§6.2.4 What are the differences between the best-performing Arab corporate websites?

The three markets and two regions in the research study do not differ significantly in their average scores among the Top 21 companies, neither in the information accessibility and information transparency dimensions, nor in overall scores. However, looking beyond the scoring alone, the percentile representation of the individual markets and regions among the Top 21 companies does provide for some noted differences.

While the absolute number of Levant/Egypt companies within the Top 21 is lower than the representation from the GCC region, the percentile representation is quite the opposite: two-thirds of all Levant/Egypt companies are among the top scoring companies in the Arab world, while only one-third of GCC companies make the shortlist. Concluding, this means that the Levant/Egypt region hosts most of the strongest companies in the Arab world in terms of transparent communication of corporate social responsibility issues.

Looking at the markets, the Services market is much stronger represented within the Top 21 compared to the Financials and Industrials, having more than two-thirds of its companies among the top scorers. Notably, all these companies are telecommunications companies. This means that it is safe to state that the telecommunications companies are leading the Arab world in both the accessibility and transparency of CSR information on their corporate websites.

§6.3 Trend study: previewing Arab corporate websites of 2010

The results of this study revolve around exploring the trends in the main research dimensions, namely information accessibility and information transparency, toward 2010.

§6.3.1 What is the trend on Arab corporate websites for information accessibility?

Looking at the discernable trends for the information accessibility dimension, it may be concluded from the data that relatively archaic tools such as polls and forums are on the *won’t have* list for many Arab companies. Some features split the companies into two distinct groups: for example, providing an SMS service to your users was *won’t have* for one half of the companies, while being a *will have* for the other half.

It may be said that more technologically advanced ‘Web 2.0’-ish features such as audio services, video services, and interactive tables and graphs that the user may manipulate to his or her liking, are all thought of as *should haves*: Meaning, the general opinion is that these features are indeed important to have, but are unlikely to be implemented in the next 2-3 years due to barriers, such as technological complexity, financial constraints, or not fitting the needs of the website’s current users.

The accessibility features that do find support from the Arab companies are also related to interactivity, but more oriented toward offering service and ease of use to the user. The feature RSS feeds (indicated as a will have in 78% of the cases) offers the user instant updates to his or her email when news breaks on the company. Also, SMS services (56%) offer that same functionality, only with updates to mobile phones.

§6.3.2 What is the trend on Arab corporate websites for information transparency?

Turning to the trends for the information transparency dimension, the drive towards more CSR centred transparency on the corporate website becomes apparent. Indeed, half of the companies participating in the trend study indicate the importance and likelihood of a separate CSR section, and thus label it as a *will have* for the next 2-3 years.

When looking to what the content of such a separate CSR section should be, the Arab companies are very unanimous.

The aspirational and ethical Global Sullivan framework is not regarded by any company in the trend survey to be either important or likely to be implemented. This might be due to the discrepancy between the Arab companies largely Muslim background and the predominantly Christian value-based framework. Another aspirational framework, Global Compact, is labelled as a *won't have* by slightly more than half of the companies.

A third framework which is not regarded as very important or likely to be implemented is the AccountAbility framework. This may also have a cultural and religious explanation, because as was explained in paragraph 2.4.5, Arab corporate culture prides itself on its humility and lacks the willingness to be transparent towards all stakeholders. The AccountAbility framework itself is a very open, completely transparent framework specifically for economic and financial indicators, which, while having been picked up by many European and American companies, does not specifically support the Arab corporate culture.

Finally, the only framework which does seem to find the support of the 50 largest Arab companies is the Global Reporting Initiative. This framework is signalled to be both important and highly likely to be implemented in 45% of the cases. What sets this framework aside from the other CSR and transparency frameworks in their holistic approach to social responsibility, covering all three of the main pillars of CSR (People, Profit, and Planet) with specific indicators. The connection of Arab companies to this framework should likely be sought in the overlap of the high intrinsic level of corporate social involvement of Arab companies in society with the broad coverage of this framework: however, what issues specifically are the reasons for the Arab companies' preference to the GRI framework is something for future research.

§6.4 Conclusion: online CSR in the Arab world, 2007 - 2010

This research study started with a question that launched an extensive exploration of a developing theme within the Arab corporate culture, namely being transparent online about Corporate Social Responsibility issues:

What is the current state and perceived future trend corporate social responsibility on Arab corporate websites?

Looking at the state of transparency in 2007, it is clear that the Arab world still is far behind the leading global CSR regions such as Western Europe, the United States and Japan: almost none of the analysed Arab companies published a CSR report, while only half of the companies had CSR information on their corporate website. However, the best performing Arab companies are clearly leading the effort towards better transparency and accessibility: companies in the services market (in this study, mainly telecommunications companies), companies that are active globally, and companies in the Levant and Egypt perform significantly better than their peers in the Top 50. This last fact especially is striking, as the Levant/Egypt region is an economic underperformer in comparison to the economically strong and highly innovative Gulf region.

Looking at the conclusions of the trend study toward 2010, it is safe to state that the focus on usability and better accessibility for the user of the websites is being considered more and more (features such as RSS feeds or SMS services), although certain highly interactive or 'web 2.0'-ish features, such as interactive tables and graphs about corporate performance, are still perceived to be difficult or irrelevant to implement. In any case, this research study has shown the knowledge of and willingness to use CSR frameworks among major Arab companies: the trend toward 2010 will be the further implementation of the Global Reporting Initiative framework, which currently is the world's most popular framework for transparent CSR communication. This trend, if truly continued, will set the stage for the major Arab companies to become more competitive to their European, Asian and US peers and will enable them to attract more capital, but will also stimulate higher innovation, better risk management, and more sustainable products and organisations in the Arab world.

7 Discussion

§7.1 Limitations

Unfortunately, the empirical analysis of corporate social responsibility and corporate transparency is still in a somewhat embryonic stage and critical issues regarding frameworks, measurement and empirical methods have not been resolved. Furthermore, much like the topic of innovation, CSR is a topic that cannot be analysed from the perspective of a single discipline. Thus, it appears that CSR is fertile ground for interdisciplinary theory development and empirical analysis. That is why this research is highly exploratory in nature and uses an original framework that combines both practical website heuristics/usability research with a theoretical background focused on existing frameworks for online transparency on corporate social responsibility elements. However, the originality of this approach led to some unresolved research issues which are addressed in the following paragraphs: CSR relevance, inter-rater reliability, country and regional representation.

§7.1.2 CSR relevance

The research study focused on the communication of corporate social responsibility information through the corporate websites on major companies. An argument that is often used against corporate social responsibility is that a company may very well be able to report on something it did not do. This is largely due to the fact that frameworks such as Global Compact or Global Reporting Initiative do try to make some sort of standardized quantifiable claim to corporate social responsibility, however it is not waterproof. A good example could be comparing financial annual reports with social reports: while the first has been legally and centrally administered and is consequently analysed by governmental bodies, the social reports often are not. This is especially the case in the current economic boomers, such as Arab countries in the Gulf, which do not have much regulation on reporting yet.

Another issue with corporate social information in this perspective, is that is may often be seen as a means to good PR, while good PR should be the end result of a company's social activity. This is one the major arguments against the highlighted communication of CSR issues through annual reports and social reports, both on paper and on the corporate website.

§7.1.2 Inter-rater reliability

When two raters use the same instrument individually, there are bound to be individual differences in the way they score certain websites. In this research study, this issue was recognised and analysed by means of Cohen's kappa (see paragraphs 4.1.3 and 5.1.3), which analysed the number of agreements between the two researchers. This analysis led to the conclusion that the rating methods of both researchers were significantly similar enough to constitute valid instrument (Cohen's kappa > 0.70). However, the data also signalled a slight bias in the scale of the instrument.

Analysing the frequency for the number of agreements between the two researchers, Cohen's kappa takes into account the number of agreements by chance through an expected frequency. In the scale of the instrument, it became apparent that the expected frequency for the number of agreements that occurred by chance was highest in the classification *satisfactory*. This would imply that the classification might not be as clear in its definition as the other classifications, as it leaves a lot of agreement to chance. The two clearest classifications that were agreed upon were the two extremes, namely *missing* and *outstanding*. These have very low expected frequencies for agreement by chance, and thus may be said to be clearer than the other classifications.

This imbalance in the scale should have been filtered out through pre-testing, which was not undertaken in this research study.

§7.1.3 Country and regional representation

The selected method for gathering a list of the 50 largest companies in the Arab economies was through the determination of market capitalisation by country, because among other research goals, analysis was aimed at painting a picture of country versus country. Because some countries had such relatively weak economies, this market capitalisation approach resulted in the situation that some countries were represented by a single company.

This led to conclusions that would be difficult to represent the entire country, while this was indeed the initial intent. It was therefore chosen to compare the two main regions: Levant & Egypt, and the Gulf Cooperation Council (GCC).

§7.2 Further research

Research of corporate social responsibility and its communication stretches into a wide variety of fields (social involvement, financial transparency, environmental responsibility, corporate governance, etc), so consequently this research was focused and narrowed down to a particular field. The economic and financial transparency dimension of corporate social responsibility is the most basic dimension in the communication of corporate performance. Because this study was done in a developing region of the world, the Arab world, where CSR and corporate transparency were only just beginning to be integrated in business strategy, the research therefore focused on this most basic dimension: the online transparency of financial and economic corporate social responsibility performance. This study leaves other major fields of corporate social responsibility, such as environmental transparency, for further follow-up studies.

Another element interesting for further research is the Global Reporting Initiative framework. Because this research study was explorative in nature, several frameworks were evaluated: the GRI framework was perceived to be the most applicable to the companies and to the prevalent corporate culture in the Arab world. However, exactly what attracts Arab companies to the GRI framework is something that was left for further research in this explorative study. Because the GRI is such an all-encompassing framework, covering anything from financial reports to environmental transparency and social issues, it would indeed be interesting to see how these separate parts do in the Arab world.

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9 Appendices

Appendix 9.1 Complete list of the Top 50 companies and rankings by alphabet

Company name	Market	Country	InfoAcces	InfoTrans	Mean
Abu Dhabi Commercial Bank	*Finance*	*UAE*	*50.21*	*50.0*	*50.1*
Agility Company	*Services*	*KUW*	*.0**	*.0**	*.0**
Ahli United Bank	*Finance*	*KUW*	*51.91*	*53.5*	*52.7*
Al Bilad Bank	*Finance*	*BAH*	*48.51*	*33.57*	*41.04*
Al Rajhi Banking & Investment Corp	*Finance*	*KSA*	*45.11*	*41.61*	*43.36*
Arab Bank Group	*Finance*	*JOR*	*50.21*	*50.35*	*50.28*
Arab National Bank	*Finance*	*KSA*	*47.23*	*46.50*	*46.87*
Bank Al-Jazira	*Finance*	*KSA*	*38.30*	*41.61*	*39.95*
Bank Muscat	*Finance*	*OMA*	*50.64*	*51.75*	*51.19*
Commercial Bank of Kuwait	*Finance*	*KUW*	*45.53*	*46.50*	*46.02*
Du	*Services*	*UAE*	*51.06*	*50.35*	*50.71*
Egyptian Mobile Services (MobiNil)	*Services*	*EGY*	*60.43*	*68.88*	*64.65*
Emaar Properties	*Industry*	*UAE*	*62.55*	*75.87*	*69.21*
Emirates Bank International	*Finance*	*UAE*	*43.40*	*48.25*	*45.83*
Etisalat	*Services*	*UAE*	*54.04*	*47.90*	*50.97*
Ettihad Etisalat (Mobily)	*Services*	*KSA*	*51.06*	*44.76*	*47.91*
Global Investment House	*Finance*	*KUW*	*44.68*	*55.24*	*49.96*
Gulf Bank	*Finance*	*KUW*	*46.68*	*48.25*	*47.53*
Housing Bank for Trade & Finance	*Finance*	*JOR*	*40.85*	*50.70*	*45.78*
Industries Qatar	*Industry*	*QAT*	*39.15*	*49.65*	*44.40*
Investment Dar	*Finance*	*KUW*	*44.68*	*58.04*	*51.36*
Jordan Telecom	*Services*	*JOR*	*58.30*	*54.90*	*56.60*
Kuwait Finance House	*Finance*	*KUW*	*43.83*	*45.10*	*44.47*
Mobile Telecommunications Company	*Services*	*KUW*	*60.43*	*76.22*	*68.32*
National Bank of Abu Dhabi	*Finance*	*UAE*	*41.70*	*45.45*	*43.58*
National Bank of Kuwait	*Finance*	*KUW*	*48.94*	*53.15*	*51.04*
National Industries Company	*Industry*	*KUW*	*39.57*	*37.06*	*38.32*
National Mobile Telecom Co (Wataniya)	*Services*	*KUW*	*43.83*	*47.55*	*45.69*
Orascom Construction Industries	*Industry*	*EGY*	*49.36*	*76.22*	*62.79*
Orascom Telecom Holding	*Services*	*EGY*	*54.47*	*57.69*	*56.08*
Qatar National Bank	*Finance*	*QAT*	*52.34*	*51.40*	*51.87*
Qatar Telecom	*Services*	*QAT*	*60.85*	*56.99*	*58.92*
Riyadh Bank	*Finance*	*KSA*	*52.77*	*44.76*	*48.76*
SABB	*Finance*	*KSA*	*44.68*	*46.85*	*45.77*

SABIC	*Industry*	*KSA*	*61.70*	*63.29*	*62.49*
Samba Financial Group	*Finance*	*KSA*	*42.55*	*41.96*	*42.26*
Saudi Cement	*Industry*	*KSA*	*36.17*	*37.06*	*36.62*
Saudi Electricity Corp	*Industry*	*KSA*	*27.66*	*23.78*	*25.72*
Saudi Fertilizers	*Industry*	*KSA*	*41.70*	*42.66*	*42.18*
Saudi French Bank	*Finance*	*KSA*	*46.38*	*45.80*	*46.09*
Saudi Hollandi Bank	*Finance*	*KSA*	*42.98*	*45.80*	*44.39*
Saudi Investment Bank	*Finance*	*KSA*	*48.09*	*50.35*	*49.22*
Saudi Telecom Co.	*Services*	*KSA*	*51.91*	*56.64*	*54.28*
Savola Group (al-Azizia)	*Industry*	*KSA*	*51.49*	*66.43*	*58.96*
Solidere	*Industry*	*LEB*	*42.98*	*48.25*	*45.62*
Southern Cement	*Industry*	*KSA*	*.0**	*.0**	*.0**
Telecom Egypt	*Services*	*EGY*	*41.28*	*55.59*	*48.44*
Vodafone Egypt Telecoms Co.	*Services*	*EGY*	*58.30*	*63.99*	*61.14*
Yamama Cement	*Industry*	*KSA*	*35.32*	*39.16*	*37.24*
Yansab	*Industry*	*KSA*	*45.53*	*46.85*	*46.19*

* complete website was unavailable at time of research

Appendix 9.2 Aspirational and ethical frameworks

9.2.1 Global Compact

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

THE GLOBAL COMPACT

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

9.2.2 The Global Sullivan Principles

The Preamble

The objectives of the Global Sullivan Principles are to support economic, social and political justice by companies where they do business; to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision making committees and boards; to train and advance disadvantaged workers for technical, supervisory and management opportunities; and to assist with greater tolerance and understanding among peoples; thereby, helping to improve the quality of life for communities, workers and children with dignity and equality.

I urge companies large and small in every part of the world to support and follow the Global Sullivan Principles of Corporate Social Responsibility wherever they have operations.

Reverend Leon H. Sullivan

Author & Founder

The Principles

As a company which endorses the Global Sullivan Principles we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout our organization. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace.

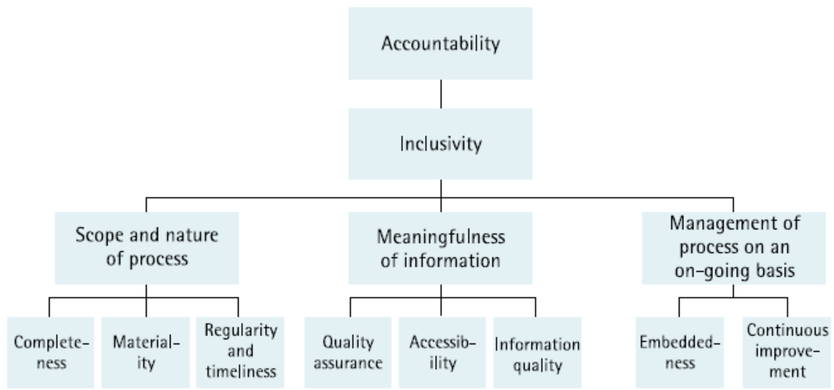
Accordingly, we will:

- Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate and parties with whom we do business.
- Promote equal opportunity for our employees at all levels of the company with respect to issues such as color, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude or other forms of abuse.
- Respect our employees' voluntary freedom of association.
- Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.
- Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.
- Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.

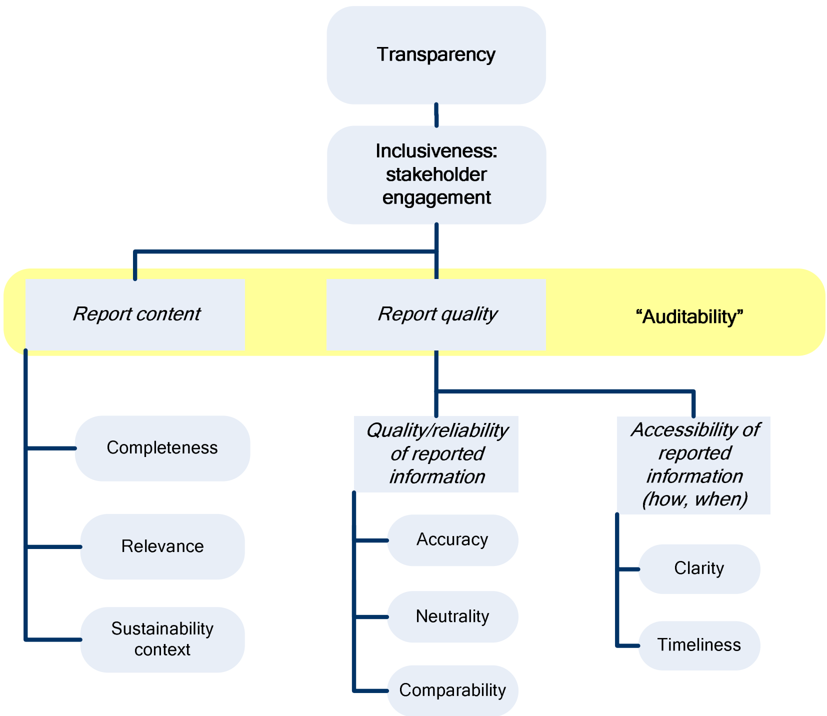
- Work with governments and communities in which we do business to improve the quality of life in those communities — their educational, cultural, economic and social well-being — and seek to provide training and opportunities for workers from disadvantaged backgrounds.
- Promote the application of these Principles by those with whom we do business.
- We will be transparent in our implementation of these Principles and provide information which demonstrates publicly our commitment to them.

Appendix 9.3 Accountability and reporting frameworks

9.3.1 AccountAbility 1000S



9.3.2 Global Reporting Initiative



Appendix 9.4 Instrument: the CSR Transparency Index

Comparative analysis Information accessibility		Missing	Poor	Satisfactory	Good	Outstanding
Website logistics	Functional search option					
	Hierarchical navigation					
	Usable navigation					
	Location indicator (‘home > CSR > …’)					
	Conventional modern layout (CSS, PHP)					
	CSR section is similar to main page					
	Archive of news items, press releases, etc					
	Clearly marked exits (‘Home’)					
	Clearly marked shortcuts					
	Feedback forms					
	Full contact details					
Language	Language is clear and concise					
	Website is available in English					
	Website is available in Arabic					
	Spelling/grammar error free					
	Jargon free					
	Focused on multiple stakeholders					
Personalization	Personalized newsletter Interactive tables and graphs					
	Interactive analytical tools					
Report formatting	PDF format of annual report(s)					
	PDF format of separate CSR report(s)					

	HTML format of annual report(s)	Missing	Poor	Satisfactory	Good	Outstanding
	HTML format of separate CSR report(s)					
Interactivity (Web 2.0)	RSS feeds					
	SMS notification services (for press releases, etc)					
	Audio feeds					
	Video feeds					
	Forums					
	Polling					
	Mailing lists					
	Frequently Asked Questions section					
Information transparency						
Economic responsibility (‘*Profit*’)	***Information in 2006 financial report***	Missing		Available		
	Revenues (net sales, ROI, income from assets, etc)					
	Operating costs					
	Employee wages & benefits					
	Payments to providers of capital					
	Payments to government					
	Investments					
	Equity release					
	Social sponsorships					
	Assurance accounting					
	Investor Relations	Missing	Poor	Satisfactory	Good	Outstanding
	Latest annual report(s)					
	Latest quarterly report(s)					
	Share information					

	Dividend information	Missing	Poor	Satisfactory	Good	Outstanding
	Market trends information					
	Financial presentations					
	Corporate agenda					
	Strategic outlook					
Corporate profile	***Corporate profile***					
	Company locations (HQ, factories, etc)					
	Issue of ownership					
	Markets served					
	Scale of the company					
	Contacts for questions					
	Message from the CEO					
	Corporate values					
	Corporate news					
	Financial news					
	Latest company news					
	Up to date information (2006/7)					
	Press and media kit					
	Press releases					
	Company statements					
	Corporate history					
	News is kept in an archive					
	History of the company					
	Future information					
	Course of the company (vision, strategy)					
	Risks/opportunities					

		Missing	Poor	Satisfactory	Good	Outstanding
Corporate governance	***Corporate hierarchy***					
	Company structure					
	Board of Directors, Management Team					
	Board of Advice/Trustees					
	Corporate policies					
	Reward and bonus information					
	Business principles, ethics					
	Declaration of corporate governance (external party)					
Corporate standards	Membership of (inter)national associations					
	Compliance with (inter)national standards, ISO					
Corporate products	Product information					
	Brand information					
	Service information					
Corporate idealism	Business values and philosophy					
	Business etiquette information Business ethics information					

Demographics & CSR specific

1. In what market is the company active?	☐ Industrial	☐ Financial	☐ Services	
2. What region is the company from?	☐ Levant/Egypt	☐ Gulf Cooperation Council (GCC)		
3. Does the company operate nationally, regionally or globally?	☐ Nationally	☐ Regionally	☐ Globally	
4. Is the company a subsidiary of a European or American company?	☐ Yes	☐ No		
5. Does the company have a separate CSR section?	☐ Yes, link on the main page	☐ Yes, link on a sub page		☐ No
5a. Under what term is the CSR information bundled?	☐ CSR	☐ Sustainability	☐ Sponsorship	
	☐ Commitment	☐ Community	☐ Other	
5b. In what CSR pillar(s) could the company's CSR activities be classified?	☐ People	☐ Planet	☐ Profit	

5c. What type of CSR activities does the company undertake? ☐ Sponsorships ☐ Environmental ☐ Construction ☐ Employee development ☐ Community investment ☐ Education

6. Does the company produce and publish a CSR report online? ☐ Yes, separately ☐ Yes, as part of annual report ☐ No

7. Does the company list a specific CSR department and/or contact on the website? ☐ Yes, contact ☐ Yes, department ☐ Yes, both ☐ No

Trend study **Do you believe it is important for your website to have this feature?**	**Very unimportant**	**Unimportant**	**Don't know**	**Important**	**Very important**
Feedback forms					
Full contact details					
Bilingual support (English and Arabic)					
Personalized newsletter					
Interactive tables and graphs					
RSS feed(s)					
SMS notification services					
Audio feed(s)					
Video feed(s)					
Forums					
Polling					
Mailing list					
FAQ section					
Separate CSR section					
Endorsement of Global Sullivan Principles					
Endorsement of United Nations' Global Compact					
Endorsement of AccountAbility					
Endorsement of Global Reporting Initiative					

Do you believe it is likely that your website has this feature in 2-3 years?	Very unlikely	Unlikely	Don't know	Likely	Very likely	Already implemented
Feedback forms						
Full contact details						
Bilingual support (English and Arabic)						
Personalized newsletter						
Interactive tables and graphs						
RSS feed(s)						
SMS notification services						
Audio feed(s)						
Video feed(s)						
Forums						
Polling						
Mailing list						
FAQ section						
Separate CSR section						
Endorsement of Global Sullivan Principles						
Endorsement of United Nations' Global Compact						
Endorsement of AccountAbility						
Endorsement of Global Reporting Initiative						

Appendix 9.5 Using the CSR Transparency Index

This appendix covers the practical use of the instrument for the convenience of future research purposes. In various steps, the research process as followed in this study is explained through simple, practical instructions.

1. Selecting the target group

The first step in the use of this the CSR Transparency Index is asking the question: why do I want to do this and who or what should be the main subject of this research? Asking these questions forces you, as researcher, to critically examine the focus of your study, while at the same time allowing for a more elaborated thought process on the initially proposed participants.

Once this main question has been answered, the researcher has narrowed down the focal point of the study to a certain target group of websites. In this particular research study, the target group involved the Top 50 largest companies in the Arab stockmarkets by market capitalization.
Always select a target group that will be comparable on the variables used in this instrument; always select a target group of websites that already have some CSR content.

2. Pre-study

The next step is the pre-study to maximize validity and reliability of the instrument. This is achieved through three concrete steps: getting an impression of the general quality of the websites, using the instrument to test score the websites, and finally to assess the reliability of the group of raters.

Looking over the target group's websites
Once the target group has been determined and selected, the researchers (otherwise called raters) should start scanning the target websites. They should get a feel for the general quality level of the content and usability, with special focus to the CSR elements on the website. The goal of this step is that it will allow raters to better compare websites to each other, which is a vital part in the scoring system of this instrument.

Test scoring
After general impressions, raters should individually score a minimum of 20% of the target group websites on a minimum of 20% of the items in both dimensions of the instrument.

Inter rater reliability
The final step in the pre-test is determining the inter-rater reliability. Using the test scores of the previous step, Cohen's kappa may be determined with the methodology described in chapter 4. The inter-rater reliability is deemed to be sufficient when scoring >0.70.

3. Comparative analysis

This is the core of the study: the comparative analysis aims to provide a reliable comparison of websites within the defined target group, by using the two-dimensional instrument. Researchers using the instrument should heed the following advice.

- The comparative analysis will only be reliable when first having completed step 2, Pre-study, as described above.
- The number of raters is an important part of the study: more raters can make the instrument's reliability higher. The absolute minimum number of raters is two.
- The researchers should keep in mind that the instrument for comparative analysis is designed to provide insight into the current status of the target group's websites. The part of the instrument focusing on the trend study provides, by contrast, insight into the future status by analyzing perceptions.

4. Creating the Index

The Index in fact is based in percentage scores, while the instrument makes use of a 5-point scale. The transition from this absolute score to a relative score requires a specific number of steps described below.

First, take into consideration that the 5-point scale distributes scores along a Missing – Outstanding scale. This serves the transition to percentages, as the Outstanding score equals a best possible score, in other words: 100%. In addition, this fact not just applies to individual items, but also to elements (the items added up), and the main dimensions (the elements added up).

To determine the percentage score on Information accessibility for company X, we first score all items in that dimension on the 1 – 5 scale. We then determine its best possible score by multiplying the number of items by 5 (Outstanding), both for the dimensions and their elements. The actual score of e.g. an element can then be translated easily into a percentage score: add up the individual scores of all items within that element, and multiply it by the best possible score. Then divide by 100 to generate the percentage score for that element. This can be repeated for the main dimensions as well.

If this transition is implemented well, the percentage scores for the entire target group on both dimensions can be easily calculated. This, in turn, generates an overview of the top scorers in the target group: the Index.

5. Trend study

The trend study focuses on perceptions on key stakeholders within the target group about the future development of their website on the two main dimensions. The trend study makes use of two simple questions to which the answers can be crossed with each other in a matrix. This matrix is the basis of the analysis.

Researchers using the instrument should heed the following advice.

- The 'future' in this instrument is not set to a certain timeframe. It is up to the researchers to set the timeframe they wish to analyse.
- The instrument used for the trend study is variable: the items that are used in this specific research study reflected the wish of the researcher to focus on these items. Furthermore, the questions used to gather the perceptions of the target group are variable: as long as they can be analysed by crossing the results in a matrix.
- The items chosen for the trend study should however always have been analysed first by means of the comparative analysis.