

Chapter 5

Internet–Based Social Reporting in Emerging Economies: Insights from Public Banks in Egypt and the UAE

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ABSTRACT

This chapter examines how public banks operating in Egypt and the UAE respond to stakeholders' needs. It uses content analysis to explore the volume, nature, and quality of social information presented on the websites of these banks and the way in which these banks use web technology to report such information. The results indicate that public banks in both countries made more disclosures about corporate social responsibility (CSR) and community issues. Nevertheless, they lag behind stakeholders' expectations in regard to information about employees and cultural issues. Furthermore, the UAE banks tend to offer better stakeholders access to social information than Egyptian banks. However, both have a long way to go in better facilitating interaction with stakeholders. There is evidence to suggest that social reporting by public banks' in both countries is still below the expectations of the Muslim and global communities.

INTRODUCTION

Across the world, organizations have shown growing awareness of social responsibility. As a result, academic interest in the voluntary reporting of social responsibility information has greatly increased. Corporate Social Responsibility (CSR) has been defined as “the process of communicating the social and environmental effects of an organization’s economic action to a particular interest grouping within society and to society at large” (Gray et al., 1987, p.9). It is noticeable that most of the studies on social reporting are dominated by studies from Anglo-Saxon and Western countries and by international comparative studies that focus on interpreting the differences and similarities of reporting practices in these countries (Fifka, 2013). It is not fair to generalize the findings of these studies to emerging economies, because their development is different, as well as cultural differences affect the disclosure practices in

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general, and social reporting in particular (Mathews, 1993; Perper & Mathews, 1990). At the same time, in the era of globalization, the internet has shown itself to be important in the 21st century business communication revolution. During this time, internet access started to increase in developing countries and in the Arab region in particular. Most of Arab Spring revolutions in Egypt and other Arab countries used internet to help countries to communicate with each other. In Egypt, the revolution of 25th January, 2011 was called the “Facebook Revolution” (West, 2013). Meanwhile, the use of the internet as a communication medium has increased day by day, particularly in less developed countries. The main advantages of the internet are these: it is accessible 24 hours a day; its search option help users to highlight relevant documents; its information can be promptly updated; it can provide presentation options (text graphs, 3D simulations, for example); it is relatively undamaging to the environment, and its interactive feedback is easy via e-mails, feedback forms and video conferencing (Adams and Frost, 2004). These advantages reflect changes in the way that companies communicate with different stakeholders (Rikhardsson Et al., 2002). With this in mind, this research investigates how public banks in the Arab Middle East Countries (AMEC) respond to stakeholders’ needs by exploring the volume, nature, and quality of the social information represented on the websites of public banks operating in Egypt and the UAE. It also explores the way in which these banks use web technology to report such information. This study contributes to the literature in two ways: it is the first study to explore the social reporting on the web in Arab Middle East Countries (AMEC), and the disclosure index adopted in this research is based on the literature and cultural/Islamic issues presented on the websites such as quard hassan, and zakat fund. The reminder of the chapter is organized as follows. The next section reviews the literature and socio-economic context of Egypt and the UAE. The results are then reported, and the final sections present discussions and conclusions.

LITERATURE REVIEW

Different sectors in the business field have various social responsibility priorities (Branco & Rodrigues, 2008). It is argued that “customer oriented “sectors are seen as having a lower direct environmental impact (Jeucken & Buma, 1999). They offer goods and services that are considered indispensable by the general public (Miles, 1987); this is evidenced from a wide array of stakeholder groups who have direct and indirect stakes in the business activities. This resembles the case in banking industries whose stakeholders are varied and need a variety of social responsibility reporting (Branco & Rodrigues, 2008).

The banking sector is considered to have high public visibility, with activities and policies closely linked to the public interest (Miles, 1987). In addition, the banking sector has through its lending decisions a great impact on social and environmental strategies. Simpson and Khoers (2002) note that banks bear legal and social responsibility in that they make loans to companies that pollute or produce unsafe products. Only a relatively small number of studies address the social reporting by financial institutions (Hamid, 2004; Douglas, 2004; Branco & Rodrigues, 2006; Day & Roberts, 2009; Menassa, 2010; Khan et al., 2011).

Hamid (2004) investigated the social reporting practices in the banking and finance companies’ annual reports and revealed that reporting on product/service predominates over other topics. Further, there is a positive association between a bank’s size, listing status, and age and its level of social disclosure. Douglas et al. (2004) examined the social responsibility reporting on websites and annual reports of six

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