

## Using websites to communicate corporate social responsibility for listed financial services companies

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## **Abstract**

The purpose of this research is to investigate the use of the corporate websites of listed financial services companies to communicate their corporate social responsibilities. This research also examines how adherence to section thirteen of the Financial Sector Charter, regarding Corporate Social Investment, is communicated on the corporate websites. The research also examined how the websites are used and how the information is organised and presented in order to draw conclusions about corporate social responsibility within the companies.

This research was carried out in two stages. The first stage of the research was used to interview experts on CSR in South Africa. This data was used to create the framework for assessing the corporate websites, incorporating the information obtained from the literature review. The second stage of the research was the examination of the corporate websites to understand the CSR representation.

A key finding, based on the information on the corporate websites, was that the companies generally position the CSR information in prominent locations on the corporate websites indicating that it is considered fairly important to the company. However, the information could have been more current to reflect more accurately their CSR activities. There is also no encompassing South African definition of corporate social responsibility, thus all companies interpret their activities and the components in their unique ways.

## **Declaration**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Lisa Morkel

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13 November 2008

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## **1 Introduction to Research Problem**

This section describes the relevance of the topic “Using websites to communicate corporate social responsibility for listed financial services companies” and the problem that the research will address.

### **1.1 The Problem**

“The days of companies being reticent about highlighting their Corporate Social Responsibility (CSR) initiatives are over. The need to communicate effectively is being driven by various factors. The Department of Trade and Industry Codes of Good Practice and other industry-specific charters put CSR high on the agenda, and there has been an increased focus on CSR in the South African marketplace as the nation transforms” (Smith, 2006).

The purpose of this research is to investigate the use of the corporate websites of listed financial services companies to communicate their corporate social responsibility. This research will focus on Johannesburg Stock Exchange (JSE)-listed financial services companies, which are subject to the Financial Sector Charter (2003) and will thus also look at how adherence to the charter is communicated via the website. The research will examine how the website is used and how accessible the information is and how the information is organised and presented on the corporate websites.

## 1.2 Research Justification

### 1.2.1 Social Spend in South Africa

South Africa has a population that is heavily dependent on social spend. The total number of South African grant beneficiaries is R12.4-million, and expenditure on social assistance is expected to be R75.3-billion in 2008/09 (BuaNews, 2008). On 30 May 2008, Trevor Manuel announced further food relief for the poorest South Africans that have been most affected by the increase in global food prices (Benton, 2008). The government is increasingly trying to expand its social spend but is limited by the particularly large investments in the FIFA 2010 Soccer World Cup and in new infrastructure requirements identified during the recent energy crisis inflicted on South Africa by poor infrastructure planning. Further, Sapa reported that tens of millions of Rands of South African Lotto money that has been earmarked for charities and other good causes has not been distributed. This has affected more than one hundred non-profit organisations, and according to the Democratic Alliance, has resulted in many organisations needing to reduce their staff numbers, salaries and services in order to remain operational (Sapa, 2008). Thus it is clear that there is a gap in spending on the most marginalised in society and that companies have a role to play in assisting government in areas lacking in social spend to ensure that in the long run, the South African environment will continue to be conducive to doing business.

### 1.2.2 Corporate Social Responsibility in South Africa

Corporate social responsibility is still relevant in South Africa. Corporate social responsibility (CSR) is considered essential as it is said to legitimise an organisation in the eyes of society and potentially give the company a competitive edge (Wartick and Cochran, 1985). According to the South African black economic empowerment (BEE) strategy, "our country requires an economy that can meet the needs of all our economic citizens - our people and their enterprises - in a sustainable manner" (DTI, 2003). This statement is still relevant in modern South Africa that is seeking a mixture of pure capitalism balanced with social redress through policies such as black economic empowerment and broad-based black economic empowerment. CSR activities seek to address more than company participation and ownership, but also society, citizens, consumers, staff and broader social and environment responsibilities (Capriotti and Moreno, 2007). Both BEE and CSR are factors that influence the social environment in which a company is viewed.

According to Michael Porter (Business Report, 2007), public companies have a responsibility to shareholders, and "doing the right thing" is no longer a sufficient rationale for corporate giving nor is it a sufficient guide to how corporations can truly benefit society. Demonstrating the business value of investing in the community will increase corporate giving, not diminish it.

### 1.2.3 Corporate Social Responsibility and the Company Image

Companies today understand that corporate social responsibility forms an inextricable part of their reputations and brand identities. Ever increasing corporate resources are being spent on improving the social, human and environmental conditions under which companies operate. These activities contribute to social progress and, as an unending torrent of sustainability reports and press releases attest, are intended to enhance corporate images (Kramer, Kania and McBreen, 2006).

Increasingly, philanthropy is used as a form of public relations or advertising, promoting a company's image through high-profile sponsorships, but there is a more truly strategic way to think about philanthropy, Porter says (Business Report, 2007). Porter is referring to integrating CSR activities with strategic company goals to ensure that companies benefit from CSR. Yet the world's problems seem as intractable as ever, and very few global companies have managed to rise above the public relations din, truly distinguishing themselves through their CSR activities (Kramer, Kania and McBreen, 2006).

Michael Porter has suggested that companies need to focus on the economic benefits of CSR activities; while Smith (2006), as an industry expert, has suggested that it is important to ensure that CSR is supported by a strong communication strategy.

#### 1.2.4 Corporate Social Responsibility and the Financial Sector

The Financial Services sector is one of the most established in South Africa. Government has increasingly put pressure on the sector to increase its corporate social responsibility activities. The requirements have been formally documented in the financial sector charter. All financial services companies in South Africa are subject to the charter. The first review of the charter is expected in 2009. This will evaluate performance, including the corporate social investment (CSI) requirements specified in the charter.

#### 1.2.5 Corporate Social Responsibility on the Web

One way in which an organisation can communicate its social responsibility is to utilise rapidly expanding computer-mediated-communication networks (Esrock and Leichty, 1998). The number of individuals with access to the internet is growing rapidly in South Africa. Thus, using the internet to communicate CSR is an important medium as visitors to corporate websites have diverse interests, however it is important to provide sufficient attention to the CSR messages as there are likely to be competing interests of its broad readership (Coupland, 2005).

The requirements of CSR and the communication thereof are not specific to South Africa. A Spanish study, which has been emulated in other countries, investigated how CSR was reported on the corporate websites of the largest listed companies in Spain. The study was carried out by Capriotti and Moreno (2007), Spanish academics. This study is therefore a reference basis for this study; however the

scope of this study is confined to the South African financial services companies, especially as they are subject to the Financial Sector Charter (2003).

#### 1.2.6 Conclusion to the Research Justification

Despite increasing allocations of social spend by government, there is a need for companies to use CSR activities to support South African communities. Companies can no longer be reserved about their CSR spend as recognised by the financial sector. Financial services companies are expected to allocate 0.5% of post-tax profits to CSR according to the Financial Sector Charter (2003) by 2014. Though the contributions of financial services companies to corporate social responsibility initiatives are directed at social causes, the financial services companies still have profit targets and shareholders that they report to and there is no “good company that is not profitable” (Esrock and Leichty, 1998). Merely spending on CSR so that the companies can be seen to be acting conscientiously is no longer acceptable to stakeholders who are seeking business value for social investment. Corporate websites have become a popular method of communicating CSR to stakeholders especially with an increasing number of internet users locally; but bearing in mind the varying stakeholders using a corporate website, the CSR information must be mindfully structured. It is important to understand what messages are being presented to stakeholders regarding CSR.



### **1.3 Research Objectives**

The objectives of this research are therefore to:

- Create a framework to examine corporate social responsibility information on corporate websites for financial service companies;
- Understand how corporate websites of listed financial services companies are used to communicate their corporate social responsibility activities; and
- Test a framework for reviewing corporate social responsibility website communications on a sample of financial services corporate websites.

### **1.4 Research Problem Definition**

Using the internet to communicate CSR information offers companies the opportunity to present a positive and socially responsible image to their customers as they tend to serve audiences that are more active in how they seek and process information (Esrock and Leichty, 1998). Bearing in mind the multiple stakeholders using corporate websites, the CSR information must be carefully structured as the hierarchy of information on web sites also points to the perceived importance of topics (Capriotti and Moreno, 2007). The purpose of this research is to assess how listed Financial Services Companies communicate their social responsibilities on their corporate website and to assess how the information is structured for communication of the CSR activities. With the requirements for CSR listed in the financial services charter, the research will incorporate these requirements to investigate how these CSR requirements are communicated on these websites.

As part of this research, a framework will be established that can be used to examine the content of corporate websites to understand the corporate social responsibility website communications.

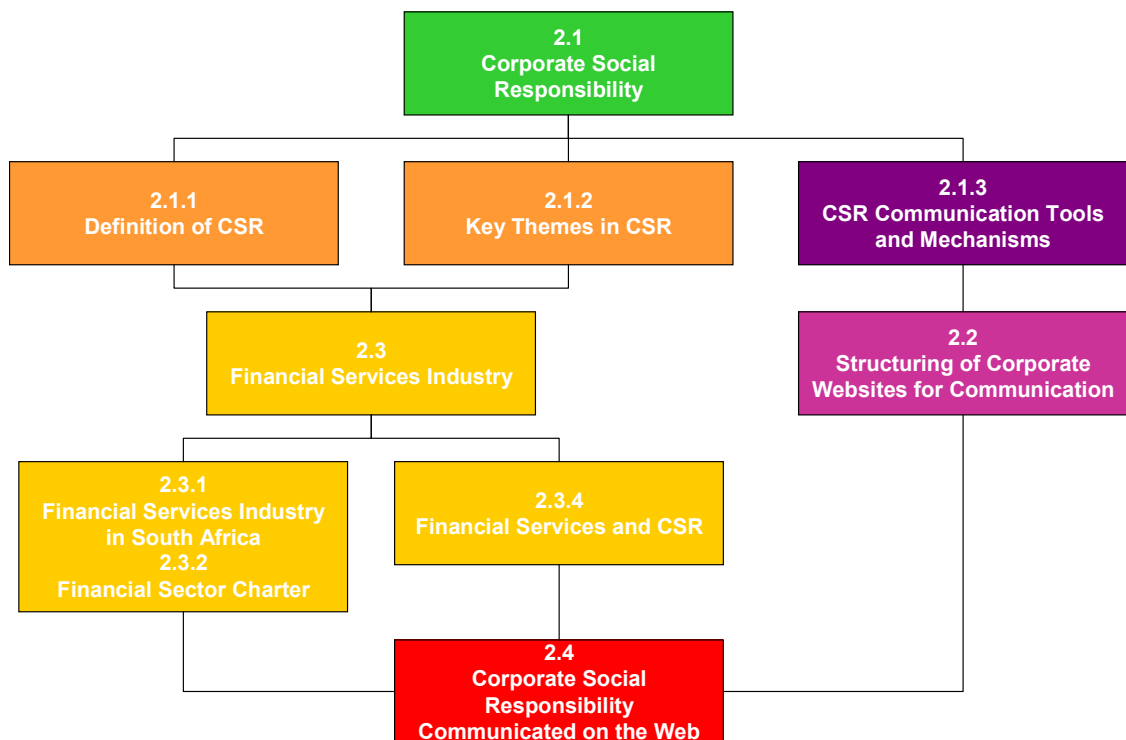
Chapter 2 will present a selection of relevant literature that covers the theory in support of this research.

## 2 Literature Review

This chapter will discuss literature that has been reviewed while researching the problem introduced in Chapter 1 regarding how corporate websites are used to communicate CSR for listed financial services companies. The main theory discussed will be regarding CSR and the structure and organisation of corporate websites.

The components of the literature reviewed in this chapter can be summarised as follows:

**Figure 1: Key Relationship in Literature**



## 2.1 Corporate Social Responsibility

This section discussed the concepts of corporate social responsibility. Corporate social responsibility goes by many names including: corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, corporate social initiatives, stake holding, community involvement, corporate responsibility, socially responsible investment, sustainability, triple-bottom line, corporate accountability, global citizenship, corporate societal marketing and corporate social investment. The remainder of this document will refer to corporate social responsibility (CSR).

### 2.1.1 Definition of CSR

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (Friedman, 1970).

Over the last sixty years, there has been much discussion on the exact definition of corporate social responsibility, however, according to Kotler and Lee, it is certain that “we all want a better world and are convinced that communities need corporate support and partnerships to help make that happen. A key to bring about this support is for corporations to recognize (sic) and realize (sic) opportunities for bottom-line benefits, including corporate goodwill” (Kotler and Lee, 2005, p.x).

Bowen, referred to as the “Father of Corporate Social Responsibility” by Carroll (1999), published a book in 1953 called “Social Responsibilities of the Businessman” in which he began to ask questions about the responsibilities that businessmen have towards society. Also in the 1950s, a groundbreaking US Supreme Court decision allowed corporate contributions and involvement in social issues.

Thereafter in the 1960s, many corporations began to feel pressured to demonstrate their social responsibility and established foundations and / or giving programmes (Kotler and Lee, 2005). Further to Bowen, in 1960 Frederick defined the social responsibilities of businessmen as being to oversee the operation of an economic system that fulfils the expectations of the public (Frederick cited in Carroll, 1999).

Among academics especially the debate continued in the 1970s on the definition of CSR as well as to what the responsibility refers, to whom the company was responsible and about who was stating the need for social responsibility. Friedman (1970) felt that the discussions of the "social responsibilities of business" were notable for their analytical looseness and lack of rigour and that people rather than businesses have social responsibilities. Academics and authors continued in their attempts to define what it meant for companies to be socially responsible and

Carroll, recognised as a major contributor to CSR research, summarised the purpose of CSR according to various authors as follows (Carroll, 1979):

1. Profit making only (Friedman)
2. Going beyond profit making (Davis, Backman)
3. Going beyond economic and legal requirements (McGuire)
4. Voluntary activities (Menne)
5. Economic, legal, voluntary activities (Steiner)
6. Concentric circles, ever widening (CED, Davis and Blomstrom)
7. Concern for the broader social system (Eells and Walton)
8. Responsibility in a number of social problem areas (Hay, Gray, and Gates)
9. Giving way to social responsiveness (Ackerman and Bauer, Sethi)

At this time, Aupperle, Carroll and Hatfield (1985) defined CSR as “a concern for society” and usually referred to the way business was done. From the 1970s to the 1980s, discussions moved towards measuring the returns from CSR activities. Studies found that a lack of social responsibility may expose a firm to significant additional risk from lawsuits and fines and may limit its strategic options. It was suggested that managers might look toward being able to reduce risk from CSR actions rather than looking for increased profitability from socially responsible actions. However, since the view was that high risk must be balanced by high returns, firms with low social responsibility needed to earn high returns to justify the increased risk (McGuire, Sundgren and Schneeweis, 1988). Other authors, such as Aupperle and Carroll did not find any relationship between profitability and CSR

activities shown through the relationship between social responsibility and profitability (Aupperle, Carroll and Hatfield, 1985).

By the 1990s, the CSR discussions had moved towards an ethical definition. According to Kotler and Lee (2005), CSR in the 1990s was driven by the “moral marketplace factor”, which created an increased importance for perceived corporate morality in choices made by consumers, investors and employees. Wood (1991) went on to state that the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities. At this time, the CSR decisions were also made by the senior management and directors based on their wants rather than on strategic alignment with company goals; the appearance of being involved in good social activities was more important for companies than the result of the activities (Kotler and Lee, 2005).

However, a more recent definition of corporate social responsibility in the last decade can be defined as the legal and ethical obligations, both nationally and internationally, that an organisation has with its stakeholders. These obligations derive from the impact of the organisation’s activities and operations on society, the work force, the environment and human rights (de la Cuesta-Gonzalez, Munoz-Torres, Fernandez-Izquierdo, 2006). The World Business Council for Sustainable Development proposes too that CSR “is the ethical behavior (sic) of a company towards society. In particular, this means management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business

– not just the shareholders.” (World Council on Sustainable Development, post 2000). These ideas align with the sentiments of Wood (1991) regarding the intertwined nature of business and society.

However, Kotler and Lee (2005) argue further that CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. The European Union has further defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (European Commission, 2002). Here the emphasis is on discretionary and voluntary activities rather than on obligatory activities.

Despite the debates on obligation and ethics, proponents of CSR have used four arguments to make their case. CSR is a moral obligation, which argues that companies have a duty to be good citizens and to “do the right thing”. CSR is about sustainability, which emphasises environmental and community stewardship or meeting the needs of the present without compromising the ability of future generations to meet their own needs. CSR provides a license to operate, which derives from the fact that every company needs tacit or explicit permission from governments, communities, and numerous other stakeholders to do business. CSR is also about reputation, which is used by many companies to justify CSR initiatives on the grounds that they will improve a company’s image, strengthen its



brand, enliven morale, and even raise the value of its stock (Porter and Kramer, 2006).

By 2000, CSR had transformed to not only being involved in community activities, but towards a focus on activities that could also benefit the organisation through alignment with the organisations' strategic values and goals (Kotler and Lee, 2005). The CSR discussions have moved from CSR having a regional, person-centred philanthropic focus (Silberhorn and Warren, 2007) to discussions on the ethical obligation of companies. CSR also became a well-known expression for the past multiplicity of terms such as corporate philanthropy, corporate citizenship and business ethics.

It has been shown from these definitions that CSR is about stakeholders and about the relationship between a company and society. CSR is also about reputation and the appearance of being involved in good activities. Thus this information forms a basis for understanding what CSR is and why it important. This information forms the basis for understanding the types of information and themes that companies may be trying to reflect on their corporate websites.

### 2.1.2 Key Themes in CSR

Effective CSR requires an understanding of the social dimensions of the company's competitive context - the "outside-in" linkages that affect its ability to improve productivity and execute strategy (Porter and Kramer, 2006). A key

theme that has arisen regarding CSR is stakeholder theory. The proponents of active CSR propose practices built around stakeholder analysis and engagement, including understanding stakeholders' aspirations and needs and then communicating with and interacting with stakeholder groups. The stakeholder theory of the firm is used as a basis to analyse those groups to whom the firm should be responsible (Moir, 2001). The World Council on Sustainable Development (post 2000) states that for a company to be able to optimise the long-term value of the company to its shareholders, it needs to ensure that the company's values are aligned with the consensus in society as in this way it can avoid conflict and reap tangible benefits. This clearly states the need to balance and cater for the needs of a range of stakeholders. In order to be able to effectively communicate it is necessary that organisations clearly understand the concept of CSR, both from a managerial perspective and homogeneous and individual stakeholder perspective (Bowd, Bowd and Harris, 2006).

Though stakeholder theory is not going to be tested during this research, it is important to be aware that corporate websites are directed at particular stakeholders with an intended message from the company.

Some companies use their corporate code of conduct, practice, or ethics as evidence that the company is aware of some responsibilities, however, this does not indicate how the code is being implemented or whether it is simply window dressing (Clarkson, 1995).

The literature has also shown links between marketing and CSR. Maignan and Ferrel (2004) have indicated that marketers may be able to “contribute to the successful management of CSR by expanding their focus beyond consumers to include other stakeholders and by bundling together various social responsibility initiatives”. Further, Podnar and Golob (2007) have stated that CSR and marketing are linked as CSR can be viewed as a corporate marketing instrument that can improve the long-term performance of an organisation. They showed that ethical and philanthropic responsibilities seemed to lead to a competitive advantage based on desired customer response and reward, which is a way for companies to do well by doing good. However, Jones, Comfort and Hillier (2007) warn that communicating CSR is a delicate issue and that “it needs to be handled in a subtle manner that may prove traditional marketing and PR tools insufficient”.

Business and society need each another. Successful corporations need a healthy society and vice versa. Integrating business and social needs takes more than good intentions and strong leadership, but requires adjustments in organisation, reporting relationships, and incentives. The focus must move away from an emphasis on image to an emphasis on substance (Porter and Kramer, 2006). This will be important when examining the CSR information on websites as substance of the information will need to be determined as perhaps an indicator of the importance of CSR in the organisation.

Thus, CSR is aimed at particular shareholders and seeks to emphasise a company's relationship with society. This information provides direction to the research and will be used when examining how the websites are used for communication of CSR as it will be important to understand how companies are communicating their CSR activities.

### 2.1.3 CSR Communication Tools and Mechanisms

The public increasingly wants to know about companies that stand behind the brands and products presented to them and use their power to reward good' companies and punish the "bad ones" (Lewis, 2001). However, the general public is rarely a primary target audience for specialist communication channels such as social reports, which are usually directed at analysts, investors and the business press. Nevertheless, there is public interest in receiving information about companies' responsibilities (Bowd, Bowd and Harris, 2006).

Social responsibility disclosure refers to the disclosure of information about companies' interactions with society (Branco and Rodrigues, 2006). Messages about corporate ethical and socially responsible initiatives are likely to evoke strong and often positive reactions among stakeholders. Research has suggested that the more companies expose their ethical and social ambitions, the more likely they are to attract critical stakeholder attention (Morsing and Schultz, 2006).

Annual reports are often the only source for gathering data on the social responsibility information disclosure. It is the main corporate communication tool representing a company and is widely used. The annual report is considered to be possibly the most important document in terms of the way an organisation constructs its own social imagery to all stakeholders (Branco and Rodrigues, 2006).

Though annual reports are one source of information, Morsing and Schultz (2006) believe that other disclosure media should be considered when evaluating companies' interactions with society, including advertising and public relations. Social reports are another prime channel through which companies can communicate their response to corporate responsibility issues. The audiences for these reports such as NGOs and corporate responsibility experts are predominantly looking for evidence of the impact of companies' corporate responsibility programmes and according to Dawkins (2004), the inclusion of external voices and stakeholder criticism is important in gaining their trust. Non-financial reports are a type of "subtle CSR communication" and are used predominantly as a means to "give sense" to potentially critical stakeholders. They are produced to inform and convince public audiences about corporate legitimacy and, as such, they are framed within a one-way communication perspective (Morsing and Schultz, 2006).

As the number and length of social reports being produced are increasing, and as companies are increasingly vying for the attention of their stakeholders, so creative

communication solutions are being sought to communicate corporate responsibility messages in a way that will be striking, relevant and understandable (Dawkins J, 2004).

Another channel often underestimated by companies when promoting corporate responsibility is their employee base. Employees are often the main interface with some stakeholder groups and are considered a particularly credible source of information as they are potentially powerful advocates of a company's corporate responsibility programme. Employees have a large reach to stakeholder audiences through informal channels, such as word of mouth (Dawkins J, 2004). This information can perhaps be used when examining the websites to assess if there is evidence of employee involvement in CSR activities.

Key stakeholders can be reached indirectly through annual reports and investor information, as well as one-to-one meetings with investors and dialogue sessions with NGOs and community groups (Dawkins J, 2004). However, Morsing and Schultz (2006) suggest that CSR releases would benefit from responding to, and even more extensively involving, stakeholders directly in a mutual construction of CSR communication, endorsing the activities of the company.

One of the objectives of the research is to investigate how the CSR messages are structured on the corporate websites. It will examine all media used on the

websites including annual reports. Thus these incites will be useful in this regard when drawing conclusions.

## **2.2 Structuring of Corporate Websites for Communication**

Another component of the research is corporate websites and how these are being used to communicate CSR. This section discusses corporate websites, their purpose and design characteristics.

### **2.2.1 Corporate Websites**

The internet has become in a short time frame an indispensable communication tool for organisations (Capriotti and Moreno, 2007). Corporate home pages placed onto the world wide web are usually designed for electronic commerce, control of information flows in support of corporate image strategies, disclosure of information in accord with regulatory requirements and the reduction of communication expenses (Sullivan, 1999). Corporate websites act as gatekeepers and uncertainty-reducing information sources (Capriotti and Moreno, 2007) and must create a general image of the organisation to distinguish it (Sullivan, 1999). Thus the unique feature of a corporate homepage is that it presents the identities that a corporation claims for itself as a unit or corporate entity and the website becomes an iconic representation of the corporation. Corporate websites should be viewed as an intentional act of communication that signifies an organisation in its multiple facets to its multiple publics (Esrock and Leichty, 2000).

The benefits of the internet and corporate websites for communicating information to stakeholders over other more traditional communication channels are substantially related to the lower costs and shorter time required to disseminate information (Branco and Rodrigues, 2006). Web pages also have several other attractive features as they tend to serve audiences that are more active in how they seek and process information than the more passive publics who are reached via traditional mass media. They can also employ interactive features to collect information, monitor public opinion on issues, and proactively engage targeted citizens in direct dialogue about a variety of matters (Esrock and Leichty, 1998). The lower cost and the broad audience appeal are important reasons for researching how corporate websites are used to communicate CSR.

There are concerns about the misuse of the internet as a communication tool. Other concerns regard the implementation of web sites and the poor usability as they are extremely slow to load or make it difficult to locate information. This problem becomes exacerbated when the home page does not provide a clear understanding of the websites content and how it can be accessed. The home page strongly influences whether or not a visitor will stay and investigate or leave for another cyberspace destination (Esrock and Leichty, 2000). For the purpose of this research, these factors will provide input into the criteria for examining websites as if the page is not well structured and created, this could influence how content is viewed.



### 2.2.2 Website Content

Content features are used to create a public image and help strengthen relationships with a corporation's constituent groups. However, the field of web page development has not yet devised a specific set of standards or rules that identify essential elements that web users have come to expect (Robbins and Stylianou, 2001) largely due to the dynamic nature of the medium. However, given that websites are often entry points to a company, visitors typically want to access information about the company and locate contact information for the organisation, which should be easily accessible (Gonzalez and Palacios, 2004)

Corporate websites do appear to have incorporated other common features. These include search capabilities and site maps that recognise the diversity of audience interest, a feedback mechanism, privacy policy statement, security information and location information (Robbins and Stylianou, 2001).

To facilitate more equitable relationships with publics, the use of interactive elements within web pages appear to be key in getting visitors to use a site and is certainly key in getting visitors to return to it. Researchers and leading web designers, therefore, have suggested that feedback features be embedded in sites (Esrock and Leichy, 2000).

However, websites are more than the sum of their contents. Sites are designed to highlight some information and place in the background other information. For instance, information for social responsibility or financial performance can be buried in the corporate press release bin. Content may be present somewhere on the site, but it may not be highlighted or given prominence through inclusion on the front or home page (Esrock and Leichty, 2000).

The location of the CSR information on the corporate website is a factor in determining how CSR information is structured on the corporate websites for communication as part of this research. This combined with the themes of CSR help to understand CSR communication on the websites.

## **2.3 Financial Services Industry**

This section discusses the financial services sector in South Africa with the intention of positioning the research and CSR within the industry.

### **2.3.1 Financial Services Industry in South Africa**

According to the South African Reserve Bank, the financial services sector includes all privately and publicly owned resident institutional units whose principal activity is financial intermediation or auxiliary financial activities related to financial intermediation. This includes non-profit institutions engaged in market production of

a financial nature ([www.reservebank.co.za](http://www.reservebank.co.za)). The banking sector in South Africa includes banks, insurers, securities, real estate and business services.

The Financial Services sector contributes about twenty percent of GDP to the South African economic activity (Hawkins, p184, 2004). Banks themselves contribute approximately sixteen percent (Hawkins, 2004, p186). In 2002, loans and advances accounted for seventy-three percent of GDP and banks were viewed as advancing economic growth. This was seen in contrast to Brazil where loans only accounted for twenty-five percent of GDP and were viewed as inhibiting growth. For insurers, assets-liabilities comprise more than eight percent of GDP in 2002. With a market capitalization of R1.5 trillion in 2003, the JSE is the world's fourth biggest exchange.

In most economies the financial sector plays a central role in enhancing growth and development. The South African financial sector is generally recognised as world class in terms of its skilled workforce, adequate capital resources, infrastructure and technology, as well as a conducive operating, regulatory and supervisory environment (Financial Services Charter, 2003). This sector is dominated by a few very large companies as many of the smaller and foreign institutions exited the market in recent years.

Listed South African companies and all financial services companies are expected to use the guidelines of corporate governance discussed in the Report (Rossouw,

van der Watt and Malan, 2002) on Corporate Governance, which states that the responsibility for the corporate governance of publicly owned companies lies with the boards of directors of such companies (Rossouw, van der Watt and Malan, 2002).

### 2.3.2 Financial Sector Charter

The Financial Sector Charter is a transformation charter in terms of the Broad-based Black Economic Empowerment [BBBEE] Act [Act 53 of 2003]. The Charter came into effect in January 2004 as a result of the National Economic Development and Labour Council (Nedlac) Financial Sector Summit ([www.fscharter.co.za](http://www.fscharter.co.za)). The Financial Sector Charter is intended to achieve transformation in the Financial Sector in an orderly and concerted fashion (Financial Sector Charter Annual Report, 2006).

The Financial Sector Charter states as the requirements for CSR that each financial institution will have a target of directing 0.5% per annum of post tax operating profits to corporate social investment (CSI) between the effective date of the charter and 2014. According to the charter, financial services companies should be spending at least 0.5% of post tax operating profit per annum on CSI covers projects that are aimed primarily at black groups, communities and individuals that have a strong developmental approach and contribute towards transformation (Financial Sector Charter, 2003)

The CSI projects referred to in the charter may include, but are not limited to:

- Education: support for community education facilities; programmes at secondary and tertiary education level aimed at promoting the industry; bursaries and scholarships, which are oriented towards the hard sciences;
- Training: community training; skills development for unemployed; adult basic education and training in communities; financial literacy programmes in communities;
- Development Programmes for youth and other target groups;
- Environment: support of conservation projects; community clean up projects; food garden initiatives;
- Job Creation: job creation projects external to the workplace or any commitments contained in empowerment financing;
- Arts and Culture: support of development programmes; development of new talent;
- Health: support of community clinics; health programmes in the community; and
- Sport: support of developmental programmes.

(Financial Sector Charter, 2003)

In the 2006 annual Financial Sector Charter report, it was noted that the sector invested R592 million in Corporate Social Investment in 2006, which was an increase of R283 million compared to 2005. This was almost double the 2005

contribution, with both years exceeding the target of 0.5% of post tax profits (Financial Sector Charter Annual Report, 2006).

The Financial Sector Charter is a guide in support of Black economic empowerment (BEE) and transformation in the sector for all financial services companies, outlining key transformation activities and targets. Bearing in mind BEE compliance as a key driver in the sector, the charter is very clear on the CSR spend required from the companies. The research on CSR in the sector will need to include an examination on how this is communicated, if at all, on the corporate websites.

### 2.3.3 Financial Services and CSR

As discussed in Chapter 1, the research is particularly focusing on the financial services sector. This section discussed the key literature regarding CSR in the sector.

Financial services firms and particularly banks are becoming increasingly aware that their clients' management of environmental and social risks may threaten their own business as lenders and investors (de la Cuesta-Gonzalez, Munoz-Torres and Fernandez-Izquierdo, 2006).

Until the beginning of the 1990s, the (European) banking sector was considered neutral with little environmental and social impact compared to the industrial sector.

However, new management strategies with sustainability criteria that companies currently encounter have forced banks to analyse their role in society and their contribution towards obtaining more sustainable development (de la Cuesta-Gonzalez, Munoz-Torres and Fernandez-Izquierdo, 2006). In a South African context, the Financial Services Charter (2003) states that “each financial institution will have a target of directing 0.5% per annum of post tax operating profits to corporate social investment (CSI) between the effective date of the charter and 2014.”

Though using the Financial Sector Charter as a guide to what CSR activities should be executed by companies, the above information will further inform the examination of the CSR content on the corporate websites.

## **2.4 Corporate Social Responsibility Communicated on the Web**

### **2.4.1 CSR on Corporate Websites**

The internet is increasingly being used by companies to tailor their corporate responsibility messages to different audiences (Dawkins, 2004). Corporate websites are valuable in this regard as they allow for strategic communication with stakeholders as it permits the activity of the audience and thus has great potential for active audiences to seek information on corporate responsibility (Capriotti and Moreno, 2007).

CSR items can be accessed through different views. In studies, the link to CSR is usually found “About us” for others it is under “Investor relations” or the CSR items appeared in the annual report (and the social report) on their websites (Nielsen and Thomsen, 2007). Clickable images are sometimes used to direct users to CSR items on a web site. A critical examination of the images through which the reader is directed towards CSR-relevant information needs to be regarded as status-evoking information (Coupland, 2004). The presence of clickable images and hyperlinks off of the front page to CSR activities was treated as an indicator of the priority that an organisation gave to a public, topic, or function in its web site design (Esrock and Leichthy, 2000)

In a study by Esrock and Leichthy (2000), the kinds of social responsibility issues that Fortune 500 corporations addressed on their web sites was assessed. That analysis revealed that eighty percent of the corporate sites had content dealing with at least one social responsibility issue, few websites placed some prominence on general community service / social responsibility links and nearly half emphasised a particular community service / social responsibility issue on the corporate home page. The study analysed the websites according to thirteen content CSR areas, including fair business practices, worker health and safety, product safety, cultural diversity, environment, charity, children, education, health, volunteerism, support of the arts, civic involvement, and quality of work life (Esrock and Leichthy, 2000).



Based on the location of data, it is possible to assess the perceived importance of the information to the company. Though many corporations have social responsibility content on their web sites, these pronouncements could be seen to be of secondary importance compared to the prominence given to other content audiences on the front page (Esrock and Leichty, 2000). Further, "good deed" social responsibility issues are almost always disseminated on corporate Web sites and if the organization is in the technology or environmentally sensitive sectors, they are also likely to provide information about how they are causing "no-harm" (Esrock and Leichty, 1998). An important to note for global companies that factors that are important in customer' perceptions of a corporate web site's effectiveness differ across geographic regions of the world, and companies need to consider this issue in the design of their websites (Chakraborty, Srivastava and Warren, 2005).

As discussed, a key CSR trend is increased reporting by companies (Kotler and Lee, 2005), usually through annual reports or through a separate CSR report. However, when placed on corporate websites with a foreword from the CEO, this signals to investors about the commitment of the company to the CSR activities.

Thus these CSR and website factors must be considered when examining the CSR information of the corporate websites of listed financial services companies.

#### 2.4.2 Typical Factors in Model for Assessing CSR on the Web

Based on references to other similar studies, the following list of CSR factors in the table below presents a consolidated view of typical factors for assessment on a corporate website regarding CSR. Many of the factors differ based on how each author views CSR and its scope. These factors need to be considered and tailored to the South African context for the purposes of this research.

**Table 1: Information on CSR on Corporate Websites**

Source	Type of Information
<b>Information on CSR</b>	
Esrock and Leichty, 2000	CSR definition per bank
	Community/Civic Involvement
	Ecology/Environment
	Education
	Charity/Foundations
	Children
	Health
	Volunteerism
	Diversity
	Arts
	Fair Business Practices/Policies
	Worker Safety
	Product Safety
	Quality of Work Life
	Other (i.e. athletic sponsorships, world labor practices, economic development, human rights, disaster relief, animal research, TV content, disabilities, military/defense, personal privacy)
Capriotti and Moreno, 2004 and Moir, 2001	Corporate Profile
	Products and Services
	Employment and Human Resources
	Economic Action
	Social Action
	Environmental Action



Source	Type of Information
<b>Information on CSR</b>	
	Corporate Governance
	Corporate Ethics
	Relationship with Publics
	External Criteria including human rights
	Community
Robbins and Stylianou, 2001	Content features Design features
	Corporate information
	Biographical sketches
	History
	Message from CEO
	Mission statement
	Press releases
	Vision statement
	Currency
	Current content
	Last updated indicator
	Financial information
	Annual report
	Financial highlights
	Employment opportunities
	Employment overview
	Job openings
	Social issues
	Cultural sensitivity
	Language translation
	Privacy issues
	Social responsibility

Further, the following list is a consolidation of typical media through which the information is presented on corporate websites:

**Table 2: Web Media on CSR on Corporate Websites**

Source	Type of Information
<b>Medium of Information Presentation</b>	
Robbins and Stylianou, 2001	Presentation
	Animation
	Frames
	Graphics
	Sound
	Video
Bowd, Bowd and Harris, 2006	Corporate advertising and press releases
Esrock and Leichty, 2000	Press Releases
	Reports / Annual Reports
	Links to Outside Web Pages
	Letters / Special Statements
	Brochure Reprints
	Speech Reprints
	Audio / Video Clips
	Other (i.e. material posted specifically/directly on Web page, on-line employee newsletter/magazine, magazine reprints, PowerPoint presentation)

## 2.5 Research Problem Restated

The purpose of this research is to investigate the use of the corporate websites of listed financial services companies to communicate their corporate social responsibilities. This research will focus on JSE-listed financial services companies and will thus also look at how adherence to the Financial Sector Charter is communicated on the website. The research will examine how the website is used, what information is stored, how accessible the CSR information is

on the corporate websites and how the information is organised and presented. The theory presented in this chapter will be used as an indication of the key components of CSR, especially for examining the corporate websites. The next chapter will present the research questions that will frame the research problem and will provide a structure for determining the answers.

### **3 Research Questions**

This chapter presents four research questions that can be used to help understand how listed financial services companies use their corporate websites to communicate their CSR activities.

For this research, quantitative content analysis will be used to evaluate the corporate websites of financial services companies. Quantitative content analysis flows from a positivist research tradition with its objective being to test research questions rather than to develop them (White and Marsh, 2006). This study is intended to provide a baseline for describing how the corporate websites are used with relation to corporate social responsibility in the financial service sector.

When used to disseminate information about a corporation's good citizenship activities, the web medium becomes the embodiment of an image building approach to social responsibility. In a US study by Esrock and Leichty (1998), it was found that corporations used a variety of communication formats to communicate about the organisation's social responsibility.

Coupland (2004) further suggested that rather than the production of stand-alone reports signalling the growing importance of CSR considerations, the CSR-related information of the websites of banks is peripheralised, marginalised and its location disguised. This will be tested in the South African financial services context. Thus, two broad descriptive questions about the social responsibility content of corporate

web pages are being asked regarding the communication used on the corporate websites.

Based on the literature, two research questions have been defined as follows:

Q1: Is there information on corporate social responsibility on corporate websites of listed financial services companies?

Q2: If yes, how is the information organised and presented on the corporate websites of the companies?

The manner in which information is organised on a website not only determines the usability and accessibility of its contents to visitors, but also allows for the establishment of the level of importance of a given topic within the web site. It should thus be possible to evaluate the level of importance that is attributed to a given theme on a web site through an analysis of, amongst other things, its organisation schemes and organisation structure (Capriotti and Moreno, 2007).

Thus the next research question is:

Q3: Is there consistency between the themes, features and messages of the web pages devoted to CSR activities?

In August 2002, at the Financial Sector Summit, the financial sector committed itself to the development of a Black Economic Empowerment charter. Each financial institution is required to report annually to the Charter Council on its progress in implementing the provisions of this charter, including the CSR

requirements (Financial Sector Charter (2003)). Thus, based on the charter, the research will take into consideration if and how financial services companies communicate their compliance with the charter on their corporate websites. The research will therefore attempt to answer the following:

Q4: Do financial services companies in South Africa communicate their Social Responsibility to align with the Financial Services Charter and if so how?

These research questions are similar to those in the reference study by Capriotti and Moreno (2007); however, the additional question in my research is specific to South African and is about the Financial Sector Charter (2003). This study will provide a snap-shot in time of how corporate websites for listed financial services companies are being used to communicate CSR.

The next chapter will describe the two-stage methodology used to execute the research to address these questions.



#### **4 Research Methodology**

Chapter 3 presented four research questions. This chapter will describe the methodology used to execute the research in order to answer the four questions.

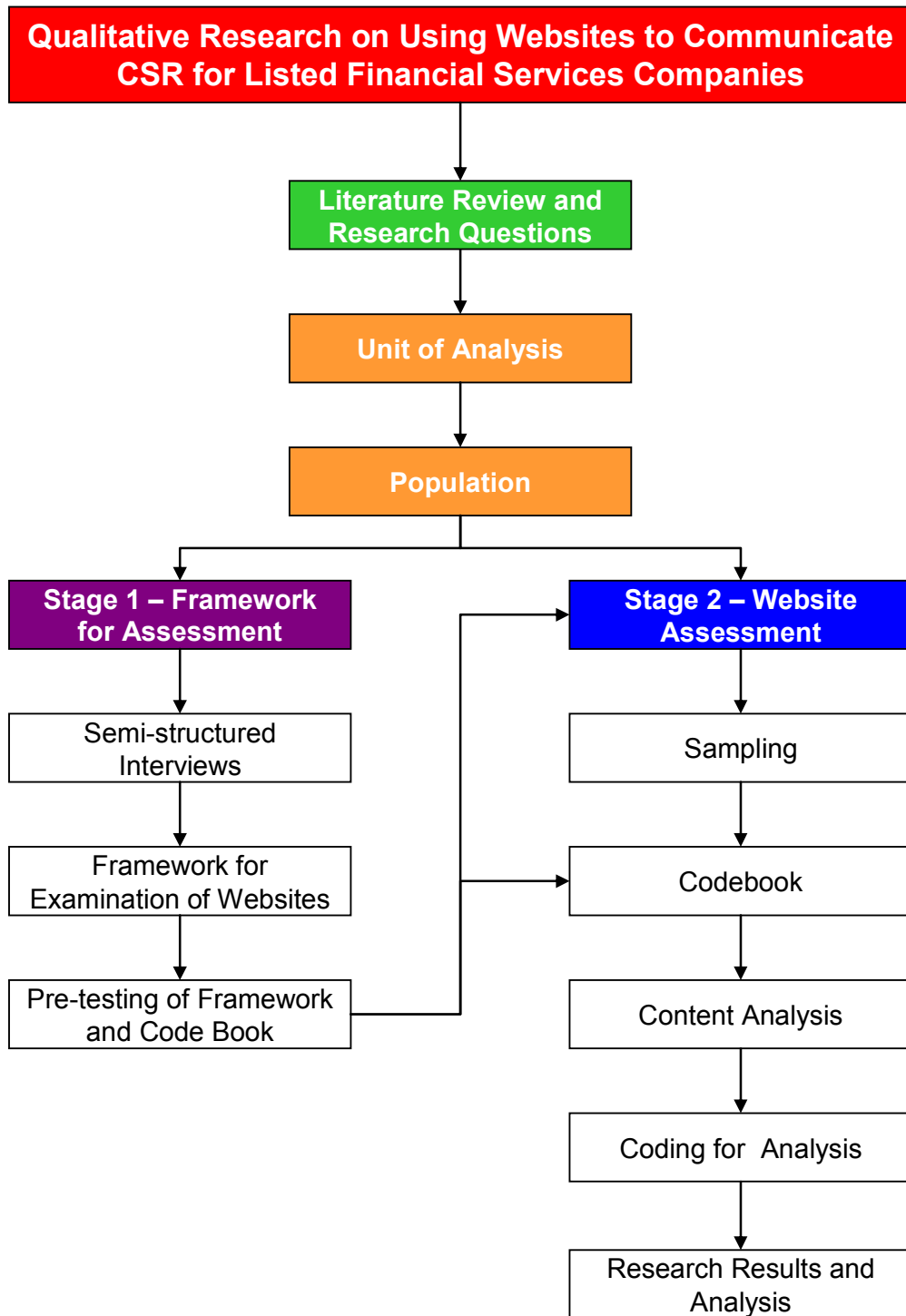
The type of research method that was used for the assessment of corporate websites was applied research as the research attempted to answer questions about specific problems or to make decisions about a specific course of action or policy decision (Zikmund, 2003, p.7). The research is attempting to answer questions on communication of corporate social responsibility on corporate websites. In addition, the research followed a similar form as was done in a previous study carried out in Spain (Capriotti and Moreno, 2007).

This research was carried out in two stages. The first stage of the research was used to interview experts on CSR in South Africa, specifically those that understand CSR in financial services companies. This data was used to create the framework for assessing the corporate websites incorporating the information obtained from the literature review. The outcome of the first stage was a framework for the assessment of corporate websites for how CSR information is stored and structured on corporate websites.

The second stage of the research was the content analysis stage during which the corporate websites were examined for CSR communication. The results from the examination were manually coded and analysed to answer the research questions.

The following provides a frame for the research approach taken to answer the four research questions:

**Figure 2: Approach to Research**



The detailed research methodology is found in sections 4.1 to 4.4.

#### **4.1 Unit of Analysis**

Units of analysis are the basis for reporting analyses and provide the boundaries of the study (Henning, van Rensburg and Smit, E 2004, p.32). The unit of analysis for this research was the corporate websites of the selected listed financial services companies.

#### **4.2 Research Population**

The relevant population for this research was all group-level financial services companies listed on the Johannesburg Stock Exchange (JSE). By financial services companies, it is meant those stated in the Financial Sector Charter (2003) as being involved in activities relating to:

- Banking;
- Insurance;
- Securities; and
- Real Estate.

This population was selected as most individual Financial Services companies form part of a larger group of companies listed on the Johannesburg Stock Exchange. In addition, these companies are all subject to the Financial Sector

Charter defined in 2003 and described in Chapter 2. The population in the similar, previous study by comparison comprised all listed companies in Spain in the IBEX 35 index, representing the top 30% of all publicly traded companies (Capriotti and Moreno, 2007). Another similar study by Esrock and Leichty (1998) used the Fortune 500 companies in the United States of America as its population.

### **4.3 Research Design – Stage 1**

The first stage of the research was used to formulate a framework for evaluating corporate websites for CSR. Following the literature review of secondary data and the compilation of a list of typical CSR website data, interviews were carried out to help validate this list and to formulate a framework for examining the corporate websites. The first stage of the analysis was qualitative, exploratory research (Zikmund, 2003, p.54).

The research interviews sought to obtain insights into CSR in South Africa, specifically focusing on how companies use their corporate websites to communicate CSR using explorative research. Those interviewed were asked questions to obtain insights and motivations to get a further understanding of how CSR is communicated on corporate websites and to validate the framework developed as part of the literature review. Thus the purpose of this part of the research was to discover new ideas and to screen alternatives for input into the framework (Zikmund, 2003, p.114). The outcome produced was a non-statistical set of data. The detailed methodology is found below.

#### 4.3.1 Sampling Frame

When selecting data, it is very important to ensure that the data provide useful evidence for answering the research questions (White and Marsh 2006). Thus, the data was grouped into units for sampling, collecting, analysis and reporting. Sampling frames serve to identify the population from which the sample may be drawn (Zikmund, 2003, p. 373) and establishes the basis for sampling.

The sample for this first part of the research was a selection of CSR experts from South African Financial Services companies. This sample has been selected to ensure that these experts are able to provide sufficient input into CSR on corporate websites to be able to enhance the assessment framework.

To identify the CSR and website experts, convenience sampling was used. Zikmund (2003, p.380) defines convenience sampling as the sampling procedure used to obtain those units or people most conveniently available. The sampling frame for this research was non-probabilistic convenience sample as the sample was taken from the group of known listed financial services companies. Further, a convenience sample was used as certain of the experts interviewed were recommended by contacts in the financial services companies.

#### 4.3.2 Data Collection Procedure

The first stage of the analysis was the gathering of secondary data, previously collected for some other project (Zikmund, 2003, p.63). Some of this data had already been gathered and evaluated in the literature review. Secondary data was a key first step of this research process as it was able to be gathered quickly and as it was inexpensive compared to primary data, which is defined as new data gathered for a specific purpose (Zikmund, 2003, p.63).

The secondary research was used for two purposes. The first was for fact finding (Zikmund, 2003, p.115) as this helped to structure the argument around available information and to clarify issues upfront. The second reason was in order for a framework for examination of the corporate websites to be formulated.

In structured interviewing, the interviewer asks all respondents the same series of pre-established questions with a limited set of response categories and little room for variation in response except where infrequent, open-ended questions may be used (Fontana and Frey, p.702). Alternatively, unstructured interviewing can provide greater breadth than do other types given its qualitative nature. However, for the purposes of this research, a semi-structured interview was used supported by freeform questions (Fontana and Frey, p.706). This is the preferred method for interviews that take place in the field and that are aimed at understanding a phenomenon (Fontana and Frey, p.706), in this case how CSR is communicated on corporate websites of listed financial services companies.

Further, these sessions were to gather South African-relevant information on CSR, the use of the corporate websites and intentions for communicating CSR activities on corporate websites. Using interviews, the interviewer was also used to probe the subject matter experts (Zikmund, 2003, p.201) about their CSR activities and the communication of the CSR through the corporate websites. Personal interviews used to gather information through face-to-face or telephone contact with the individual (Zikmund, 2003, p.200) rather than impersonal questionnaires were used as this provided the opportunity to obtain complete and precise information immediately as well as providing the opportunity to get immediate and better feedback, especially as the interviewer could assure people that the information would remain confidential (Zikmund, 2003, p. 200). The interviewer also had the opportunity to probe more and by asking questions and recording the answers, the interviewer was also able to get people to participate (Zikmund, 2003, p.201). The interview schedule is found in Appendix 1 and the list of those interviewed is found in Appendix 2.

#### 4.3.3 Framework Development for Assessing CSR on Websites

Once the secondary and expert information had been gathered, a framework was created to evaluate CSR. Model building specifies the relationship between the variables based on secondary data (Zikmund, 2003, p.139). Further, according to Krippendorff (2004), the analytical constructs for determining a framework may be derived from either existing theories or practices or the experience or knowledge of

experts or from previous research. For the purposes of this research, the framework for assessing the websites was based on existing theories and previous research, as evaluated in the literature review in Chapter 2, and the experiences of CSR experts in South Africa. Thus the literature and the information obtained during the interviews were used to compile the website examination framework that was used to evaluate the corporate websites and to answer the research questions on how CSR is communicated through the corporate websites.

In content analysis, frameworks are built on one set of data and tested on another. They are simplifications of reality, however, can be more or less complicated and may capture all or only a portion of the variance in a give set of data (Ryan and Bernard, 2005, p.782). Therefore, once the framework had been established, a preliminary tabulation of the framework was carried out as a pre-test (Zikmund, 2003, p.359) to assess if the framework was designed appropriately. The pre-testing also provided an opportunity to test the sampling procedure. As recommended by McBurney (2007, p.228), a second researcher was used to assess the logic of the approach and the rationality of the framework. A full pilot of a website using the framework developed was carried out and adjustments were made to the framework.



#### **4.4 Research Design – Stage 2**

The second stage of this research used the qualitative technique of content analysis. This was descriptive research that was used to describe the characteristics of a population and aligns with applied research as it builds on a previous body of knowledge or research (Zikmund, 2003, p.55).

##### **4.4.1 Content Analysis**

Content analysis is a research technique whereby data is obtained by observing the content or message (Zikmund, 2003, p.248). The key purpose of content analysis is to obtain a quantitative description of the manifest content of communication. The technique measures the extent of emphasis, or omissions of emphasis on any analytical category. Studying the content of communication is more sophisticated than simply counting the items; it requires a system of analysis to extract relevant data (Zikmund, 2003, p.248). Thus the robust framework for the examination developed in the first stage of the research was used as the basis for extracting data supported by a code book.

The steps that were followed for the study using content analysis are as follows:

1. Establish research questions (refer to Chapter 3)
2. Identify appropriate data (refer to Chapter 3)
3. Determine sampling method and sampling unit (refer to section 4.4.2)
4. Draw sample (refer to section 4.4.2)
5. Establish data collection unit and unit of analysis (refer to section 4.1)

6. Establish coding scheme that allows for testing the research questions (refer to section 4.4.3)
  7. Code data (refer to section 4.4.3)
  8. Check for reliability of coding and adjust coding process if necessary (refer to section 4.4.3)
  9. Analyse coded data, applying appropriate statistical test(s) (refer to Chapters 5 and 6)
  10. Write up results (refer to Chapters 5 and 6)
- (White and Marsh, 2006)

The approach that was used was deductive as the research moved from facts gathered from secondary data to more general concepts regarding the structuring of CSR on corporate websites. Particular instances were observed and were then combined into a larger whole or general statement (Elo and Kyngas, 2007).

#### 4.4.2 Sampling Frame

Sampling units serve to identify the population and establish the basis for sampling. In certain cases, the sampling unit is the same as the units of analysis, however, in this research these are different questions (White and Marsh 2006). It is the naturally occurring vehicle that can be identified and retrieved.

For this stage of the research, non-probabilistic convenience sampling was used again. Zikmund (2003, p.381) defines convenience sampling as the sampling

procedure used to obtain those units most conveniently available. The sample was purposefully selected from the group of known listed financial services companies. In order to be included in the sample for this study however, the banks had to have an accessible corporate website.

Eight websites of listed financial services companies were selected for evaluation. The companies were purposefully selected from the list of financial services companies on the Johannesburg Stock Exchange (JSE). For this evaluation, the top four listed retail banks and the top four listed insurance companies were selected by revenue as per the 2007 annual reports obtained from the company websites. This information on the largest four companies in each category was also confirmed in through content on the Business Day website ([www.businessday.co.za](http://www.businessday.co.za)).

The companies selected were as follows:

- Retail Banks
  - Absa Bank Limited
  - FirstRand Limited
  - Nedbank Group Limited
  - Standard Bank Group Limited
- Insurance Companies
  - Discovery
  - Sanlam

- Santam
- Zurich SA

#### 4.4.3 The Code Book

Before evaluating these eight companies, a code book was created based on the framework. Code books are organised lists of categories of data and related codes for data entry. A good code book includes a detailed description of each code, inclusion and exclusion criteria, and a detailed example. Coding is intended to reduce the volume of data, to identify or mark specific themes, to mark text for later retrieval and to assign codes to fixed text. Codes as values are associated with classic content analysis (Ryan and Bernard, 2005, p.782).

The development and refinement of coding categories are a central task in classical content analysis and are particularly important in the construction of concept dictionaries (Ryan and Bernard, 2005, p.781). This involves assigning codes to nearby units of text.

Once the themes and concepts had been identified for this research (refer to Appendix 3), these were linked to each other in the examination framework. It was important to assess the accuracy of the test data for content analysis. Thus, once the code book had been developed, as recommended by Ryan and Bernard, the code book was tested to allow for the identification of good examples to include in the code book (Ryan and Bernard, 2005, p. 781). Guthrie et al (2004) state that it

is important to demonstrate the reliability of their instruments and/or the reliability of the data collected using those instruments to permit replicable and valid inferences to be drawn from data derived from content analysis.

The Hollard insurance company was used to test the code book. During the test it was discovered that there were fields in the code book that required similar data e.g. “audio”, “video” and “audio and video”. This was simplified. It was also found that there were fields omitted from the code book that needed to be added e.g. “date of examination” and “data currency”. It was also during the pre-testing that it was found that the spacing of the sheet needed to be altered to allow for easier data capture and this was adjusted in the code book template.

#### 4.4.4 Data Collection Procedure

For content analysis to be effective, certain technical requirements had to be met. First the categories of classification had to be clearly and operationally defined. Second, objectivity was key and it needed to be clear that an item either belonged or did not belong to a particular category. Third, the information had to be able to be quantified. Finally, a reliable coder was necessary for consistency (Guthrie, Petty, Yongvanich and Ricceri, 2004). These steps were all in place for the data to be gathered.

Thus once the coding structure had been developed and pre-tested, the data was collected from the corporate websites. As corporate websites by definition are free

to public observation, accessing these sites and assessing the secondary data did not pose ethical concerns about privacy. Data was also documented as the website characteristics were noted into the code book sheet (Zikmund, 2003, p.465). All the websites were assessed within a single twenty-four hour period and over a weekend. This ensured that the codes were able to capture a snapshot in time of the websites so that there could not be significant differences in the company website that could influence the data being gathered.

Each of the eight websites that was examined was coded for the presence or absence of messages relating to the corporate social responsibility content areas in the assessment framework. Any CSR issues that were not catered for in the framework were placed in the other category. The categories in this study were similar to previous content analyses of corporate social responsibility messages. In addition to examining the websites for the presence of social responsibility content, the medium through which the CSR material was presented was also examined e.g. press clippings or video clips as well as for interactive features e.g. comment features or online surveys (Esrock and Leichty, 1998).

The company annual and sustainability reports of each company were used to provide a consistent and known item that offered a relevant and useful proxy and a definite point for comparison of the CSR activities as has been done in similar studies (Grey in Guthrie, Petty, Yongvanich and Ricceri, 2004). This ensured that a consistent item was gathered from each website for comparison purposes. In

addition, screenshots of the corporate websites and the CSR pages were taken per company.

The completed code book is found in Appendix 4.

#### 4.4.5 Data Analysis Procedure

Once the data had been gathered and entered into the code book, it was checked for reliability of coding and where necessary the coding or the coding process was adjusted (White and Domas, 2006). Only minor changes were required to the code book from a formatting perspective.

Thereafter, the results were documented and analysed. Basic descriptive statistical analysis was carried out and any patterns were investigated. Thereafter, conclusions were drawn. These have been presented in Chapters 5 and 6.

#### 4.4.6 Data Validity

It is important to note that content analysis can present a problem of data reliability. Reliability “concerns the extent to which an experiment, test, or any measuring procedure yields the same results on repeated trials” (Ryan and Bernard, 2005, p. 785). The authors further argue that “the validity of a concept depends on the utility of the device that measures it as well as on the opinion of researchers” (Ryan and Bernard, 2005, p.785). As the coding is manually done, there is also the

possibility that a coder can make a mistake when going through the large amounts of data. Thus, according to McBurney (2007, p.227), it is best to have at least two coders to be able to test the validity of the coding scheme. This research was carried out by a single researcher due to the requirements of the research. Thus, there may be reliability concerns with this research. The researcher did check all the research outputs for accuracy of capturing.

Krippendorff further identifies three types of reliability for content analysis: stability, reproducibility and accuracy to which attention had to be paid to ensure a valid outcome (Krippendorff cited in Guthrie, Petty, Yongvanich and Ricceri, 2004). For stability, all data pertaining to a company was gathered on the same day. For reproducibility, all data was entered into a standardised, pre-tested code book. For accuracy, the code book was pre-tested by the coder and this also provided practice to the coder.

#### **4.5 Research Limitations**

The following are some of the limitations of this research:

- As the sample size was small and only certain listed financial service companies were selected, the validity of the results may need to be proven through further study;
- The interviews were limited to the number of people who were willing to participate in the research process. The information obtained from the



interviews was, however, only to further structure the framework following the literature review;

- Due to the requirements of the research, a single researcher was used to gather the data, thus presenting the potential for error by a single researcher;
- Though every attempt was made to accurately code the data, this was a manual and complicated process and was thus subject to error; and
- Once the framework had been created, it was tested on a single, listed financial services company, Hollard, before the formal research was executed. However, the availability of data on the corporate websites differs between institutions resulting in different abilities to use the data.

#### **4.6 Conclusion**

The two-stage methodology used enabled a framework to be formulated and the website content to be assessed. By using the interviews in the first stage of the research, the information gathered during the literature review was able to be used to formulate a framework for the examination of the corporate websites for CSR. By using Hollard to test the framework, the research on the eight corporate websites was more easily executed into a consistent code book. Though only eight companies were assessed, these represent the largest companies by revenue and can thus characterise the majority of listed financial services companies in South Africa.

The next chapter presents the results of the interviews, a description of the framework for examining the corporate websites and the results of the website examinations.

## **5 Results**

This chapter contains the research results from the two stages of research described in Chapter 4. As the research was performed in two stages, the findings will also be presented separately. First, the results of interviews are discussed. Thereafter, based on the findings from the expert interviews, the finalised framework for the evaluation of the corporate websites will be discussed showing the categories and items that were evaluated. The results gathered from the examination of the corporate websites are then presented.

### **5.1 Findings from Framework Validation**

This section will discuss the results from the expert interviews with the financial services CSR professionals.

Based on the interview schedule attached in Appendix 1, information was gathered from interviewees. A list of respondents can be found in Appendix 2. As stated in Chapter 4, the interviews were to build on and validate the CSR components in the framework established from the literature review and from other similar studies of corporate websites. Based on the interviews, further insights were able to be gathered to help to determine the final factors to be used to evaluate the corporate websites to establish how CSR is communicated. Though nine companies were contacted, only three were willing to participate in this study. Thus their input has been used. This is seen as sufficient as the information from the individuals is only

an input into the development of the final CSR website examination framework, which was initially based on the literature review. In addition, the information from the interviews was consistent with little fundamental difference of opinion between the respondents.

### 5.1.1 Company View on CSR

This section describes the results from questions 1 to 5 of the interview schedule (Appendix 1) under the header of Company View of CSR.

What is Corporate Social Responsibility?

According to one respondent, CSR is an opportunity for individuals as well as companies to make the best of the opportunities around us to make a difference in various areas of our country's population. CSR is also about investing in society to bring about positive change in a sustainable way. It is also about supporting individuals. Another comment was that all CSR activities must be supported by a business case as the investments must have long-term benefits.

Importance to company

Generally, it was believed that CSR is "a crucial part of the company's culture" and that the companies are very well aware of their responsibilities to contribute to communities in South Africa. One of the banks stated that they consider "CSR as both a duty and a privilege to help address issues among disadvantaged communities". Another company stated that CSR is taken so seriously that even

the directors need to ensure that their proposed social activities are aligned with how the company operates its CSR to ensure that the maximum benefits could be provided to the most people. These sentiments show that there is management support of the CSR activities and that the activities and the related funding are planned rather than randomly selected.

### 5.1.2 Communication of CSR

This section describes the results for questions 6 to 9 of the interview schedule.

#### How CSR is communicated

It was stated by the respondents that it is important to communicate CSR activities both internally to the company employees as well externally to customers and other stakeholders. Key channels for communication of CSR include corporate websites, foundation websites, the corporate sustainability reports and the corporate annual reports. In addition, the companies would also use other media as required or as becomes appropriate to communicate a particular item e.g. television or newspaper articles. To support this, one of the respondents stated that “the internet is a part of our communication strategy”.

It was also noted that the CSR department can either be its own department or foundation or a unit in the Marketing department. Further, the CSR messages and media created, including websites, are often created without assistance from the

responsible CSR people but entirely by the marketing and communications functions.

### Stakeholders

Some respondents considered that communication of CSR activities is important to influence stakeholders as “it important that stakeholders know what sits at the hearts of what the company is doing and why the company is involved in community upliftment”. However, other respondents regarded CSR as something that is done as it is the right thing to do and because the company wants to do it rather than to influence any particular stakeholders. It was also pointed out that there are “many other factors that influence how stakeholders view a company and CSR is a single influencer”. An important stakeholder group identified by one of the respondents is employees, and the CSR messages are planned also to influence this group with the intention being to increase participation as well as employee pride in the company.

### Factors to consider and components of CSR

When placing CSR information on a websites, some of the factors taken into account include the understanding who the target audience is, an understanding of what messages are required to get across to the target audience and why, what the appropriate medium would be to communicate the messages as well as how the messages will educate and inform the stakeholders about the business and the company’s dedication to make a difference. Another important factor identified to

consider regarding the social image of the company is transformation. Thus these messages and the reporting requirements must be considered when deciding on the CSR information to present on the corporate websites.

#### Measurement

None of the companies have any particular measures in place to measure the impact of CSR communications. The companies do monitor what communications are created and distributed and any resulting actions based on those communications. One of the banks identified did state that there is a tool for measuring the general impact of CSR on the company.

#### 5.1.3 CSR on the Website

##### Importance of CSR on corporate websites

All respondents stated that it was important to have CSR on corporate websites. CSR is displayed under different headings depending on the company; however, the respondents stated that what is important is that “it should be on the websites”. Some place it under “Corporate Social Investment” and others may place the CSR activities under “Sustainability Matters” or other such headings. It is also thought to be important to split the activities clearly into different areas of focus in the company e.g. BEE, education and community activities.

### Organisation of CSR information

When asked about the levels at which CSR should be placed on the corporate websites, the respondents said that the information should be no lower than one click from the main page. The respondents said that the website should focus on the core business of the company and therefore the CSR items should be a click away rather than on the home page itself. Other respondents said that the CSR activities should have their own websites as it is not just to be incorporated as a marketing activity but should be something that the organisation wants to do and a separate website demonstrates the importance of CSR to the company. There was also an admission that content on the websites is often out of date and does not reflect the most current activities.

### Competitive advantage

Though the respondents generally thought that CSR activities are not just about competitors but are more about the beneficiaries and even the employees, it is still important to assess competitors websites to view what messages they are giving out regarding their CSR activities as well as to see how they are structuring their messages and information.

### Value in displaying CSR items

When asked about the CSR content on corporate websites, the respondents thought that all the following were important and added to the socially responsible image of the company:



- Corporate Profile – this should include how CSR is for the company;
- Products and Services – this is not a very important characteristic;
- Employment and Human Resources – this should include information about job opportunities;
- Economic Action – this is not viewed as very important unless it specifically states how it impacts people;
- Social Action – this should only be stated in a humble way and not only for marketing purposes;
- Environmental Action – relevant information should be stated especially regarding the “green” agenda and sustainability;
- Corporate Governance – this is less important for CSR;
- Corporate Ethics – like corporate governance, this is less important;
- Relationship with Community and Citizens – this should be clearly stated and shown; and
- External Criteria including human rights – programmes should be included in CSR spend.

#### 5.1.4 Financial Sector Charter

All three respondents stated that it is important to indicate adherence to policies such as the Financial Sector Charter on the corporate website. As CSR is part of the Financial Sector Charter aimed at transformation, all respondents emphasised the importance of reporting their compliance through scorecards. However, one of the respondents stated that though the Financial Sector Charter is important, the

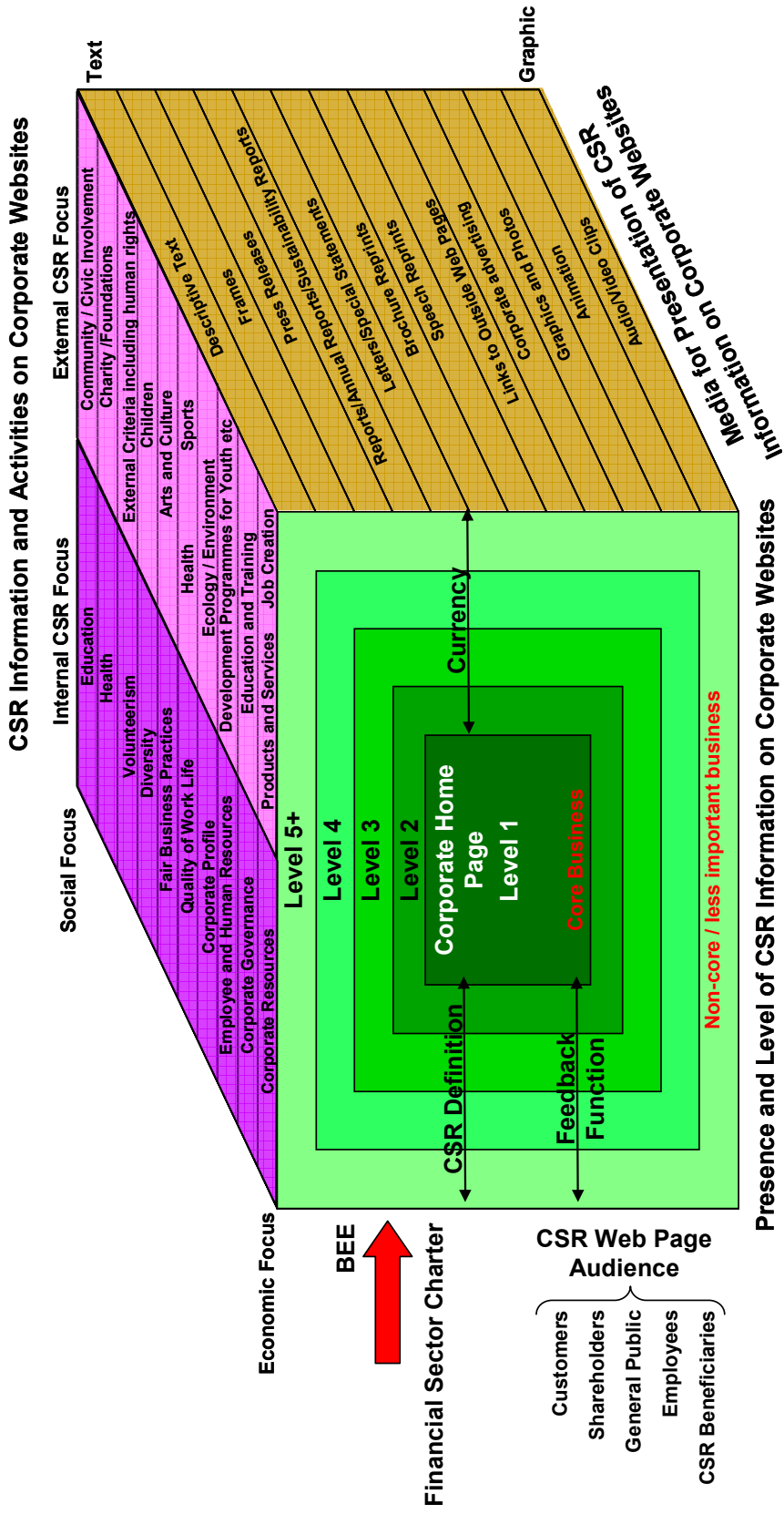
Black Economic Empowerment Act and adherence to these requirements “supersedes everything else”.

## **5.2 Framework for Examining Corporate Websites**

Following the interviews, the data gathered was added to the CSR components identified in the literature review and a framework for examining the corporate websites was developed.

The framework developed is in three dimensions and is cube shaped. A cube shape was used as the cube shows the integrated nature of the items being examined. The websites were all able to be evaluated for these characteristics.

Figure 3: Framework for Evaluating CSR on Corporate Website



## Presence and level of CSR information on corporate websites

The first dimension (face of the cube) is the level of access to the CSR information on the corporate websites. The framework places core business functions at level one and non-core yet important and expected information and functions at lower levels. This is the face of the framework as this is the way to access information on the corporate websites.

It is also important at this level to place definitions and visions of CSR within the organisation on the face of the framework to ensure that this is displayed to stakeholders who access the CSR web pages. Regardless of the hierarchical level of the information, it is also important to ensure that the information is current when presented to stakeholders.

A key influencer of CSR in financial services companies is the Financial Sector Charter as described in Chapter 2. The Financial Sector Charter is driven by the need to transform the sector and to promote BEE. Thus, although BEE is not a component of CSR, it directly affects the social environment in which the companies operate and impacts how activities are viewed. Thus the Financial Sector Charter and BEE are shown in the framework as influencing factors of CSR. BEE too can be core to how a company does its business or it can be something that is expected of a company in order to comply with the legal requirements.

Other important influencers of CSR and the messages are the various stakeholders including customers, CSR beneficiaries, employees, shareholders and the general public. Information can either be provided to the stakeholders or they can be involved in the messages and in providing input into the CSR web pages. Based on this, another component of the first dimension of the framework is the feedback feature. This allows for two-directional communication with the relevant stakeholders.

#### CSR information and activities on corporate websites

Above the face of the framework in the second dimension are the CSR information items and activities. These have been divided into internal and externally focused items. This list combines the consolidated list of CSR items presented in Chapter 2 with the information from the interviews to form a list applicable to the financial services companies. The internal items are those with a greater focus on staff and internal stakeholders while the external items are those directed outwards at customers, shareholders and the general public. These have further been arranged as having a more social or economic focus. This dimension will explain what CSR activities to look for the presence of on the corporate websites. These demonstrate what activities the company is involved in and what factors the company may consider to be CSR related. These categories also incorporate the financial sector charter recommended categories for spend.

Media for presentation of CSR information on corporate websites

The final dimension of the framework is the medium of communication of the CSR items on the corporate websites. These have been arranged from media formats such as text items to more graphic items such as photographs, audio and video clips. This will all contribute to the assessment of how the CSR items are presented on the website. The use of different media demonstrates the effort given to the web pages for communicating the CSR messages.

This integrated framework provides a view of the CSR factors that may be demonstrated on the corporate websites of listed financial services companies. These various factors were arranged into a codebook for examination of each corporate website by the factors in the framework. The code book can be found in Appendix 4.

### **5.3 Findings from Corporate Website Analysis**

Once the framework had been finalised, it was tested on the Hollard insurance company corporate website. Hollard was selected as one of the largest South African insurance companies yet not one of the top four, which formed part of the sample for the study. This pre-testing ensured that it was suitable to evaluate the sites. Following the pre-test on the Hollard corporate website, adjustments were made to the framework and the code book was developed as is described in Chapter 4. Thereafter, the eight corporate websites in scope of this assessment were evaluated. The websites were evaluated on the same day to ensure that

there was consistency in the data and a good comparison could be made between the different companies. The data gathered from the corporate websites is presented in this chapter and has been arranged as per the research questions stated in Chapter 3.

The completed code book can be found in Appendix 4.

### 5.3.1 Is There Information on Corporate Social Responsibility on Corporate Websites of Listed Financial Services Companies?

This section will present the results of the examination regarding the first research question on whether there is CSR information on the corporate websites. This section also aligns with the first dimension of the examination framework, “Presence and level of CSR information on corporate websites”.

#### Presence of CSR on websites

All the insurance companies had information on corporate social responsibility on their corporate websites. Likewise, all the four banks assessed in the study had information about corporate social responsibility on their corporate websites.

#### Vision and Mission

Neither insurance companies nor any banks had any link to corporate social responsibility in their corporate visions and missions but focused on the other activities core to their corporations. The slight exception to this was Discovery

which states on its corporate website that “Discovery’s core purpose is to make people healthier, and to enhance and protect their lives” ([www.discovery.co.za](http://www.discovery.co.za)).

#### Placement of CSR

Another finding is that the banks tended to carry out their CSR work through foundations while only Discovery as an insurance company worked through a foundation for their CSR activities. Hollard, the test company, also used a foundation for conducting its CSR activities though this result has not been included in this research.

In addition, the internally focused information was typically not in a single place on the corporate website but the information was dispersed across the site e.g. health and other employee and human resources information were not contained under the CSR section. The externally focused information was generally housed under the CSR section of the website.



## Terminology and definitions of CSR

The terminology used for CSR for each of the banks differed. The terms are shown below in Table 3:

**Table 3: Term for CSR Information on Websites**

	Company	Term Used for CSR
Insurance Companies	Discovery	Social Investment
	Santam	Social Investment
	Sanlam	Corporate Social Investment
	Zurich	Social Investment
Banks	Absa	Corporate Social Investment
	FirstRand Bank	Corporate Social Investment
	Nedbank	Corporate Social Investment
	Standard Bank	Social Relevance

Banks tend to use the term “corporate social investment” while insurance companies use the term “social investment”. Though the concept is corporate social responsibility, none of the companies surveyed actually used this term for their activities.

Each bank and insurance company has a different description for CSR too as is shown in Table 4:

**Table 4: Definition and Direction of CSR per Company**

	Company	Definition Used for CSR
Insurance Companies	Discovery (Source: www.discovery.co.za)	“Our Corporate Social Investment (CSI) projects are a natural extension of our core purpose, as they take our message of making people healthier and enhancing and protecting lives to the wider community. In partnership with government, other private sector initiatives and broader civil society, we are committed to investing in health infrastructure and delivery to excellent quality health care to disadvantaged communities.”
	In this description Discovery has shown how the company’s CSR is aligned with its core purpose and indicates how the company links to the community and other stakeholders.	
	Santam (Source: www.santam.co.za)	<p>“We believe that the success of our Corporate Social Investment (CSI) strategy has been directly linked to our effective support in the form of mentoring, access to skills development, information, resources and financial support.</p> <p>Santam's CSI programme does not support the concept of "cheque book charity". Instead, it focuses on forming meaningful partnerships with previously marginalised communities through capacity building and the transfer of skills, and is governed by the principle of self-help and sustainability.</p> <p>Santam's key CSI focus is to forming and sustaining mutually beneficial partnerships between itself, civil society and government.”</p>
	Santam immediately describes their CSR successes. The company also states clearly how it goes about its CSR and how this relates to its stakeholders.	



	Company	Definition Used for CSR
	Sanlam (Source: www.sanlam.co.za And Sanlam annual report 2007)	<p>“As a truly South African company, we at Sanlam believe in nation-building and the development of a strong economy. It is our responsibility to help improve the lives of the people from this country - a duty we embrace, as our corporate social investment brings a double return.”</p> <p>“In order to ensure sustained profits over the long term the Sanlam group needs to understand and manage sustainability and corporate citizenship issues that influence its operating environment. We therefore continue to aim for profitable growth on a sustainable basis measured not only by the financial bottom line, but also by the triple bottom line (economic, social and environmental performance).”</p>
	Sanlam focuses their CSR messages on the triple bottom line and the benefits of CSR to stakeholders and the company.	
	Zurich (Source: www.zurich.co.za)	“Zurich in South Africa’s social investment programme is part of our commitment to being a good corporate citizen. The programme supports various initiatives including projects that focus on environmental issues; education; projects that relate to our BEE transaction and the requirements of the Financial Sector Charter, and more.”
	Zurich’s message is about being a good corporate citizen and supporting BEE and the Financial Sector Charter.	
Banking Companies	Absa (Source: Absa Group Limited Operational review for the year ended 31 December 2007)	<p>“Corporate Social Investment (CSI) represents Absa's involvement in sustainable community development, which is enabled through partnership with relevant stakeholders. It is a strategic means for the Group to make a positive impact on the broader society. Through CSI interventions, the Group seeks to:</p> <ul style="list-style-type: none"> <li>• enhance its reputation and image;</li> <li>• contribute towards the corporate citizenship agenda;</li> <li>• build stable and empowered communities in which business operates;</li> <li>• enhance employee loyalty and pride; and</li> <li>• enhance access to stakeholder groups.”</li> </ul>
	The key messages from Absa are focused on the company, its employees and the public image of how the company is viewed.	

	Company	Definition Used for CSR
	FirstRand Group (Source: www.firststrand.co.za)	“The Foundation gives FirstRand the opportunity to have a formal and co-ordinated programme of purposeful and effective corporate social investment. It responds to development needs in an informed and considered way, applying FirstRand's value-driven approach and commitment to excellence in community investment.”
	The CSR messages from the FirstRand Group relate to community improvement that is possible as a result of benefiting from the Group's support.	
	Nedbank (Source: www.nedbankgroup.co.za)	“Nedbank Group is fully aware of its responsibility to contribute to the communities that support it. As a major banking group in a country in which sections of the community are beset by a lack of education, extreme poverty and ill health, we consider it both a duty and a privilege to help address these issues among disadvantaged communities.”
	Nedbank too has an outwardly focused message aimed at helping disadvantaged communities.	
	Standard Bank (Source: Standard Bank Sustainability and Black Economic Empowerment Report 2007)	“It makes sense for Standard Bank Group to invest in the communities in which it operates as healthy and economically active communities have a direct impact on our long-term business growth. All our stakeholders live and work in the communities in which we operate, so it follows that by supporting and investing in the wellbeing of these communities, Standard Bank Group is investing in its own sustainability.”
	Standard Bank's message ties its CSR to communities and thus to long-term sustainability.	

### Currency of information

The framework developed identified currency of data as a factor to be considered.

The currency of the information on the sites is largely not from the current year but is at least a year old as is shown in Table 5. Besides the information on the Santam and the First Rand Bank websites, there is no clear indication of CSR information that is more recent than 2007. The latest information was usually what

had been published in the sustainability reports for the companies, which were for 2007.

**Table 5: Currency of CSR Information on Websites**

	Insurance Companies				Banking Companies				
Company	Discovery	Santam	Sanlam	Zurich	Absa	FirstRand Bank	Nedbank	Standard Bank	
Information Currency	2007	2007 and 2008	2007	2007-	2006	2007 and 2008	2007	2007	

### 5.3.2 If Yes, How is the Information Organised and Presented on the Corporate Websites of the Companies?


This section answers the second research question regarding how the information is organised and presented on the corporate websites. The results align with the first dimension of the framework as well as with the last dimension, Media for presentation of CSR information on corporate websites. As all of the eight websites selected have CSR information, this section will be relevant for all companies in the sample.


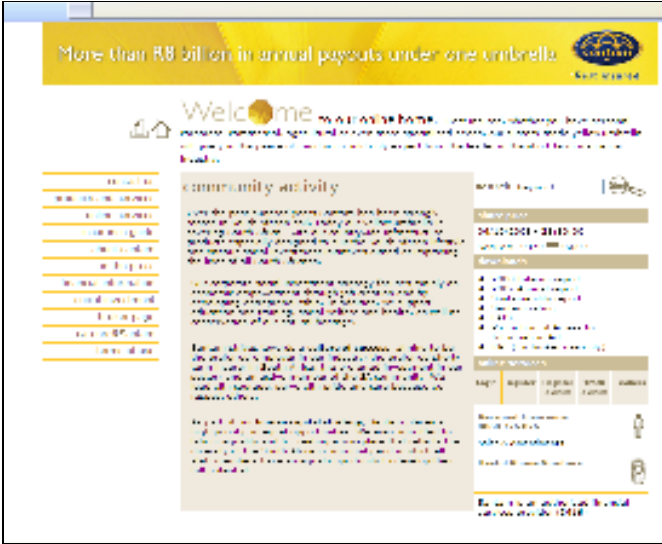
### Level of CSR Information

The information on the corporate websites is placed at different levels per company. Though from the interviews, it was stated by respondents that the CSR information should be at level two i.e. one click from the home page, Absa only had their CSR information at level four while three of the four insurance companies had this information at level three. None of the companies in the study had the information on the home page / level one. Further, many companies did not place all of the CSR information in a single specific section, despite having a link to a specific section for CSR, but distributed it across a number of sections on the corporate web sites. Standard Bank placed all their CSR information in the bank's sustainability report. This is summarised in Table 4 below.


Also in Table 6 are shown the CSR landing web pages for the CSR information. The landing pages for the CSR information for each of the banks and the insurance companies also differed. Certain of the banks show a series of sub-headings regarding and hyperlinks to CSR activities, while other companies described in some way their CSR activities. Table 6 shows a view of the landing pages per company.



**Table 6: Level of CSR Information and Landing Pages on Websites**


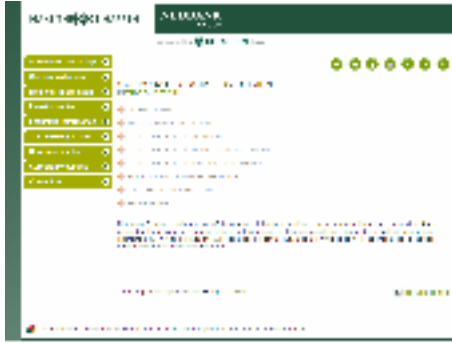
	Company	Level	CSR Landing Page
Insurance Companies	Discovery	Level 3	<p>The page is accessed through the “About Discovery” link.</p> <p>The CSR landing page for Discovery has an overview of CSR as well as links to other CSR information and pages for Discovery, including the Discovery Foundation. The site has a direct CSR feedback function and was the only site to have a CSR-specific feedback and contact function.</p> <p style="text-align: center;"><b>Figure 4: Discovery CSR Landing Page</b></p> 


	Company	Level	CSR Landing Page
	Santam	Level 2	<p>The page is accessed through the “Social Investment” link.</p> <p>The Santam CSR page contains a detailed narrative of CSR in the company including a description of all the CSR projects and initiatives.</p> <p style="text-align: center;"><b>Figure 5: Santam CSR Landing Page</b></p>  <p>In addition, the Santam site contains another set of CSR-related information under “Community Activity”. This further stresses how the CSR activities align with the corporate image.</p> <p style="text-align: center;"><b>Figure 6: Santam Community Activity Landing Page</b></p> 



	Company	Level	CSR Landing Page
	Sanlam	Level 3	<p>The page is accessed through the “About Us” link.</p> <p>The Sanlam CSR page contains a paragraph stating what CSR means for the company and what its CSR objectives are. There are no further direct links to other CSR pages. However, more detail is found in the sustainability report accessible from the website.</p> <p style="text-align: center;"><b>Figure 7: Sanlam CSR Landing Page</b></p> 

	Company	Level	CSR Landing Page
Banking Companies	Zurich	Level 3	<p>The page is accessed through the “About Zurich in SA” link.</p> <p>The landing page for CSR at Zurich contains hyperlinks to other CSR pages on the corporate website. There is also a link to BEE content on the CSR page.</p> <p style="text-align: center;"><b>Figure 8: Zurich CSR Landing Page</b></p> 
	Absa	Level 4	<p>The page is accessed through the “All About Absa” link.</p> <p>The Absa CSR landing page is at level 4, the lowest of the websites evaluated. The page contains a set of hyperlinks to the CSR information, which makes the CSR pages easy to navigate.</p> <p style="text-align: center;"><b>Figure 9: Absa CSR Landing Page</b></p> 
	FirstRand Bank	Level 2	<p>The page is accessed through the “CSI” link.</p>

	Company	Level	CSR Landing Page
			<p>The FirstRand page for CSR begins with information about the FirstRand Foundation. There are also links to other CSR-related information including the sustainability report.</p> <p style="text-align: center;"><b>Figure 10: FirstRand CSR Landing Page</b></p> 
	Nedbank	Level 2	<p>The page is accessed through the “Sustainability Matters” link.</p> <p>The Nedbank page contains a series of hyperlinks to other CSR-related information, including the Nedbank Foundation and CSR initiatives. This makes it easy to locate the CSR information.</p> <p style="text-align: center;"><b>Figure 11: Nedbank CSR Landing Page</b></p> 

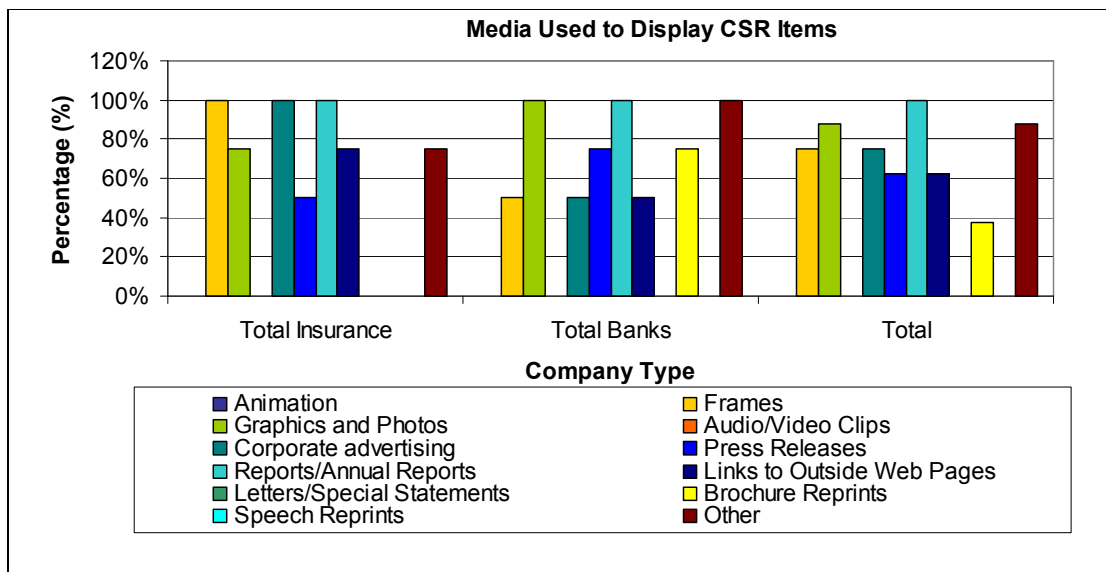
	Company	Level	CSR Landing Page
	Standard Bank	Level 2	<p>The page is accessed through the “About Us” link.</p> <p>All the Standard Bank social issues and items are discussed in the sustainability report. There is no information further on the website.</p> <p style="text-align: center;"><b>Figure 12: Standard Bank CSR Landing Page</b></p> 

### Media for presentation of CSR information on corporate websites

This section describes the results of the media examination of the corporate websites. This aligns with the items in the third dimension of the model, Media for presentation of CSR information on corporate websites. Figure 13 shows the types of media used to convey the CSR messages on the corporate websites. The media used to display the CSR items on corporate websites for insurance companies and banks did not include any animations, audio or video clips, letters or special statements or particular CSR speeches. The media used on all insurance company sites did include frames and annual reports. For banking companies all sites included graphics and photos, annual reports and sustainability reports as “other” items. Though there was corporate advertising on almost 80% of the CSR pages, this was seldom linked to the CSR activities themselves but was

more general product and company advertising. Thus the companies used a wide range of media but did this was largely text-based according to the classifications in the examination framework.

**Figure 13: Media Used to Display CSR Items on Corporate Websites**



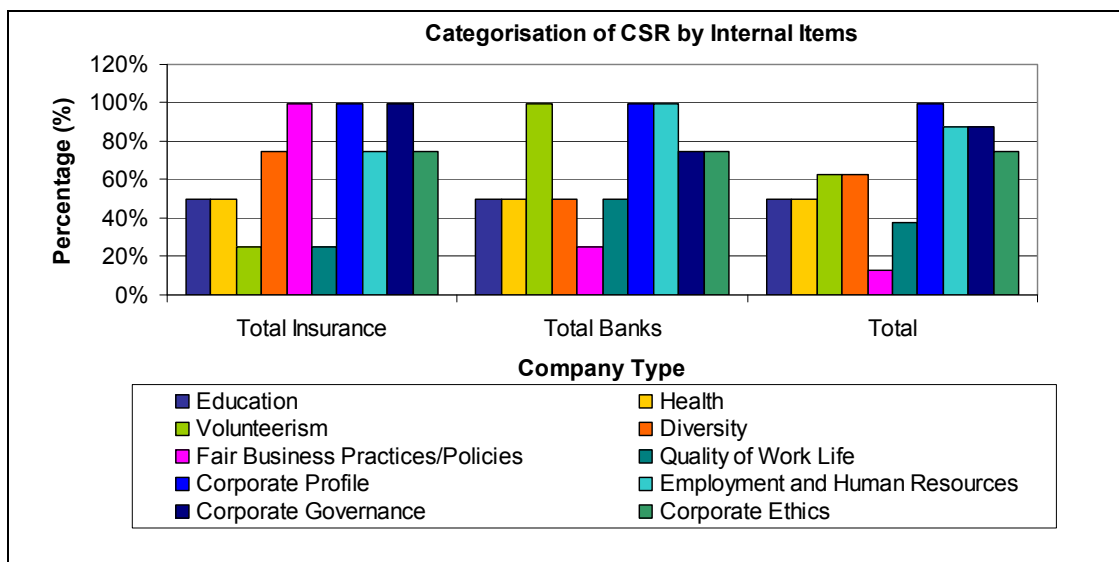
### 5.3.3 Is There Consistency in the Themes, Features and Messages of the Web Pages Devoted to CSR Activities?

This section focuses on the top dimension of the examination framework, CSR information and activities on corporate websites, and presents the results from the internally- and externally-focused items.

### Internally-focused themes

The data on the internally-focused CSR items is shown in Figure 14. For both insurance companies and banking companies, all the corporate websites included a corporate profile in their content for internally focused CSR items. For the insurance companies, fair business practises and corporate governance references and discussion was also included on all sites. For the banking companies, sections about employee volunteerism and employment and human resources were included on all the corporate websites. Quality of work life was not an item common on the corporate websites. Thus the particular type of financial services companies showed consistency of internal themes through only the presence of a corporate profile was consistent on all eight websites as shown in Figure 14.

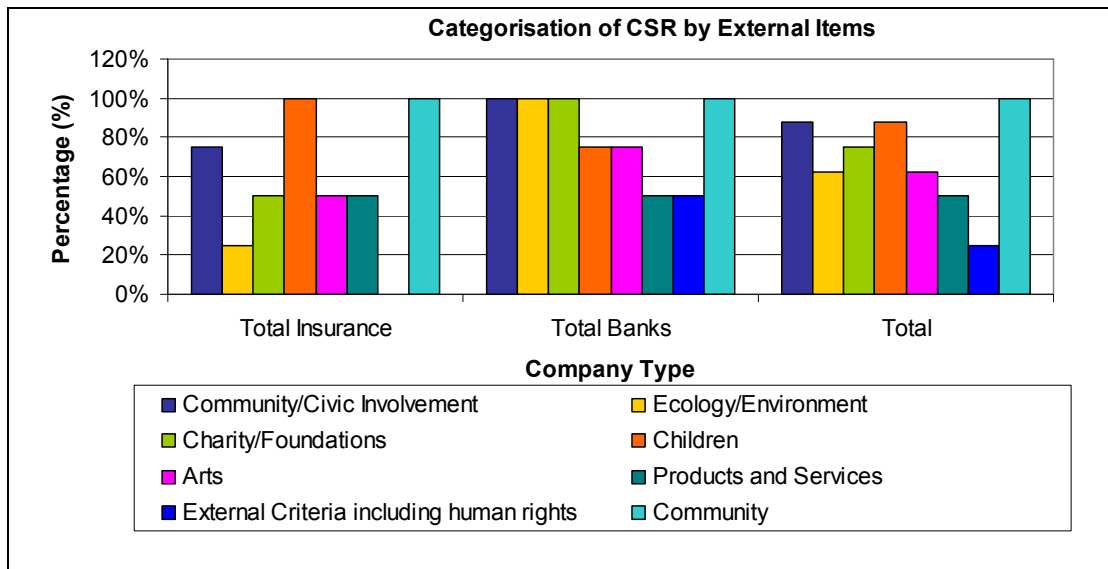
**Figure 14: Categorisation of CSR by Internally Focused Items**



### Externally-focused themes

The externally-focused items were usually those under the CSR sections on the corporate website. The only externally-focused CSR item common to all companies based on the information gathered from the websites was community-focused items as shown in Figure 15. The next most common items to both categories of companies was civic and community involvement and children-related items. For insurance companies, none of the companies focused on external factors such as human rights, while on banking company did so. As shown in Figure 15, although the environment was addressed by all banking companies, only one insurance company had CSR information related to the environment. One hundred percent of banking companies also focused on charities and foundations as recipients of the CSR spend. Three out of the four banks evaluated had a CSR focus on the arts. Figure 15 also highlights that the least common item was the external items such as human rights.

**Figure 15: Categorisation of CSR by Externally Focused Items**



Thus what is clear is that there is a consistency of themes on the corporate websites. The consistency is stronger between the four banking companies and between the four insurance companies than across the entire set of companies.

#### 5.3.4 Do Financial Services Companies in South Africa Communicate their Social Responsibility to Align with the Financial Services Charter and if so how?

This section discusses the results for the final research question regarding the alignment to the Financial Sector Charter. In addition, this aligns to the framework through the influencing factors of the Financial Sector Charter and BEE.

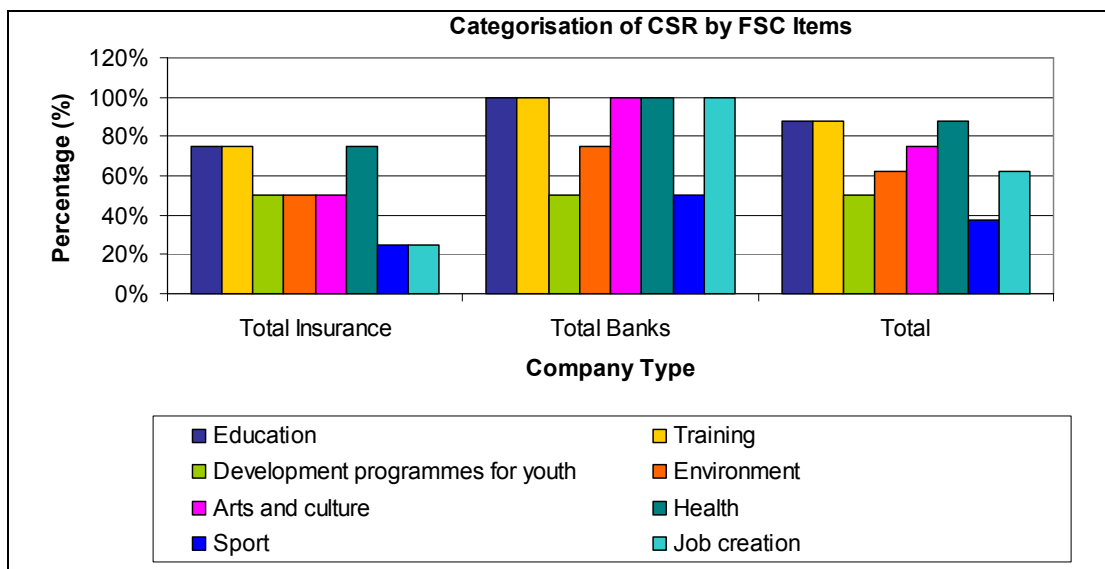


### Financial Sector Charter CSR categories

Though section 5.2.3 addressed general CSR areas, the financial sector charter also specifically mentions possible focus areas as discussed in Chapter 2. Thus this section presents the findings from the corporate websites specifically about the Financial Sector Charter (FSC) categories.

The figure below shows how the insurance and banking companies support the suggested CSR related projects. The most supported categories are education, health and job creation with 86% of companies supporting projects in these categories. The least supported category as part of CSR, based on information on the website is sports. All of the banks support education, training, arts and culture, health and job creation. There is no single category supported by all insurance companies in the sample.

**Figure 16: Categorisation of CSR by Financial Sector Charter Items**



When looking at the individual results per bank, it can be seen from Table 7 that only Nedbank has shown clearly on their corporate website that the company is incorporating all of the suggested Financial Sector Charter CSR projects.

**Table 7: Company Demonstration on Websites of Financial Sector Charter  
CSR Projects**

		Education	Training	Development Programmes for Youth	Environment	Arts and Culture	Health	Sports	Job Creation
Insurance Companies	Discovery	N	Y	N	Y	N	Y	Y	N
	Santam	Y	Y	Y	N	Y	N	N	Y
	Sanlam	Y	N	Y	N	Y	Y	N	Y
	Zurich	Y	Y	N	Y	N	Y	N	Y
Banking Companies	Absa	Y	Y	N	Y	Y	Y	N	Y
	FirstRand Bank	Y	Y	Y	Y	Y	Y	N	Y
	Nedbank	Y	Y	Y	Y	Y	Y	Y	Y
	Standard Bank	Y	Y	N	N	Y	Y	Y	Y

Financial Sector Charter spend

Besides indicating their FSC activities, certain of the websites also clearly stated what their percentage CSR spend is as the FSC requirement is 0.5% of post-tax profits. This is shown in the following table:

**Table 8: Company Spend on CSR Projects**

Company	Insurance Companies				Banking Companies			
	Discovery	Santam	Sanlam	Zurich	Absa	FirstRand Bank	Nedbank	Standard Bank
% CSR Spend Stated on Website	1%	0.34%	0.6%	% not stated	0.86%	1%	% not stated but at least 1%	At least 1%

Further to the Financial Sector Charter, all of the companies showed on their corporate websites that they are complying with the requirements of BEE.

#### 5.4 Conclusion on Data Gathered

This chapter has presented the findings from the two stages of research. The first results presented described the findings from the interviews used to create the examination framework for the corporate websites. A key finding was that it is important that CSR activities be on the corporate websites at level two or three.

The framework defined and described provided a good basis for examining the corporate websites. The structure helped to identify the key components of the website and to be able to examine the websites in a consistent manner. Though certain of the categories were not found to be present on the websites in the

sample, e.g. the audio and video clips in the media quadrant, this is still a suitable framework for assessing corporate websites for CSR activity. The interviews with CSR experts helped to adjust the framework suitably for examining the corporate websites in South Africa for CSR content.

The second set of results presented the findings from the examination of the corporate websites with a focus on CSR activities. The main findings were that all the companies in the sample had CSR activities described on their websites. The banks and three of the four insurance companies also described their activities in the sustainability reports.

The framework developed helped to structure the gathering of data and to present the results. The framework contains a consolidated view of CSR on corporate websites of financial services companies.

The next chapter, Chapter 6, will assess the findings and determine how the results can be interpreted.

## **6 Discussion of Results**

This chapter discusses the findings as a result of the research on corporate websites described in Chapter 5. The chapter describes an assessment of the findings and interprets the results of the research as well as stating some lessons that can be learnt from the findings. Sections one and two of this chapter describe the findings from the interviews and the development of the framework and the third section describes the results from examining the websites. The third section is structured around the four research questions stated in Chapter 3 being:

Q1: Is there information on corporate social responsibility on corporate websites of listed financial services companies?

Q2: If yes, how is the information organised and presented on the corporate websites of the companies?

Q3: Is there consistency between the themes, features and messages of the web pages devoted to CSR activities?

Q4: Do financial services companies in South Africa communicate their Social Responsibility to align with the Financial Services Charter and if so how?

## 6.1 Findings from Interviews

This section discusses the results from the interviews with CSR experts in financial services. All companies spoken to had CSR departments or foundations. The separation out of the function indicates a dedication to CSR rather than only doing CSR for compliance and for economic gain through marketing.

### Definitions and importance of CSR

The definitions of CSR differed from company to company; however, all the definitions focused on society and making a difference to communities. All of the respondents did also stress the link to the company and how the activities should be aligned with the way the company operates. Though this was stated, when evaluating the websites, only Discovery directly aligned their CSR activities around their core business.

### Importance of CSR

While the respondents do feel that CSR is very important to the company, there is no doubt that the implementation of the financial sector charter is more about being BEE compliant than about CSR. This has financial and reputation implications for the bank and is thus a key CSR driver. However, all companies did state that CSR is very important to beneficiaries, employees and shareholders.

### How CSR is communicated

CSR is communicated through many channels. However, when probed, no respondents seemed clear on how best to use the internet and various media formats to improve their CSR messages.

### Stakeholders

It was interesting to note that only one respondent said that the beneficiaries themselves were important stakeholders and users of the CSR web pages. It was interesting that the influence of stakeholders was viewed as less important than actually doing CSR, which was considered far more important to the company.

### Factors for consideration and components of CSR

When looking at the components of CSR, the respondents felt that corporate governance and corporate ethics as well as economic action were not particularly important from a CSR perspective. These factors do, however, impact on how the company is viewed with its operations and in its dealings with society as was introduced by Clarkson (1995) who stated that these provide evidence that the company is aware of some responsibilities.

### Responsibility for CSR messages

An interesting observation, although not directly related to this research, is that the CSR department is not usually responsible for the corporate messages placed on the websites regarding CSR. This is done by the marketing or communications

functions. In one case, the CSR team did not even help to compile the communication but simply handed over their contribution to the sustainability report. This indicates a disjoint and potential weakness that can be improved as the benefits of spending money and time on CSR activities may not be fully and correctly communication to relevant stakeholders. Maignan and Ferrel (2004) have indicated a link between CSR and marketing as stated in Chapter 2.

However, this is not to say that it is incorrect to have Communications and Marketing responsible for the creation of the CSR pages, however, there should be good collaboration. As all companies interviewed use multiple media to communicate CSR, it makes sense to have marketing or Communications consolidate and make consistent all the messages. These departments also understand how the CSR messages will best address the target stakeholders, which, according to Porter and Kramer (2006) is important as effective CSR requires an understanding of the social dimensions of the company's competitive context.

#### Sport sponsorships and CSR funding

Another interesting fact is that contributions to sport are often not considered part of CSR but are purely part of the marketing function. There is a clear separation between sponsorships and CSR spend. This is good as it shows a commitment to real community activities. This aligns with what was stated by one bank that "it is a privilege to help disadvantaged communities".



### Measurement

No companies measured and understood the impact of CSR communications on the companies as the effect of the website communications was not directly measured. Thus this indicates the potential for improvement as the companies do not understand how they are affecting their stakeholders or how spending the CSR funds is benefiting internal and external stakeholders.

### Location of CSR on the corporate website

As stated by the respondents, CSR is not a core banking activity and thus CSR activities and items should not be on the corporate home page. However, it is still a key function and does receive large financial contributions and should thus be at a suitably high level on the website. This does demonstrate that the financial services companies feel that CSR is important and should be accessible to stakeholders.

### Competitive advantage

It was interesting to note that though all respondents stated that they do monitor competitor websites, none considered that there was any competitive advantage to be had from communicating CSR on corporate websites. Thus it seems as if monitoring competitors' websites is to improve their own sites or to get ideas.

Value in displaying items

Corporate governance and ethics was not considered very important to the respondents. Yet the World Business Council for Sustainable Development (post 2000) has included ethical behaviour of a company in the definition of CSR. Thus, South African financial services companies seem to be overlooking a key component.

Thus it can be seen that CSR is considered important to all respondents, however, there is no standard CSR definition being used by all the companies. It was also interesting that the companies are not using web pages to compete but seem to focus rather on actually “doing” CSR to aid the beneficiaries.

## **6.2 The Framework for Evaluating Corporate Websites**

The framework defined and described in Chapter 5 provided a good basis for assessing the corporate websites. The structure helped to identify the key components of the corporate websites and to be able to assess the CSR content on the websites in a consistent manner. The framework should perhaps be more widely tested on other companies to explore its greater applicability.

## **6.3 Findings from Corporate Website Review**

This section describes the findings from the assessment of the CSR content on the corporate websites. The findings answer the four research questions.

### 6.3.1 Is There Information on Corporate Social Responsibility on Corporate Websites of Listed Financial Services Companies?

This section answers the first research question “Is There Information on Corporate Social Responsibility on Corporate Websites of Listed Financial Services Companies?”

#### Presence of CSR

The first point to note is that all companies in the samples tested had links to CSR pages and activities with specifically created messages and pages. This ensured that the messages portrayed the company in a favourable light and that the messages were linked to the corporate profiles of the companies. It can be seen from the companies sampled that financial services companies give great importance to the communication of their responsible corporate social responsibility behaviour through their web sites. All of the companies sampled, including the test company, use their corporate websites to disseminate the CSR information.

#### Terminology and definitions of CSR

There are very different definitions and intentions stated on the corporate websites to describe CSR and the activities within the company. A recent definition of CSR is that it is the legal and ethical obligations that an organisation has with its stakeholders while Kotler and Lee (2005) argued further that CSR is a commitment

to improve community well-being through discretionary business practices and contributions of corporate resources. The banks all talk about communities, community investment and support in their definitions. For the insurance companies, Discovery talks about extending their core purpose, Santam talks about “meaningful partnerships” with civil society while Sanlam talks about their duty that they embrace and nation-building while Zurich is states facts. These words all seem to align with the more recent directions of CSR.

While the terminology for CSR differed, the word “social” is still in each company-specific term for CSR. This still shows a link between the company and the broader social context within which it operates.

### Representing CSR

It is interesting to note that of the companies in the sample, only Discovery as an insurance company used a foundation. Hollard, the test case company, also used a foundation. All the four banks in the sample use foundations to execute their CSR activities. This could perhaps indicate that CSR is more important to the banks as it has been separated out into a stand alone department. This may also indicate why the CSR was generally more obscure on the corporate websites of the insurance companies and perhaps indicates that CSR it is not seen as a core company function.

### Currency of information

Interesting to note too is that the CSR information on the corporate websites is typically from the previous year and contains similar information if not identical information to the companies' sustainability reports. This conflicts to some extent with the messages regarding CSR and its importance to the company. This is perhaps also an indication that the target audience comprises investors, analysts and the media, the stakeholders identified by Bowd, Bowd and Harris (2006), who typically only review detailed information about a company on an annual basis. Perhaps as with financial statements, the CSR information should also be provided on a quarterly basis.

### The company vision and mission statements

Both Kotler and Lee (2005) and Porter suggested that integrating CSR activities with strategic company values and goals is required to ensure that companies benefit from CSR (Business Report, 2007). From the research it was found that though CSR seems to be important based on the location of the information and the effort given to placing information on the corporate websites and in various company reports, none of the companies had any reference to CSR and the social context in which they operate in their vision or mission statements on the corporate websites. The slight exception identified in Chapter 5 is Discovery, which states on its corporate website that "Discovery's core purpose is to make people healthier, and to enhance and protect their lives". This is not surprising as CSR is not a core function for these companies but is a supplementary activity that though they seem

willing to perform, is still a requirement stated as part of the Financial Sector Charter (2003).

All of the financial services companies have CSR-related information on their corporate websites, however, the extent and currency of the information was differed. The terminology and definitions also differed but expressed a clear link between CSR and the company desires to uplift communities. It would be beneficial to have a standardised definition of CSR to expand this beyond externally-focused activities.

### 6.3.2 If Yes, How is the Information Organised and Presented on the Corporate Websites of the Companies?

This section answers the question about how the CSR information is organised on the websites of the financial services companies and answers the second research question being “If Yes, How is the Information Organised and Presented on the Corporate Websites of the Companies?”

#### Level as an indicator of perceived importance of CSR

The level at which the CSR information is placed is of importance and provides several findings. As stated by Capriotti and Moreno (2007), if companies place the CSR activities on the homepage or at a high level, the company considers such themes to be of sufficient importance to privilege the section with placement on the homepage. According to Esrock and Leichty (2000), it is possible to assess the

perceived importance of the information to the company based on its location on the corporate website, though CSR could be seen to be of secondary importance compared to the prominence given to other content audiences on the front page (Esrock and Leichty, 2000). Most of the available information gathered indicates that South African financial services companies have primarily placed the CSR information between the second and third levels, which represents a fairly prominent location on the corporate website. This further aligns with the information obtained from the interviews, where the respondents asserted that the CSR information should be placed at level two. Only Absa presents the information at a lower level. By placing the information in an accessible location, this indicates that the companies want the information to be accessible to those seeking it and as it is not in an obscure location, other web site users may also view the information out of interest. Perhaps in the case where information was not placed at level one or two, this indicates that the bank does not perceive this information to be critical to stakeholders or that the function is non-core to the business and thus information should be placed at a lower level, as in the case of Absa.

#### Accessing CSR information

Further, all of the companies surveyed had a separate section dedicated to the CSR activities, except Standard Bank, which placed the information in the bank's sustainability report. There was a link on the Standard Bank website to the CSR information contained in the sustainability report. Through the presence of a

specific section, the banks are signifying an explicit recognition of the importance granted to corporate social responsibility on the corporate web sites of these companies. This was also identified in a similar study by Capriotti and Moreno (2007). These findings link well with the intention of the corporate websites, which should be viewed as an intentional act of communication that signifies an organisation in its multiple facets to its multiple publics (Esrock and Leichty, 2000).

CSR items can be accessed through different views. With 75% of the banks in the sample having their information at level two, there is a link directly from the homepage under headings such as “CSI”, “About Us” and “Sustainability Matters”. Thus web site users are able to begin their search for CSR information directly from the homepage. In international studies, the link to CSR is usually found “About us” for others it is under “Investor relations” or the CSR items appeared in the annual report (and the social report) on their websites (Nielsen and Thomsen, 2007). By placing the CSR information at prominent levels again points at the importance of communicating CSR to South African financial services companies. This is confirmed by Esrock and Leichty (2000) who add that the presence of clickable images and hyperlinks off of the front page to CSR activities indicate the priority that an organisation gives to a public, topic, or function in its web site design. However, none of the companies used clickable images, which would have indicated status-evoking information (Coupland, 2004) except Nedbank who had an image link directly to the sustainability report, well aligning with the bank’s “green” image.



### Placement of CSR information

Another very relevant finding is the highly dispersed nature of the corporate responsibility information. Besides Standard Bank, none of the companies have placed all the CSR information in one section. Despite having CSR web pages, there is still CSR-related information on other pages. This is important as this prevents the stakeholders from easily accessing the CSR information in its entirety. Any stakeholder seeking this information needs to spend effort to gather all the information. Further, as the definitions of CSR differ, the companies have not placed the same types of information on their web sites nor on the CSR pages, further impeding the access to the complete CSR information easily and quickly.

Thus from the companies surveyed, it can be seen that though the CSR information is typically placed at a high level on the websites due to the importance of the information, it is also typically found in multiple areas on the website and in different forms on different web sites, depending on what is considered to be CSR within that company. This may indicate that the CSR information presented is aimed at addressing the required needs e.g. as directed in the financial sector charter rather than solely due to the company having a broad understanding of CSR.

### Stakeholders and target audience

Bowd et al (2006) have said that the general public is rarely a primary target audience for specialist communication channels such as social reports, which are usually directed at analysts, investors and the business press. Nevertheless, there is public interest in receiving information about companies' responsibilities (Bowd, Bowd and Harris, 2006). Besides Standard Bank, which seems to be targeting analysts and investors through only presenting their CSR information in the annual sustainability report, the other companies seem to be targeting a more general audience through their easily accessible and more expansive CSR communications on their corporate sites.

### Media for presentation of CSR information on corporate websites

Esrock and Leichty (1998) have also stated regarding how the corporate website can be used that they can employ interactive features to collect information, monitor public opinion on issues, and proactively engage targeted citizens in direct dialogue about a variety of matters (Esrock and Leichty, 1998). However, none of the CSR pages on the corporate websites sampled used such features. The media used was generally text-based, descriptive frames containing particular snippets of information and photographs. The content is one-directional and does not allow for two-way communications with the public and stakeholders. In the case where advertising was used on the CSR page, this could have been better directed to have a CSR link rather than being generic company advertising.

Nedbank, as the “green” bank could especially have aimed their advertising on this page towards their CSR activities.

As it was stated during the interviews that the respondents do look at their competitors’ websites, it would have been expected that the websites would contain information in a similar way and using media that would show off their websites.

The main and common threads around how CSR is communicated on the corporate websites are through the annual financial reports and through the annual sustainability reports. This aligns with Branco and Rodrigues (2006) on their findings regarding annual reports, which are often the only source for gathering data on the social responsibility information disclosure and for constructing the company’s social imagery to all stakeholders.

According to Morsing and Schultz, non-financial reports are a type of “subtle CSR communication” and are used predominantly as a means to “give sense” to potentially critical stakeholders. They are produced to inform and convince public audiences about corporate legitimacy and, as such, they are framed within a one-way communication perspective (Morsing and Schultz, 2006). This accurately describes the sustainability reports used by the financial services companies in South Africa. These reports are glossy documents covering a range of topics

including CSR, but are used to position the company in a favourable light in many areas.

Though employees are key to driving out CSR and the corporate CSR messages, only one insurance company sampled discussed employee volunteer programmes, yet all four banks did indicate volunteer programmes through their corporate websites. Though this does not conclusively state that insurance companies do not use employees to drive out and communicate their CSR messages, banks are probably getting more “free” publicity about their programmes as the staff are involved in CSR themselves. This aligns with Dawkins (2004) who has stated that the employee base is often underestimated by companies when promoting corporate responsibility, are considered a particularly credible source of information and have a large reach to stakeholder audiences through informal channels, such as word of mouth (Dawkins J, 2004).

These findings indicate that CSR is considered important to the companies based on the location of the CSR information relative to the homepage. Accessing total CSR information does differ from site to site possibly due to variations in definitions of CSR. Though in the interviews it was stated that different media are used for communicating CSR as required, the information on the websites is not particularly complicated with mostly text being used, perhaps indicating less effort being spent on the web pages for CSR.

The CSR information, when placed at level 2 and 3 on the corporate websites, provides a good indication of the general importance of CSR to the company. There is no consistency in how to locate the CSR information again showing that despite the interviews indicating that the companies do monitor competitor websites, there has been non standardisation. The annual and sustainability reports are a consistent feature on the sites and are glossy reports aimed at investors rather than the general public and employees.

### 6.3.3 Is There Consistency in the Themes, Features and Messages of the Web Pages Devoted to CSR Activities?

This section answers the question about the themes on the corporate websites and the commonalities in content between the different companies.

#### Types of internal themes on websites

The themes with the greatest presence and relevance to CSR from an internal perspective were the corporate profile, employment and human resources and corporate governance. This is expected and aligns with Sullivan (1999) who stated that corporate websites create a general image of the organisation to distinguish it and Esrock and Leichty (2000) who stated that the unique feature of a corporate signature site is that it presents the identities that a corporation claims for itself. The main factors identified as being present on the South African financial services company websites are aimed at representing the company in a favourable light. Corporate governance is particularly highlighted as all the companies

selected are listed on the Johannesburg Stock Exchange, which monitors corporate governance based on the guidelines from the King II Report (Rossouw, van der Watt, and Malan, 2002). However, this was not stressed as a key CSR factor from the interview respondents.

#### Types of external themes on websites

The external themes that had the most significant presence on the corporate websites sampled are the activities related to communities. For the banking companies, all also highlighted activities related to civic involvement, the environment and foundations. For insurance companies another key activity highlighted was programmes related to children

Finally, also of note is the fact that the quality of work-life and fair business practices / policies themes do not receive much attention on corporate web sites. This presents a negative perception as these themes are key issues in CSR and in how employees and stakeholders may view the company.

#### The company reports as consistent themes

When the annual report or other company reports on corporate websites contain a foreword from the CEO, this signals to investors about the commitment of the company to the CSR activities (Kotler and Lee, 2005). All the annual reports and sustainability reports obtained from the corporate websites in the sample contained messages from the CEO and/or chairperson of the company. The sustainability

reports are of particular importance as the entire sections are directed at CSR. The senior people in the companies all state the importance of sustainability and CSR initiatives thus providing good senior management support for such drives.

There is consistency in the information on the corporate websites in terms of what is presented. All have annual reports with some reference to social investment and all companies have sustainability reports containing detailed CSR information. For Standard Bank, however, this is the only CSR information, while the other companies have expanded the information and added descriptions of projects.

#### 6.3.4 Do Financial Services Companies in South Africa Communicate their Social Responsibility to Align with the Financial Services Charter and if so how?

This section answers the last research question regarding the Financial Sector Charter.

The Financial Sector Charter spend

The financial services sector contributes about twenty percent of GDP to the South African economic activity (Hawkins, 2004, p184). With 0.5% of post-tax profits intended for CSR (Financial Sector Charter, 2003), this should result in large social investments in South Africa. The spend on CSR as identified from the corporate websites is not always at least 0.5% as per the Financial Sector Charter but has been shown in the case of Santam to be only 0.34%. As competitors are already spending their required amounts, it seems that CSR is not a key part of Santam's

business, despite their efforts and activities and views discussed on their website. Further, three companies do not clearly state their CSR spend, but two hint that this is at least 1% of post-tax profits. Thus it appears that these companies are withholding key CSR information. However, according to the Charter, this does only need to be implemented by 2014. Perhaps the companies that have not disclosed the exact percentages invested in CSR are mindful of their competitors already spending more than the required amounts on CSR.

#### Financial Sector Charter and BEE

The Financial Sector Charter states that the CSR projects should be aimed primarily at black groups, communities and individuals that have a strong developmental approach and contribute towards transformation (Financial Sector Charter, 2003). This focus is aligned with the overall intention of the charter, which is driven by BEE and transformation of the financial sector. This aligns with the comments in the interviews that BEE is a more important driver than CSR in companies. In addition, each website explicitly referred to BEE and how compliant the companies are and this is clearly the key driver for their social activities.

#### Financial Sector Charter categories

Based on the research findings, the most supported categories by all companies in the sample are education, health and job creation with 86% of companies supporting projects in these categories. The least supported category as part of CSR, based on information on the website is sports. All of the banks support



education, training, arts and culture, health and job creation. It is perhaps not surprising that these three categories are the most supported as these are prominent focus areas in South Africa. There is clearly a common drive by banks to support certain causes, possibly due to their competitive nature. Sports, arts and culture, though supported by the banks, are difficult to assess from a purely CSR perspective without understanding the company more as during the interviews it was stated that these are often marketing projects receiving different funding to CSR. Thus without understanding the internal banking decisions regarding sponsorships and CSR, it can only be said that they are supporting projects in these categories.

When looking at the individual results per bank, only Nedbank is clearly demonstrating on their corporate website that the company is incorporating all of the suggested financial sector charter CSR projects. This indicates the company's dedication to CSR and aligns well with the "green" image of the bank. The charter does, however, only provide a guide to CSR spend areas and does not indicate the need to contribute in each area.

Thus it is clear that the companies are aware of the CSR specification laid out in the Financial Sector Charter and for the most part, seem to be already complying with the requirements.

#### **6.4 Conclusion to Research Findings**

All the interview respondents provided different definitions for CSR and despite competitor monitoring, there is no standardisation and structuring in common. The key findings from the interviews regarded the separation of marketing and CSR, especially from a sports perspective. The banks seemed keen to separate the sponsorships from CSR to ensure that they allocated money correctly to projects that would uplift communities.

The framework defined and described in Chapter 5 provided a good basis for examining the corporate websites. The structure helped to provide a holistic view of the components of CSR represented on corporate websites of financial services companies in South Africa and to identify the key components of the website and to be able to examine the websites in a consistent manner.

It was interesting to note that based on the information on the corporate websites, the companies generally position the information at high levels indicating that CSR is considered fairly important to the company even if not core to their businesses. However, the information could be more current to more accurately reflect their activities and the importance to the company.

In addition, the financial sector charter does form a guide to the companies in terms of their spending and CSR activities, but a key and more urgent driver for banks in terms of their social environment is BEE. All the companies referenced

their status on their corporate websites and this was also stressed in the individual interviews.

This research has provided a structure for the compilation of information on corporate social responsibility and the organisation of that information on the corporate web sites of listed companies. The next chapter will describe the conclusions to this research and show potential areas for related future research.

## 7 Conclusion

The previous chapter provided an assessment of the research findings. This chapter will conclude the research, summarise the key findings and highlight potential areas for further research.

The purpose of this research was to assess how listed Financial Services Companies communicate their social responsibilities on their corporate website as well as to determine how the requirements for CSR listed in the financial services charter has been incorporated into the corporate websites.

The objectives of this research were to:

- Create a framework to examine corporate social responsibility information on corporate websites for listed financial service companies;
- Understand how corporate websites of listed financial services companies are used to communicate their corporate social responsibility activities; and
- Test the framework created framework for reviewing corporate social responsibility website communications on a sample of listed financial services corporate websites.

As was stated in Chapter 1, “the days of companies being reticent about highlighting their CSR initiatives are over” (Smith, 2006). This has indeed been shown to be the case as all websites examined had specific CSR-related data,

even if only incorporated into company reports accessible on the corporate websites.

## **7.1 Key Findings from Research**

The framework defined and described in Chapter 5 provided a good basis for examining the CSR items on the corporate websites of listed financial services companies. The structure helped to provide a holistic view of the components of CSR represented on corporate websites of financial services companies in South Africa, identified and grouped the key components of the website and provided a basis for the examination of the websites in a consistent manner. This research has provided a structure for the compilation of information on corporate social responsibility and the organisation of that information on the corporate web sites of listed companies.

Following the interviews and examination of the corporate websites, a key finding was that the terminology and definitions for CSR differed between companies, however, the definitions generally expressed a clear link between CSR and the companies' desires to uplift communities. There is no single CSR definition that has been defined to suit the South African environment.

From the interviews and online corporate website research it can be seen that CSR is considered important to all respondents. All of the financial services companies have CSR-related information on their corporate websites; however, the extent of

the information differed. It was interesting to note that based on the data gathered on the corporate websites, the companies generally position their CSR information at prominent hierarchical levels on the websites, being at levels two or three, indicating that CSR is considered fairly important to the company even if not core to their businesses. However, the information could be more current to more accurately reflect the activities and the importance to the company.

Accessing total CSR information does differ from site to site possibly due to variations in definitions of CSR. There is no consistency in how to locate the CSR information again showing that despite the interview respondents indicating that the companies do monitor competitor websites, there has been non standardisation. The annual and sustainability reports are a consistent feature on the sites but are glossy reports aimed at investors rather than the general public and employees. Apart from Standard Bank, all of the companies examined placed more CSR information on the website than only in the sustainability reports.

Though in the interviews it was stated that different media are used for communicating CSR as required, the information on the websites is not particularly complicated with mostly text-based content being used, perhaps indicating less effort being spent on the CSR pages.

The transformation-driven financial sector charter states the CSR requirements to which most companies are adhering. This charter is an important guide to how

companies are executing their CSR activities. Although most companies feel that their stakeholders are looking for evidence of CSR spend, some companies did raise questions of adherence and perceived importance to the company of CSR through not communicating clearly how they are adhering to the charter. In addition, the financial sector charter does form a guide to the companies in terms of their spending and CSR activities, but a key and more urgent driver for banks in terms of their social environment is BEE. All the companies referenced their status on their corporate websites and this was also stressed in the individual interviews.

An interesting finding from the interviews regarded the separation of marketing and CSR, especially from a sports perspective. The banks seemed keen to separate the sponsorships from CSR to ensure that they allocated money correctly to projects that would uplift communities.

## **7.2 Research Limitations**

The following are some of the limitations of the research carried out:

- As the sample size was small and only certain listed financial service companies were selected, the validity of the results may need to be proven through further study;
- The interviews were limited to the number of people who were willing to participate in the research process. The information obtained from the interviews was, however, only to further structure the framework following the literature review;

- Though ever attempt was made to accurately code the data, this was a manual and complicated process and was thus subject to error; and
- Once the framework had been created, it was tested on a single, listed financial services company, Hollard, before the formal research was executed. However, the availability of data on the corporate websites differs between institutions resulting in different abilities to use the data.

### **7.3 Recommendations based on Findings**

A key problem when executing the examination of the corporate websites was to locate the CSR information. Perhaps this should be more explicit and the companies should standardise the terminology. Corporate Social Investment is the term used in the financial sector charter; however, most companies use a different term. The companies also have the information under differently named links and sections of their websites. This information is interesting to multiple stakeholders and should be easier to locate.

The maintenance of corporate websites is usually allocated to a team of people on a full-time basis. Thus, it should not be the case that there is outdated CSR information on the corporate websites. The website represents the company and should thus also present their latest activities to interested stakeholders.

There is a great deal of CSR content on the corporate websites and clearly much CSR activity in each of the companies tested. However, few of the companies



examined have given much attention to the media used to represent the content on the websites. It would be interesting to see media such as video clips being used on the sites to make them more interesting and to allow the stakeholders to experience the activities more. It would also be good for the public and stakeholders to be able to provide feedback for improvement to or to comment directly on the site content. An interactive feedback feature should be available in all cases.

#### **7.4 Areas for Future Research**

Based on the research, further areas for research were identified. During the research process, there were many unanswered areas and topics that were found to be interesting. Some of these have been identified as potential future research areas.

The first is that it may be interesting to create a South African or even African definition of CSR. This will ensure that all players use the same terminology and have the same understanding of CSR and what the public expects to see from CSR initiatives. This will also enable better measurement of the CSR spend and an improved understanding of the impact as a result of the spend.

The next is regarding the CSR spend from the financial services sector. If indeed approximately 0.5 % of post-tax operating profits are being allocated to CSR spend and as the financial services sector does contribute 20% to the South African GDP,

it may be interesting to understand what the impact has been in terms of the citizens of South Africa and how this can be measured. It would also be interesting to understand how reliant the South African government is on such CSR spending to support their own social spending.

Another possible area for future research would be to understand the impact of the CSR spend and communications on the companies themselves in terms of attracting new customers and from the perspective of how employees and shareholders are affected e.g. through reduced bonuses or dividends and also whether employees and shareholders are supportive of this.

The model defined and described provided a good basis for assessing the corporate websites. It would be interesting to see if the model can be applied in other industries and to determine what the differences and similarities might be when communicating CSR for companies in other industries.

From a comparative perspective, it may be interesting to test the framework developed to ascertain what similarities and differences there are between South African financial services companies and their global counterparts. It would also be interesting to understand in more detail the CSR communication drivers in other markets and whether these may ultimately become drivers in the South African environment. This cross-country study would also help to determine the global state of CSR communication and may lead to improvements in this regard.

A final area for future research may be to examine the relationship between marketing and communications departments and CSR departments. It would be interesting to understand where the CSR messages should best be created and whether the CSR department itself should be separated from marketing. Related to this, it would be interesting to understand the benefits from a reporting perspective of the separation out of CSR into foundations as opposed to maintaining the CSR function as a department in the company.

This research has provided a current state assessment of how corporate social responsibility is communicated via the corporate websites of financial services companies in South Africa. The framework created based on the relevant literature and interviews has been tested and can be further used in additional studies in the industry. This baseline can also be used further to assess other companies in the industry and is a useful guide regarding where improvements can be achieved in terms of what data is present on the corporate websites.

As Martin Luther King Junior said: “The time is always right to do what is right “. Therefore, when spending stakeholder money and operating in a connected community, “people are going to want, and be able, to find out about the citizenship of a brand, whether it is doing the right things socially, economically and environmentally” (Mike Clasper, President of Business Development, Proctor and

Gamble, [www.interpraxis.com/quotes](http://www.interpraxis.com/quotes)). Thus communicating CSR activities correctly is essential for listed financial services companies.

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## 9 Appendices

This section contains four appendices referenced in the body of the report.

## 9.1 Appendix 1 - Interview Schedule

**Table 9: Interview Schedule**

No	Question Categories	Questions
1	The Company	Company Name:
2		Interviewee Name:
3		Designation:
4	Company View on CSR	Can you describe what CSR is in your opinion?
5		How important do you think CSR is in your company?
6	Communication of CSR	How do you communicate your CSR activities?
7		Do you hope to influence your stakeholders through communication of your CSR activities? If so, how?
8		What factors do you take into account when communicating your CSR activities and why?
9		Do you have an evaluation tool that is used to measure the effect of your CSR communications?
10	CSR on the Website	Do you have CSR on the corporate website?
11		How is the information organised on the website and why?
12		At what level should CSR activities be placed on corporate websites? E.g. level 1 is 2 clicks
13		Do you assess how competitors are communicating their CSR through their websites?
14		Does communication of CSR on websites provide a competitive advantage? If yes, how is this measured?
15		Is there value in displaying the following on



No	Question Categories	Questions
		corporate websites?
16		<input type="radio"/> Corporate Profile
17		<input type="radio"/> Products and Services
18		<input type="radio"/> Employment and Human Resources
19		<input type="radio"/> Economic Action
20		<input type="radio"/> Social Action
21		<input type="radio"/> Environmental Action
22		<input type="radio"/> Corporate Governance
23		<input type="radio"/> Corporate Ethics
24		<input type="radio"/> Relationship with Community and Citizens
25		<input type="radio"/> External Criteria including human rights
26	Financial Sector Charter	How are the Financial Sector Charter requirements incorporated into the CSR activities?
27		Is it important to indicate adherence to policies such as the Financial Sector Charter on the corporate website?



## 9.2 Appendix 2 - Interview Respondents

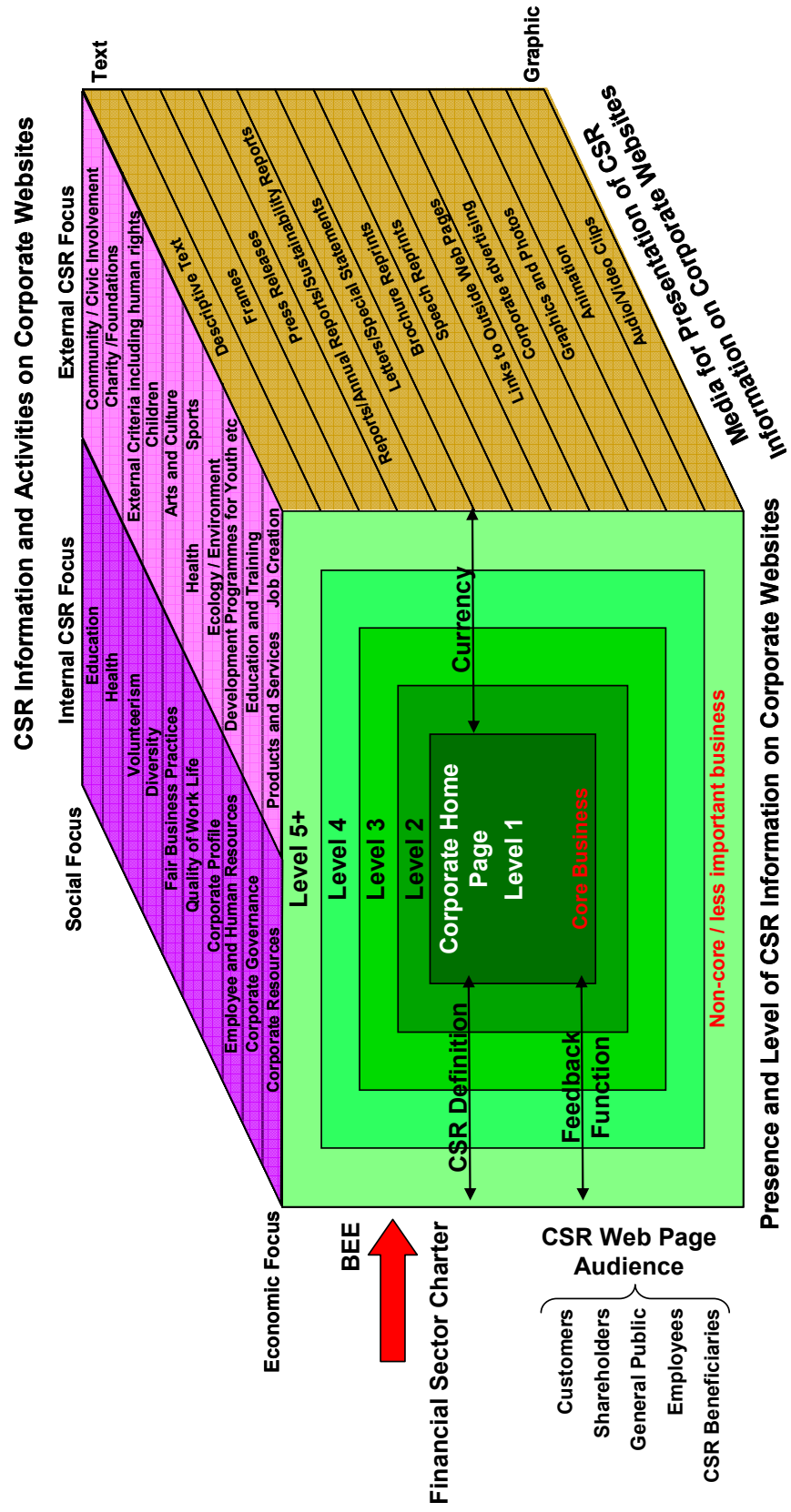
The following people and companies were interviewed as part of the research:

**Table 10: Respondents**

Company	Name	Position
Absa	Jacqueline de Winnaar	Manager: Group Public Affairs
FirstRand Group	Karen Steward and Francois Witbooi	Tshikululu Social Investments - Relationship Managers: FirstRand Group
Nedbank	Nikki Webster	Public Relations Officer: Group Communications

9.3 Appendix 3 - Examination Framework

Figure 17: Framework for Evaluating CSR on Corporate Website



## 9.4 Appendix 4 - Completed Code Book

Table 11: Completed Code Book - Banking Companies (1 of 3)

CSR Communicated on corporate website	Absa	First Rand Bank	Nedbank	Standard Banks
<b>CSR Definition</b>				
Definition for company	y	y	y	y
In corporate vision or mission	n	n	n	n
CSR through foundation	y	y	y	n
Currency	2006	2007/2008	2007	2007
<b>Location of CSR</b>				
Level 1/Home page	all about absa		link	click to about us
Level 2	corporate citizenship	Link from Home page to CSI	all CSI links and summary info	click social relevance to get sustainability report
Level 3	CSI link			
Level 4	CSI information			
Level 5				
Elsewhere				

Table 12: Completed Code Book - Banking Companies (2 of 3)

CSR Communicated on corporate website	Absa	First Rand Bank	Nedbank	Standard Banks
<b>Media Used to Communicate CSR</b>				
Animation	n	n	n	n
Frames	n	y	y	n
Graphics and Photos	y	y	y	y
Sound	n	n	n	n
Video	n	n	n	n
Corporate advertising	n	y	y	n
Press Releases	n	y	y	y
Reports/Annual Reports	y	y	y	y
Links to Outside Web Pages	n	y	y	n
Letters/Special Statements	n	n	n	n
Brochure Reprints	n	y	n	n
Speech Reprints	n	n	n	n
Audio/Video Clips	n	n	n	n
Other	Sustainability report	Sustainability report	Focused, cause-related marketing on website	Note: all CSR information is largely in sustainability report
Other material posted on Web page			sustainability report	social investment index on the JSE
			jse social responsibility index	
<b>Feedback feature</b>	non specific	non specific	non specific	non specific

Table 13: Completed Code Book - Banking Companies (3 of 3)

CSR Communicated on corporate website	Absa	First Rand Bank	Nedbank	Standard Banks
<b>Categorisation of CSR</b>				
<b>Internal</b>				
Education	n	y	n	y
Health	n	n	y	y
Volunteerism	y	y	y	y
Diversity	n	y	n	y
Fair Business Practices/Policies	n	n	n	y
Quality of Work Life	n	n	y	y
Corporate Profile	y	y	y	y
Employment and Human Resources	y	y	y	y
Corporate Governance	n	y	y	y
Corporate Ethics	y	y	n	y
<b>External</b>				
Community/Civic Involvement	y	y	y	y
Ecology/Environment	y	y	y	y
Charity/Foundations	y	y	y	y
Children	y	y	y	n
Arts	y	y	y	y
Products and Services	n	n	y	y
External Criteria including human rights	n	y	y	n
Community	y crime	y incl crime	y	y
<b>Financial Sector Charter</b>				
% CSI Spend	>0.5%	>1%	At least 1%	At least 1%
Is there a link to specific areas mentioned in FSC:				
Education	y	y	y	y
Training	y	y	y	y
Development programmes for youth	n	y	y	n
Environment	y	y	y	n
Arts and culture	y	y	y	y
Health	y	y	y	y
Sport	n	n	y	y
Job creation	y	y	y	y
BEE compliance	y	y	y	y

**Table 14: Completed Code Book - Insurance Companies (1 of 3)**

CSR Communicated on corporate website	Discovery	Santam	Sanlam	Zurich
<b>CSR Definition</b>				
Definition for company	y	y	y	y
In corporate vision or mission	y	n	n	n
CSR through foundation	y	n	n	n
Currency	2007	2007/2008	2007	2007
<b>Location of CSR</b>				
Level 1/Home page	about discovery link	link from home page	link to about us	link to about zurich in SA
Level 2	link to social investment	CSI	link to CSI	link to social investment
Level 3	social investment		CSI and other related activities	social investment
Level 4				
Level 5				
Elsewhere				

**Table 15: Completed Code Book - Insurance Companies (2 of 3)**

CSR Communicated on corporate website	Discovery	Santam	Sanlam	Zurich
<b>Media Used to Communicate CSR</b>				
Animation	n	n	n	n
Frames	y	y	y	y
Graphics and Photos	y	y	y	n
Sound	n	n	n	n
Video	n	n	n	n
Corporate advertising	y	y	y	y
Press Releases	y	y	n	n
Reports/Annual Reports	y	y	y	y
Links to Outside Web Pages	y	n	y	y
Letters/Special Statements	n	n	n	n
Brochure Reprints	n	n	n	n
Speech Reprints	n	n	n	n
Audio/Video Clips	n	n	n	n
Other	sustainability report	sustainability report	sustainability report	n
Other material posted on Web page			JSE SRI	
<b>Feedback feature</b>	y	non specific	non specific	non specific

Table 16: Completed Code Book - Insurance Companies (3 of 3)

CSR Communicated on corporate website	Discovery	Santam	Sanlam	Zurich
<b>Categorisation of CSR</b>				
<b>Internal</b>				
Education	y	n	y	n
Health	y	n	y	n
Volunteerism	y	n	n	n
Diversity	y	y	y	n
Fair Business Practices/Policies	n	n	n	n
Quality of Work Life	y	n	n	n
Corporate Profile	y	y	y	y
Employment and Human Resources	y	y	some	n
Corporate Governance	y	y	y	y
Corporate Ethics	y	n	y	y
<b>External</b>				
Community/Civic Involvement	y	y	n	y
Ecology/Environment	n	n	n	y
Charity/Foundations	y	n	y	n
Children	y	y	y	y
Arts	n	y	y	n
Products and Services	n	y	n	y
External Criteria including human rights	n	n	n	n
Community	y	y	y	y
<b>Financial Sector Charter</b>				
% CSI Spend	1%	0.34%	0.60%	not stated
Is there a link to specific areas mentioned in FSC:				
Education	n	y	y	y
Training	y	y	n	y
Development programmes for youth	n	y	y	n
Environment	y	n	n	y
Arts and culture	n	y	y	n
Health	y	n	y	y
Sport	y	n	n	n
Job creation	n	y	y	y
BEE compliance	y	y	y	y