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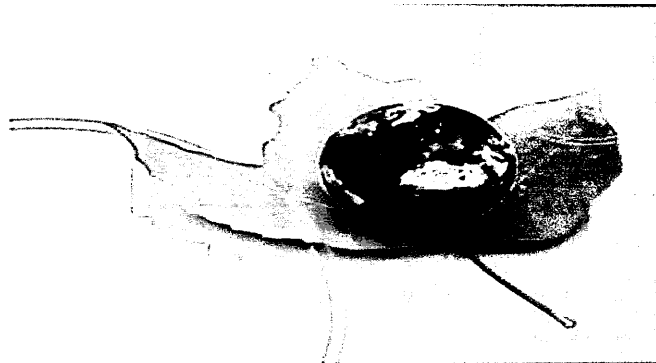
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**Analysis of Corporate Social Responsibility in the Egyptian
Banking Sector**

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A dissertation submitted for the degree of Master of Research in Management

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Abstract

Due to the increasing pressure on multinational corporations (MNCs) to take responsibility for their business operations, many large corporations have started to address the concept of corporate social responsibility (CSR). Accordingly, corporate social disclosure, that is the communication of an organisation's social and environmental impact through the annual report or similar medium, is an increasingly important issue. The purpose of this thesis is to explore how multinational banks working in Egypt choose to communicate their CSR activities to different stakeholders, and to compare it with local banks. Content analysis has been used to analyse both the annual reports and web pages of both multinational and local banks. CSR was classified into five themes (environmental related, community related, employee related, customer related and investor related).

The results of the empirical work show that there is CSR disclosure in the banking sector in Egypt at both a local and multinational level; all of the banks disclosed some information related to different CSR categories and it was positive information. The results also showed that this social disclosure in the Egyptian banking sector was inadequate and there is still a long way to go. The social information disclosed was far less than leading banks in developed countries. Also, the study indicated that a greater amount of information was provided on the website than in the annual report, especially within multinational banks. These results could be attributed to the voluntary nature of the reporting regime in Egypt.

Keywords: Corporate Social Responsibility, CSR disclosure, multinational corporations, developing countries, Egyptian banking sector.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter will provide a background of Corporate Social Responsibility (CSR), and also present the specific research purpose and questions of the thesis. Furthermore, the research methodology, the contribution of this study and finally the thesis outline will be presented.

1.2 Background to the research problem

Despite the different views about the nature of globalization, it is generally accepted that globalization has been a major factor in changing the relationship between business and society (Held *et al.*, 1999). The role of multinational corporations (MNCs) and their responsibilities in society are issues that are often brought up when discussing globalization. As public awareness of these issues is increasing, Sethi (2003) argues that MNCs can no longer ignore voices of criticism as they reveal a gap between expectations from society and corporate performance. Thus, for companies to survive and grow they need to perform well and also to undertake social actions, to respond to the growing recognition of the business sphere of the importance key stakeholders attach to social, environmental, and ethical behaviours performed by these corporations (Lorenzo *et al.*, 2009).

Many enterprises have adopted CSR practices because they believe it will benefit them in the long term and improve their competitiveness. When corporations have a commitment to sustainability and CSR it can bring about opportunities for new products and services, market and business models (Moreno and Capriotti, 2009). Companies in different sectors are proving their corporate social responsibility not only to comply with society's expectations, but also to attract positive support from

all the stakeholders. CSR is no longer viewed as just a regulatory or discretionary cost, but an investment that brings financial returns for the companies promoting it (Pohle and Hittner, 2008). Any CSR initiative undertaken by corporations to gain legitimacy and the confidence of the public must be accompanied by a capacity to communicate with, and respond to, the demands of stakeholders (Moreno and Capriotti, 2009). The way through which companies communicate their CSR principles and practices to the public and investors is part of their CSR effort (Basil and Basil, 2008). Nevertheless, communication continues to be a neglected issue with regard to CSR. Although many companies are committed to meet their social responsibilities, they often fail to communicate well with their stakeholders (Moreno and Capriotti, 2009). Companies communicate their CSR activities to different stakeholders for many reasons; to create a good public image which in turn leads to more investments, to increase sales, and also to increase their legitimacy and to communicate their corporate values to stakeholders (Tang and Li, 2009). Indeed many channels have been used to communicate CSR, from the annual report (Gray *et al.*, 1995), to non financial reporting (Hooghiemstra, 2000), to web pages (Moreno and Capriotti, 2009).

Many studies have been conducted regarding how companies communicate with their stakeholders through different channels (Tang and Li, 2009). The last decades have witnessed a great deal of research into social and environmental reporting practices in organizations that operate in developed countries, but at the same time there has been limited research on the social and environmental reporting practices of organizations operating in developing countries (Belal, 2001). Most of the previous research regarding CSR disclosure in developing countries has focused on the analysis of the annual report of organizations working in these countries. Most of these studies have

indicated that the nature and extent of social disclosure differs from the disclosure in developed countries. The study by Islam and Deegan (2008), for example, in Bangladesh, showed that there has been a sharp increase in the extent of human resources and community-based disclosure, and at the same time there has been a general lack of environmental and energy-related information. The results also indicate that the amount of human resource reporting is higher than other categories of disclosure. However, there is also another important channel through which the organization can communicate with its stakeholders, the internet. According to McMurtine (2005) the concentration of corporate social disclosure (CSD) research on disclosures contained in the corporate annual report (CAR) may have possibly overlooked other important media that organizations may use to present their information. In particular, the recent burgeoning use of the internet as a communication medium provides organizations with a new avenue for publication that was previously unavailable. After the advent of the internet, companies have started disseminating more social and environmental information on their corporate websites. Previous research has indicated that the larger companies and those operating in developed countries are more likely to use the web for environmental disclosure or communication (Williams and Pei, 1999).

To sum up, a prominent feature of disclosure research is concentration on the developed western economies like the USA, the UK, Japan and Australia (McMurtrie, 2005; Tilt, 1994). However, disclosure research in developing countries is growing; developing countries in general are still lagging with CSR reporting instead of sustainability reporting, also corporate social and environmental disclosure (CSED) practices are mostly confined to a few limited developing nations, like Thailand, Singapore, Bangladesh, and African countries, such as South Africa, Nigeria and

Uganda (Belal, 2001; Huang *et al.*, 1999). However, the case of CSED practices in a developing country like Egypt is not clear; prior research in the context of Egypt was very limited and has concentrated on social reporting practices through annual reports. Only one study, Salama (2009), has focused on web-based CSR disclosure. Thus the present study attempts to fill this gap in the literature by using a triangulation of different sources of data, by using the disclosure on the annual reports and web pages of the sample of multinational and local banks in Egypt. Thus, the current study begins to address the above gap in the literature via focusing on a developing country like Egypt. The focus will be mainly on the multinational companies and these will then be compared with local companies. MNCs have the most pressure from the general public to be responsible in their actions towards sustainable development, and to be socially responsible in their daily business activities. This pressure has mainly arisen, due to the fact that MNCs are very strong actors, both financially and socially, in our society. In addition, these corporations are most likely to be criticized by the public because of their size. MNCs hire large numbers of people and should therefore, logically, be the ones that lead the way when it comes to CSR initiatives (Astill, 2004).

1.3 The purpose of the study

The current study aims to explore the nature of the CSR practice of multinational banks working in Egypt and to identify the differences between these multinational banks and local banks in terms of how they present their CSR practice to the public through their annual reports and through their web sites.

So the objectives of the research are:

1. Obtain illustrations regarding the presentation of CSR activities of multinational and local banks to the public.

2. Observe the differences in social disclosure practice between multinational banks and local banks in Egypt.

Thus, this study aims to answer the following questions:

1. How do multinational banks with operations based in Egypt choose to present and frame their CSR activities to the wider public?
2. How do local banks in Egypt choose to present and frame their CSR activities to the wider public?
3. How do multinational banks operating in Egypt differ in their CSR disclosure from Egyptian banks?

There are four areas of social disclosure that were identified from the review of the relevant CSER literature which are customer related, employee related, environment related, and community related. But based on the definition of the European Commission in the Green Paper (2001), CSR is structured in two dimensions: internal and external. The internal dimension is composed of four components: human resources management, health and safety concerns, adaptation to change and management of environmental impacts and natural resources. The external dimension is composed of another four components: local communities, business partners (suppliers and consumers), human rights and global environmental concerns. With respect to the external dimension, this paper focuses on the components of CSR that are considered to be most relevant to a service company namely: investor related, employee related, customer related, environment related and community related.

The reason for selecting Egypt is that it builds our knowledge of corporate social responsibility (CSR) practice in North Africa. Previous researchers that have explored the presence of corporate social disclosures have been mostly focused on developed countries. Egypt is a unique and interesting setting to investigate the extent of CSR practices. Egypt has witnessed dramatic changes over the last few decades such as

mass privatization in 1991, together with a reactivation of the Egyptian stock market in 1995, as well as rapid development of the corporate sector. In the same vein, the Egyptian government has made a significant effort to modernize and develop the legal and regulatory infrastructure including capital market and corporate law provisions to be in harmony with the new economic policies. These institutional features raise questions about the extent of CSR practices and disclosure in Egypt.

1.4 Research design and methodology

1.4.1 Research approach

The proposed study is characterised by an inductive research approach. The researcher will use the inductive approach, as the main purpose of this thesis is to explore the CSR practices of multinational banks working in Egypt. The inductive research approach is a theory development process that starts with observations of specific instances and then seeks to establish generalizations about the phenomenon under investigation (Saunders *et al.*, 2007). The current thesis is mainly concerned with companies' self-presentation relating to CSR issues as displayed in their annual report and websites, not with their actual CSR practices.

1.4.2 Research design

Exploratory research is undertaken into the emerging CSR in Egypt through a case study approach. The cases involve some multinational and local banks in the financial sector in Egypt. Case study is a strategy that can be used for exploratory study, which belongs to the inductive approach as suggested by Saunders *et al.*, (2007). In this dissertation, it is an exploratory comparative case study as the aim of this study is to explore CSR practices by multinational banks working in Egypt and how it differs

from local banks through the analysis of their annual reports and web pages, so it is a multiple case studies, which may be preferred over single case design (Yin, 2003).

1.4.3 Data collection and analysis

In this research secondary data will be used; *secondary data* is referred to as information already collected for another purpose (Riley, 2000). This research is based exclusively on documented and official secondary data provided by companies. The documented secondary data include all organizational documents that relate to CSR issues, such as annual reports, and information found on the companies' web pages. An increasing number of studies have investigated how CSR is approached from a corporate perspective by looking at the actual notions of CSR that large companies publish on their websites; the use of such documents as a primary source was proven to be meaningful and valid for research purposes. Therefore, content analysis will be used as a data collection method to ascertain the level of corporate social reporting by each bank in its most recently issued corporate annual report and/or stand-alone publicly available CSR report (if published) and analysis of the web pages of each bank.. Igalens and Gond (2005) mentioned that one of the approaches to measuring CSR is a measurement based on the analysis of the content of annual reports.

This study will involve the analysis of multinational and local banks' annual reports and also banks' websites. In analysing the annual reports it is necessary to classify the disclosure into various themes related to environment, community involvement, customers, employees and investors. A thorough review of the literature will enable the researcher to make a consistent presentation of the themes of the study.

1.5 Contribution of the study

This study contributes to the CSR literature in the following ways:

- It adds to the relatively small body of CSR literature that adopts a developing country perspective.
- The current study gives more attention to the comparison between the CSR disclosures of multinational companies and local companies as opposed to the previous predominant emphasis on the examination of the quantity and content of the published CSD and making comparisons between various characteristics of the companies that are publishing the disclosure.
- Also, much of the research has focused on the manufacturing sector and less attention has been given to the service sector in general and the financial sector in particular. Therefore, the current study will focus on the financial sector in Egypt. Prior disclosure research has often excluded banking and finance institutions from their sample due to the stringent regulatory requirements associated with this sector (Hossain and Reaz, 2007). This study seeks to fill this gap by providing an insight into the corporate social reporting practices of this vitally important sector. Moreover, the current study will focus on how these multinational companies choose to present or communicate their CSR activities to the public and compare their situation with local companies to determine any differences between them. Less attention had been given to the comparison between the CSR disclosure of multinational companies and local companies.

1.6 Thesis outline

This thesis will be organized as follows. First, the literature review chapter (Chapter Two) will provide a basic understanding of the concept of CSR, as well as the different approaches to CSR, and a review of the previous studies regarding CSR

disclosure in developing countries, and then in Egypt. Then Chapter Three will provide the research methodology of this thesis explaining the choice of research method, approach and data collection and analysis. Chapter Four will focus mainly on the empirical work which is the content analysis of both the annual report and web pages of both multinational and local banks. Summary and conclusions (Chapter Five) will complete the thesis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

CSR and its related disclosures have been on the research agenda for many years. This chapter reviews the literature relevant to the research area, it discusses the different definitions and views of CSR followed by a discussion of CSR theories. Then, it reviews studies conducted about CSR practices and disclosures in developing countries, and finally studies conducted in Egypt about CSR practice and disclosure.

2.2 Definition of CSR

The term CSR has been defined in various ways from the economic perspective of maximizing shareholder values, to economic, legal, ethical and discretionary types of responsibility and to good corporate citizenship (Jamali, 2008). Therefore, there are different interpretations and definitions of what constitutes CSR; some view CSR as corporate responsibility, corporate citizenship, corporate philanthropy, community development and others relate it to the triple bottom-line, economic, environment and social development. In simple terms, to define CSR a commonly-used definition is that of the European Union – *“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”* (Ashridge, 2005). This definition suggests that CSR refers to voluntary initiatives taken by the business community to act responsibly in relation to all stakeholders. However a recent study by Dahlsrud (2008), which aimed to study how CSR is defined in existing definitions, results in explaining that the many definitions of CSR are consistently referring to five dimensions, these are: the environmental dimension, the social dimension, the economic dimension, the stakeholder dimension and the voluntariness dimension.

This study also stated that the challenge for business is not so much to define CSR, but to understand how CSR is socially constructed in a specific context and how it is taken into consideration when business strategies are developed. Thus the current thesis will focus on how CSR is constructed with regard to different stakeholders; in other words how the local and multinational banks in the context of Egypt construct their CSR with regard to different stakeholders and communicate it through their annual reports and web pages.

2.3 Schools of thought of CSR

CSR has been conceptualized in different ways regarding the role of business in society (Lantos, 2001). These differing views are presented as being placed within the stakeholder-shareholder debate (Branco and Rodrigues, 2007; Obalola, 2008). While Sriramesh *et al.* (2007) differentiated between three approaches: the business and society approach, the economic approach and the stakeholder approach. A common notion according to the business and society approach is that corporations do not operate in isolation from the society where they exist (Wood, 1991). Carroll (1999) framed business responsibilities into four components: economic, legal, ethical, and discretionary. He also stated that a socially responsible corporation should simultaneously “*strive to make a profit, obey the law, be ethical, and be a good corporate citizen*” (Carroll, 1991). The Pyramid of Carroll provides a framework for understanding how the responsibilities of a firm move from the required economical and legal to the more socially oriented and merely desired ethical and philanthropic responsibilities (Carroll, 1991).

The classical economic approach defines the role of business in only economic profit making terms, focusing on the shareholders. Thus business responsibility does not go beyond maximizing wealth for its shareholders (Branco and Rodrigues, 2007). One of

the first and perhaps most well-known opponents of CSR was Milton Friedman who believed that the only responsibility of business is to maximize profits for its owners, and that any aberration from profit maximization would be a breach of management (Carroll, 1998). According to the stakeholder approach, corporations are thought to have responsibilities not only to their stockholders, but to society at large (Quazi, 2003). The economic approach neglected the fact that in the effort to maximize profits, corporations do affect multiple stakeholders (Freeman, 1984). Therefore, adherents of the stakeholder approach emphasise that a company's purpose is to balance the interests and claims of different stakeholders – including shareholders, employees, customers, suppliers, society et cetera (DeWit and Meyer, 1998). This thesis focuses on the stakeholder approach to CSR, and considers the assumptions in this specific approach as the basis for this study.

2.4 Theories of CSR

From a theoretical point of view, corporate social and environmental reporting has been analysed using several theories. The two theories employed by the majority of studies on social and environmental reporting are the stakeholder theory and the legitimacy theory (Tilt, 1994). In this thesis, because the purpose is identified CSR disclosure that relates to stakeholders issues, the stakeholder theory will be the focus in this study.

The stakeholder concept is a central idea in understanding CSR (Carroll, 1991). The stakeholder theory is based on the idea that there are several agents other than shareholders to be considered in the actions and decisions of companies (Freeman, 1998). A unique feature of stakeholder theory is that it views a corporation's purpose in a different way. Within the stakeholder framework, the difference between the social and economic goals of a corporation is no longer relevant, because the central

issue is the survival of the corporation. Survival of a corporation is affected not only by shareholders, but also by other stakeholders such as employees, governments and customers (Lee, 2008). Thus, the stakeholder theory provides a new way to organize thinking about the responsibilities of the organization; it suggests that satisfying the needs of shareholders can not be met without satisfying, to some degree, the needs of other stakeholders (Jamalia, 2008).

In addition, the stakeholder theory of the firm proposed by Freeman (1984) suggests that the range of stakeholders might differ from company to company, and even for the same company in different situations, tasks or projects. Since it is not possible to identify a definitive group of relevant stakeholders for a given company in a given situation, Crane and Matten (2004) propose a typical representation of stakeholders, which includes shareholders, government, competitors, customers, employees, civil society and suppliers. The authors offer a more precise definition of stakeholders than the one proposed by Freeman (1984), by stating that a stakeholder is an individual or group which either (a) *“is harmed by, or benefits from, the corporation”*; or (b) *“whose rights can be violated, or have to be respected, by the corporation”* (Crane and Matten, 2004). Freeman’s and Reed’s (1993) wider sense of stakeholders is aimed at any identifiable group or individual who can affect or is affected by the company’s operations, thus covering all different stakeholder groups mentioned above. According to Fox (2004), stakeholders’ expectations play an important role in influencing the CSR approach adopted by companies. Companies will respond more to stakeholders that affect company performance, while at the same time other stakeholders’ expectations that don’t influence company performance are invariably ignored (McWilliams and Siegel, 2001). Trebeck (2008) stated that of those stakeholders that companies respond to, certain entities will be given more corporate

attention than others- these can be considered primary and secondary stakeholders respectively. DeWit and Meyer (1998) defined primary stakeholders as the direct participants in the economic value creation process of the company. All other parties affected by the company's activities are considered as secondary stakeholders.

Stakeholder theory also assumes that an organization strives to harmonise its activities with stakeholder expectations through using different channels of corporate social reporting (Barako and Brown, 2008). Corporations make social disclosures not just for their own economic self-interests, but because they are pressured to exhibit social responsibility by employees, customers, suppliers, the general public and other social activist groups. Such disclosures can be viewed as a means for managing, negotiating or manipulating stakeholders without whose support the organization can no longer exist (Roberts, 1992). Such disclosures can also be viewed as a means of establishing or protecting the legitimacy of an organization by influencing public opinion and the public policy process (Patten, 1992). *“Stakeholder theory attempts to articulate a fundamental question in a systematic way: which groups are stakeholders deserving or requiring management attention, and which are not?”*(Mitchell et al., 1997). Stakeholder analysis therefore, involves initially identifying organisational stakeholders that have some 'right' to information, and ranking their interests (Gray, 2001). Considering the heterogeneity of organisational stakeholders, and subsequently the inability of generic CSD to provide all information needs, CSD necessarily results in conflict between stakeholders. Stakeholder theory acknowledges *“a major objective of the firm is to attain the ability to balance conflicting demands of various stakeholders in the firm”* (Roberts, 1992).

Based on the stakeholder theory, the purpose of this study does not make it necessary to distinguish between primary or secondary stakeholders, thus in this thesis a general concept will be used that does not exclude any stakeholder groups when referring to a company's stakeholders, but this thesis will consider CSR activities that relate to different stakeholders, as they appear in companies' annual reports and in their websites.

2.5 Corporate social responsibility disclosure

There has been an increasing demand for information and transparency from corporations over the last few years (Deegan, 2002). Therefore, corporations now develop and communicate substantial amounts of information concerning their activities. A number of companies have responded to the need for more information concerning social performance by developing some sort of corporate social reporting (Mittal *et al.*, 2008). Social disclosures can be defined as *'the process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and to society at large'* (Gray *et al.*, 1995). Annual financial statements have traditionally been the most frequently used source in communicating social and environmental reporting (Line *et al.*, 2002). However, there are also other information channels that corporations use to communicate social and environmental information. Corporations use many other channels of information to inform their stakeholders. One of these over the past few years has been the Internet (Branco and Rodrigues, 2006). The literature on Internet-based corporate disclosure and financial reporting argues that these channels of communication with stakeholders have the advantage of unlimited capacity, flexibility, versatility, timeliness, and speed (Craven and Marston, 1999).

Most of the CSR studies conducted are in the context of developed countries; in this thesis the focus will be on studies conducted in developing countries. Sobhani *et al.*, (2009) for example, have conducted their study to assess the current state of CSED in Bangladesh. Through content analysis of 100 companies to assess their CSED practices they found that every company in the sample disclosed at least one item of disclosure on human resource issues, with other disclosures related to community issues (47%), consumer issues (23%) and environmental issues (19%). The findings of this study identified that the nature and extent of disclosure seems to be poor and awareness is still lagging as compared to that of the developed countries. Hossain and Reaz (2007) investigated the extent of voluntary disclosure by 38 listed banking companies in India. The results indicated that India has achieved a considerable amount of voluntary disclosure. Some voluntary information such as corporate social disclosure, corporate governance and risk related voluntary information has been disclosed in the annual reports of the Indian banks to an acceptable level. The study by Sahay (2004) is another study conducted in India, the study examines the environmental reporting of Indian companies in different sectors, the findings of this article indicate that environmental reporting by Indian corporations lags significantly behind that found in the developed world.

In Africa, the study conducted by Savage (1994) found that as a result of studying 115 South African companies, 50% of companies were making social disclosures about human resources which typically included pay, working conditions, compensation, and equal opportunities, Other disclosure items included community involvement and environmental disclosure. Another study in Nigeria conducted by Disu and Gray (1998), conducted on 22 large MNCs, noted that these companies disclosed

mandatory information related to: charitable donations, employment data, health and safety and corporate governance.

Also, from reviewing the literature, it is obvious that there has been little study of the banking institutions on voluntary disclosure and also studies of developing countries' perspectives. Most of the literature on CSR at the industry level has focused on sectors generally acknowledged as problematic in environment issues, while other industries that have much smaller environmental impact are less addressed (Etzion, 2007). As CSR practices might have a much broader scope than only environmental issues, in addition reporting priorities for financial services companies differ from those of other sectors, reflecting the different scope of activity, they tend to focus their reporting on corporate social responsibility and product or service sustainability. They tend to report and disclose more about employee related issues, such as training and development programmes, benefits and pension funds and employee share ownership (Line *et al.*, 2002). Thus, the author believed it would be interesting to explore the banking sector in Egypt; the focus will be on the annual reports and web pages of both multinational and local banks.

2.6 A comparison of CSR activities between multinational and local companies in developing countries

Through the last 30 years there has been empirical investigation of CSR practice with different theoretical perspectives (Gray *et al.*, 1995). Despite these numerous studies CSR is still in an early phase in most developing countries and therefore measurable results of CSR initiatives are still hard to come by. Many studies conducted in developing countries have been concerned with the differences between CSR activities or actions taken by the local and international companies working in the same developing country. The study by Naeem and Welford (2009) is an example,

they highlighted that the conditions and the degree of development of a developing country may affect CSR practices, and they examined the CSR policies of listed local firms and MNCs operating in Bangladesh and Pakistan. In particular they examined the sensitivity of firms to CSR, which was measured in terms of the availability of written policies in four CSR areas: human rights, labour standards, the environment and anticorruption. They found little difference between Bangladesh and Pakistan in terms of the sensitivity of businesses to CSR. In both countries MNCs have significantly more policies in the four areas examined than the local listed companies. In most cases (with the possible exception of labour standards in Pakistan) a majority of local companies do not have policies on the issues examined in this research. They mentioned that the challenge in countries such as Bangladesh and Pakistan is to convince them of the need to do so in a very difficult economic context. The companies surveyed for this research seemed to be reactive to regulations and legislation. Hence a concerted effort on the part of government to push business into taking on CSR practices may be required.

The study by Fauzi (2008) conducted in Indonesia with regard to any significant social and environmental performance differences between Indonesian companies and MNCs operating in Indonesia, indicated that, in terms of social variables, the performance of Indonesian companies and MNCs is the same, while in terms of environmental perspectives, the performance of MNCs is better than that of Indonesia companies. Kolk *et al.* (2008) studied the CSR notion in China, through an exploration of a small sample of large retailers in China, both Chinese and non-Chinese companies. They examined CSR/sustainability dimensions as communicated by the largest Chinese companies as well as international retailers active in China, in both the Chinese and English languages. They found that there are differences

between the Chinese and international retailers, with the former reporting more on economic dimensions, including philanthropy, and the latter more on product responsibility – contentious labour issues and the environment receive relatively limited attention in both groups in China. Thus, it can be concluded from reviewing the previous studies that there are different CSR activities conducted by multinational companies. Consequently the current study will focus on exploring the nature of these activities as presented by these multinational banks in their annual reports and web pages.

2.7 Studies of corporate social responsibility practice in Egypt

Few studies have been conducted with regard to CSR practice and disclosure in Egyptian settings. The study by Wahba (2008a) examined the influence of engaging in environmental responsibility on corporate market value, and was the first study to be applied in the Egyptian context. In this study Wahba used a sample of 156 firms for three years. The findings of this study indicated that the market compensates those firms that care for their environment, as environmental responsibility exerted a positive and significant coefficient on the firm's market value. Another study by Wahba (2008b) in Egypt was conducted to examine the moderating effect of corporate financial performance on the relationship between corporate environmental responsibility and institutional ownership, covering 19 industrial sectors. The results of this study indicated that corporate environmental responsibility exerted a positive and significant coefficient in the high financial performance sub-group. In contrast, the results did not suggest any significant effect for corporate environmental responsibility in the low financial performance sub-group.

Two studies have been conducted with regard to CSR disclosure in Egypt. Firstly, the purpose of the study by Rizk *et al.* (2008) was to survey the corporate social and environmental reporting practices of Egyptian companies. They used a sample of 60 Egyptian firms in nine high polluting industries. The findings of the study indicated that there are significant differences in reporting practices among the nine different industry segments. The overall results indicated that although there are a number of companies making social disclosures in Egypt, the quantity of information disclosed is low. The results also indicated that industry membership is a statistically significant factor in relation to the type or category of disclosure. Secondly, the study by Salama (2009), which differed from the previous study as it focused on the internet disclosure of Egyptian listed companies, the purpose of this study was to examine empirically the nature, location, extent, and quality of Internet social disclosures of major Egyptian companies. Salama used content analysis to provide a detailed measure of community involvement disclosure contents for the sample firms. The findings of this study indicated that corporate social responsibility information has fundamentally taken the form of voluntary disclosure. The social information disclosed is essentially qualitative, and positive, to enhance the company's image, credibility and trustworthiness with a broad range of stakeholders. Therefore, the author concludes that the extent of social disclosure in the Egyptian companies is inadequate and there is still a long way to go.

Accordingly, based on the results of these studies, the current thesis will continue to examine the extent of social disclosure by focusing on: first, CSR disclosure of multinational and local companies in the financial sector in Egypt; second, not only the information disclosed in their annual reports but also the information disclosed on their websites. The purpose of this study is to explore the CSR activities of the

multinational banks working in Egypt, as it appears in their annual reports and web pages, and compare them with local banks. The study does not investigate actual social responsibility practices, but rather explores CSR activities as presented by these banks. The author will study their annual reports and their websites in order to understand companies' points of view, especially their self-presentation relating to CSR issues. Therefore, the company's perspective was the one considered for research purposes.

2.8 Summary

This chapter reviewed different issues related to CSR beginning with its definition and different thoughts or approaches to CSR, especially focussing on stakeholder theory. Then it reviewed studies conducted with regard to CSR practice and disclosure mainly in developing countries, aiming at stating the research gap which will be fulfilled during this study. This leads to the next chapter which will determine the research method and design that the researcher will follow during her work.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study. It includes a discussion of the research purpose, research approach, data collection method, sample selection and analytical strategy.

3.2 Research purpose

The purpose of research can be classified as being exploratory, descriptive or explanatory (Yin, 1994). Exploratory research aims to clarify ambiguous problems and offer a better understanding of a problem. Descriptive research aims to provide a descriptive account of a phenomenon or population. While explanatory research aims to illustrate cause and effect relationships between different variables (Zikmund, 2000).

In the case of the current study, an exploratory research method is employed to clarify the understanding of the nature of the problem as there is very little literature regarding CSR practice and disclosure in developing countries, and how companies especially MNCs choose to present their CSR activities to the public. Therefore, the purpose of the current study, to gain a better understanding of how multinational banks choose to communicate their CSR to the public in comparison with local banks in Egypt, makes this research exploratory.

3.3 Research approach and philosophy

Regarding the scientific approach, deduction and induction are rational processes used regularly by scientists (Graziano and Raulin, 2004). The inductive research approach is a theory development process that starts with observations of specific instances and

then seeks to establish generalizations about the phenomenon under investigation. Inductive approaches are intended to aid in understanding the meaning of complex data through the development of summary themes or categories from the raw data (“data reduction”) (Thomas, 2003). The researcher used the inductive approach, as the main purpose of this thesis is to explore the CSR practices of multinational banks working in Egypt and compare it with local banks. Thus the current thesis is mainly concerned with companies’ self-presentation in relation to CSR issues, as displayed in their annual report and websites, not with their actual CSR practices.

With regard to the epistemological considerations, there are two views about the research philosophy that dominate the literature: positivistic and hermeneutic. This thesis can be interpreted as being a hermeneutic one; hermeneutic is defined as a specific system or method for interpretation, or a specific theory of interpretation (Muniapan and Dass, 2008). In the hermeneutic approach, the researcher tries to analyse the meaning of text, based on the perspectives of himself/ herself, so the approach usually connects with qualitative studies (Bryman and Bell, 2003). This means that we have been concentrating on interpreting data rather than making exact measurements. Therefore, the purpose of the current study is closer to a hermeneutic scientific approach, than a positivistic research approach, which aims to explain a studied phenomenon. A hermeneutic viewpoint also means that one uses each new piece of text as a tool to reinterpret the holistic picture (Gummesson, 2000).

3.4 Research design

3.4.1 Qualitative methods

There are two types of approaches widely recognized in business and management research, qualitative and quantitative approaches, which have different logics and strengths, and are often used to address different kinds of goals and questions

(Maxwell, 2005). Based on the current research questions it is more appropriate to observe the phenomenon of CSR by using qualitative approach, rather than conduct statistical analysis. The aim of qualitative research is to interpret and understand phenomena by asking questions such as who, whom and why (Bryman and Bell, 2003). Also, the qualitative research method is considered to be the most relevant for exploring issues that are not well understood, such as CSR in the banking sector in the current study. Also, using a qualitative method will provide an understanding of the phenomena under investigation as it seeks to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of naturally occurring phenomena in the social world (Easterby-Smith *et al.*, 2002).

3.4.2 Case study

There are five main research strategies that can be used in social science to reach an intended research purpose, these are: experiments, surveys, archival analyses, histories, and case studies (Yin, 1994). In order to choose the relevant research strategy, the researcher must take into consideration three conditions stated by Yin (2003) these are: *'the type of research question, the extent of control an investigator has over actual behavioral events and the degree of focus on contemporary events'* (see Table 3.1). Taking into consideration these conditions, the current study focuses on 'how' questions, and it also focuses on contemporary events and at the same time does not require control over behavioural events, thus both history and experiment strategies were not suitable to use. Also, according to Yin (1994), archival analysis and surveys are best used if the purpose of the research is to describe the prevalence of a phenomenon or when certain outcomes are predicted, but as the aim of the current research is to explore how multinational banks, compared to local banks,

choose to present their CSR activities to the public, these two strategies are not appropriate to the current research. Consequently, after reviewing the five research strategies presented by Yin (2003) and comparing their attributes to the current research questions and context, the researcher decided that the most suitable strategy to use is a case study approach. The selection of a case study approach was also guided by the amount of time and available resources.

Table (3.1): Relevant Situations for Five Research Strategies

Strategy	Form of research question	Requires control of behavioural events	Focuses on contemporary events
Experiment	How, Why?	Yes	Yes
Survey	Who, What, Where, How Many, How Much?	No	Yes
Archival analysis	Who, What, Where, How Many, How Much?	No	Yes/No
History	How, Why?	No	No
Case Study	How, Why?	No	Yes

Source: (Yin 2003:5)

Case study is a strategy that can be used for exploratory study and it is an inductive approach, as suggested by Saunders *et al.*, (2007). In general, case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed (Yin, 2003). As this thesis is an exploratory study and aims to compare how multinational banks and local banks present their CSR activities to the different stakeholders, it is a comparative case study.

Also, case studies can consist of single or multiple cases, and as the aim of this study is to explore CSR practices by multinational banks, and compare it with local banks through the analysis of their annual reports and web pages, this is a multiple case study. Multiple case designs may be preferred over single case design (Yin, 2003). A

multiple case design contains more than a single case, and in the current study there are six case studies; the cases involve some multinational and local banks in the financial sector in Egypt.

3.4.3 Data collection method

There are different sources of evidence when collecting data for a case study, these are: documentation, archival records, interviews, direct observation, participant observation, and physical artefacts (Yin, 1994). In the current study, as it aims to explore how banks choose to communicate their CSR activities to the public, the focus is on the corporate perspective and not on the actual CSR practices of these banks. Thus physical artefacts, direct and participant observation, were not an appropriate data collection method in the current study. Also, archival records are also inappropriate as the current study is a qualitative one. From the remaining two sources the researcher chose to collect data through documentation as it is more appropriate to collect data through the different organizational documents if the researcher wants to explore the different channels used to communicate CSR activities to the public and, at the same time, using interviews required more time and the researcher was restricted by time constraints.

In the current study two different sources of documentation were used, these were: the banks' annual reports, which were the main source of data collection, and the banks web pages which were the supporting source. The researcher used both of these sources as they were complementary to each other. Both of these sources are considered secondary data; *secondary data* is referred to as information already collected for another purpose (Riley, 2000). This research is based exclusively on documented and official secondary data provided by companies. The documented

secondary data includes all organizational documents that relate to CSR issues, such as annual reports, and information found on the companies' web pages. Annual reports are considered important documents in CSR due to the high degree of credibility of the information reported within them (Tilt, 1994). According to Unerman (2000) most justifications for using the annual reports in CSR content analysis studies are because these annual reports are used by different stakeholders as the sole source of certain information, such as environmental information, and also their widespread use. But at the same time Roberts (1992) recognized that the exclusive focus of the annual reports may result in an incomplete picture of disclosure practices. An increasing number of studies have investigated how CSR is approached from a corporate perspective by looking at the actual notions of CSR that large companies publish on their web sites; the use of such documents as a primary source was proven to be meaningful and valid for research purposes. The current study will use both the annual reports and the banks' web pages in exploring how these banks present their CSR activities to the public.

3.4.3.1 Source critics

Although documents deriving from private sources like companies are likely to be authentic and meaningful, people who write organizational documents, such as managers, are likely to have a particular point of view that they want to get across (Bryman and Bell, 2003). In the current study, the researcher was interested in identifying how corporations choose to present their view of CSR through their organizational documents, therefore the method of self-presentation was itself relevant for the research. In other words, the underlying driving force for conducting these reports is chiefly one of corporate self-interest. Company reports, policies and guidelines made available to different stakeholders are likely to be approved and

reviewed. By performing the data collection from annual reports and sections of the corporate websites, the researcher aimed to minimize the inconsistencies that could arise from the biases of individual writers.

As the main data sources for the research were organizational documents, the researcher was limited to the information disclosed by companies through these means. Considering the aim of the research and the relevance of CSR disclosure in representing CSR practices, the data obtained was considered sufficient and relevant for providing interesting insights into the nature and the differences in CSR approaches among local and multinational banks. Therefore, such limitations did not have a negative influence on the outcome of the research.

3.4.4 Sample population

As the perceptions of importance, drivers and reasons of CSR are industry specific (Steger, 2004), the sample population is limited to one industry of choice – the Egyptian banking sector. The banking sector in Egypt has embarked on significant banking reforms since 2004, as restructuring continues with a series of government-led reforms to make the sector more robust and better able to compete at regional and international levels. The reforms include strengthening asset quality, increasing minimal capital requirements, privatizing state-owned banks and consolidating small private banks with low capital values. These efforts have shrunk the number of operators from 62 in 2000 to 40 (with a total of 3,297 branches) as of June 2008 (American Chamber of Commerce in Egypt, 2008). The banking system in Egypt includes the CBE, 24 commercial banks (of which four are state owned), five state-owned specialised banks and 11 privately-owned joint-stock credit institutions. There

are currently ten branches of foreign banks and around 27 representative offices of foreign banks operating within the Egyptian banking sector.

Non-probability sampling was used as a sampling technique in the current study. According to Zikmund (2000) probability sampling gives every element of a population a known, non-zero probability of selection, while non-probability sampling involves a selection of a sample on another basis, such as personal judgement or convenience. In this study the sample consists of six banks from the financial sector in Egypt (with regard to time, it was decided that six was a reasonable number of companies to conduct this study on). These six companies are among the greatest and oldest banks working in Egypt. This sample can be classified into two categories: the first category contains multinational banks working in Egypt (four multinational banks: Commercial International Bank (CIB); Credit Agricole Egypt (CAE); Arab African International Bank (AAIB) and National Societe General Bank (NSGB)), while the second category contains local banks working in Egypt (two local banks: National Bank of Egypt (NBE) and Housing and Development Bank (HDB). The choice of both the multinational and local banks is based on the following conditions:

1. The availability of the annual report of the year 2007 of these banks, as the year 2007 witnessed a severe global financial crisis that began in the United States of America by the unforeseen end of the inflated real-estate bubble (the researcher has searched for the annual reports of many banks from the year 2007 on the company web pages but most of these banks didn't publish it on their web pages).
2. The bank must have a "*working*" (active) Website; as not all banks especially local banks in Egypt have active websites.

Also, the choice of the banking sector in this thesis is based on many reasons:

1. Most studies on CSR focused on the industrial sector with little attention given to the service sector. It was also noticed that the financial sector is a largely neglected sector for analysis with respect to sustainability issues.
2. The financial sector was selected because of its community and service base, and because of the vital role of this sector in economic development and sustainability.
3. The choice of the financial sector specifically is due to the current credit crunch, in which it is assumed that the financial crisis is a direct result of irresponsible banking.
4. Recently the financial sector has been given an increasingly central role in sustainable development, given the extensive economic power of banks, especially because of their steering capacity through investments.

3.4.5 The content analysis approach

This study used content analysis as a technique to identify and describe patterns in annual reports and websites for the identified local and multinational banks. Content analysis has been widely employed in CSR research and is the most common method of analysing social and environmental disclosure in firms (Gray, *et al.*, 1995). Content analysis is a method of analysing written, verbal or visual communication messages. As a research method, content analysis is a systematic and objective means of describing and quantifying phenomena (Sandelowski, 1995). A content analysis can be defined as “a research technique for making replicable and valid inferences from data according to their context” (Krippendorff, 1980). The aim is to attain a condensed and broad description of the phenomenon, and the outcome of the analysis is concepts or categories describing the phenomenon. Usually the purpose of those

concepts or categories is to build a model, conceptual system, a conceptual map or categories (Krippendorff, 1980).

3.4.5.1 Choosing the unit of analysis

According to Robson (1993), researchers are guided by the aim and research question of the study in choosing the contents they analyse. The unit of analysis can be a letter, word, sentence, portion of pages or words, the number of participants in discussion or the time used for discussion (Robson 1993). The preferred units of analysis in written communications tend to be pages, words or sentences (Gray *et al.*, 1995). But qualitative content analysis usually uses individual themes as the unit for analysis, rather than the physical linguistic units (e.g., word, sentence, or paragraph) most often used in quantitative content analysis. An instance of a theme might be expressed in a single word, a phrase, a sentence, a paragraph, or an entire document. When using theme as the coding unit, we are primarily looking for the expressions of an idea (Minichiello *et al.*, 1990). Thus, the researcher might assign a code to a text chunk of any size, as long as that chunk represents a single theme or issue of relevance to his/her research question(s). The identification of themes as opposed to sentence count is most appropriate where the objective is to uncover meaning (Krippendorff, 1980).

Thus in the current study the researcher will depend on theme as the unit of analysis; previous research by Burritt and Welch (1997) has also used themes as a unit of analysis. This approach offers a simple and quite valid approach to qualitative analysis, which allows for all variation in themes and topics to be revealed and captured. This is particularly useful when exploratory research is conducted like the current study and the widest possible variety of themes is sought (Vourvachis, 2007).

When the theme is the coding unit, each theme in a text unit is identified by some specified criterion and then classified according to its properties. Thus the focus will be more on the different themes or categories of CSR disclosure. The current thesis will adopt the approach of Miles and Huberman (1994) by identifying underlying themes, developing a coding scheme, summarising and synthesising data, identifying cross case patterns in the data and detecting regularities and developing explanations in the evidence collected. Thus, the researcher read over the annual reports, collected 6 annual reports, and also browsed these banks' web pages to get a sense of what themes or categories are common in Egyptian annual reports, and also to get a sense of the amount of CSR disclosure. To guarantee a consistent base of coded data, the data analysis of the annual reports, and firms' web pages for both multinational and local banks was carried out by a single person.

3.4.5.2 Categories of content analysis

This study will involve the analysis of multinational and local banks' annual reports and also banks websites. In analysing the annual reports and web pages it is necessary to classify the disclosure into various themes. Many dimensions make up CSR, from the environment to the responsible treatment of the employees. Following Gray *et al.* (1995), four major mutually exclusive categories of CSR formulate the main themes of CSR. These are also found to be employed consistently throughout the CSR literature. These four categories are: those related to environment, community involvement, customers, and employees. In addition, a 'general other' category is added to capture any areas or issues that do not fit in any of the main categories and 'new' meanings which emerge overtime (Gray *et al.*, 1995). The study by Calabrese and Lancioni (2008) focused on the components of CSR that they considered to be

most relevant to a service company, namely: investors, employees, customers, environment and community. Thus the current study will consider these five dimensions as they are most related to the service company, especially the banking sector. Appendix (1) shows a list of the main categories (5 categories) and subcategories of CSR used in this study.

3.5 Trustworthiness of the research

For research to be scientific the reader must regard it as credible, reliable, believable and trustworthy. Thus, data must be carefully measured by means of reliability and validity instruments (Merriam, 1998). According to Merriam (1998) reliability and validity are the ‘key concepts’ in the trustworthiness of data findings. Reliability is concerned with the question of whether the results of the study are reputable (Bryman and Bell, 2003). According to Bryman and Bell (2003) there is a difference between reliability in quantitative and qualitative research.

Regarding the reliability of this study, several issues can be highlighted. This chapter gives information about the methodology of this thesis, and the procedures that have been followed are stated clearly. Also, triangulation has been used to enhance the reliability; both the annual reports and web pages have been used as sources of data. Validity refers to how well an instrument measures the particular concept it is intended to measure (Sekaran, 2003). Qualitative researchers consider triangulation as one of the basic strategies to enhance internal validity and reliability (Jones, 1996). Then triangulation is defined as “*a validity procedure where researchers search for convergence among multiple and different sources of information to form themes or categories in a study*” (Creswell and Miller, 2000). In this thesis triangulation was used to reduce the likelihood of misinterpretation and to deepen our understanding of the phenomena of this study. Also, the use of triangulation may offer stronger

potential for the reader to generalize implications to his personal context for practical settings and also for future studies. With regard to external validity; according to Yin (2003) it 'establishes the domain to which a study's findings can be generalized', and in this thesis the sample consists of six case studies, and if the same results occur there will be a replication that might improve the external validity. But at the same time the results might not be generalized as the six cases are from the service sector so the results can not be generalized to other sectors.

3.6 Ethical considerations

One of the more obvious problems with validity in the field of ethics is social desirability bias (Weaver *et al.*, 2003), as individuals feel the need to demonstrate themselves as ethical both within their personal and professional lives. The use of secondary sources of data (banks' annual reports and web pages) has advantages; the unobtrusive access they present can help in reducing social desirability response bias due to self-reporting. Also, the content analysis allows these sources to be analysed in a transparent and reproducible manner. In addition, the researcher performed an extensive literature review on the topic, getting familiar with CSR issues and main theories, as well as previous similar studies, in order to avoid such bias.

3.7 Summary

In this chapter, the researcher outlined how the research was conducted. The rationale for the choice of qualitative research method was explained. The content analysis of the annual reports and web pages of both multinational and local banks was utilized. In the next chapter the content analysis of the annual reports and web pages of the case studies will be presented and discussed.

CHAPTER FOUR

EMPIRICAL RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the empirical work of the thesis. The empirical work includes the analysis of both the annual reports and web pages of both the multinational and local banks in Egypt and then makes a comparison between them. This chapter will be classified into three main sections, these are: Section One which will be the analysis of the multinational banks annual reports and web pages, Section Two which will discuss the analysis of the local banks, and then Section Three which will present the comparison between multinational and local banks in terms of the annual reports and web pages.

4.2 Content analysis of Multinational banks annual reports and web pages

4.2.1 Content analysis of the annual reports

After getting the annual reports by downloading them from the companies' websites in PDF format, and after choosing the measurement tools and determining the main categories of CSR, the researcher started a content analysis of the whole sample of multinational banks annual reports. Every annual report was carefully read and all sections of the annual report were carefully examined to note the presence of any social disclosure, and to make a judgment about whether any particular item was relevant to any of the specified categories or sub-categories of CSR. Thus, the researcher kept reading the annual report and assigning a code or a label to text and preparing it for analysis. This process was repeated for each of the four annual reports of the multinational banks. The researcher made a separate table for each bank, determining the main categories and sub categories and any justification from the company's perspective for their interest in any of the specified CSR categories. The

first four tables in Appendix 2 show the main and sub-categories of CSR of the four multinational banks.

4.2.1.1 The disclosure related to community involvement

The four multinational banks have been focused mainly on two sub-categories, these are; funding and financing devoted to health services and educational and social services. But the amount and detail of this disclosure differs between banks. Both NSGB and CAE only disclose information related to social services in terms of funding and support for small and medium sized enterprises (SMEs). CAE in particular justified in their annual report why they are interested in SMEs as they provide substantial employment opportunities and are key drivers for growth and poverty alleviation in Egypt, and that the bank is dedicated to becoming the country's most competitive and dynamic bank financing and servicing these businesses. The other two banks, CIB and AAIB, disclosed information related to health and education services. AAIB disclosed specified information about funding and managing the renovation of the Abou El Reesh hospital; the bank exactly specified the name of the hospital and did not disclose just general information about their social services. AAIB also disclosed detailed information about their health services as they stated the following: '*CIB helped in raising funds by providing direct financial contributions to different hospitals*' (see Table (4.2) in Appendix 2).

With regard to educational services, AAIB disclosed information regarding the Celebration of the 5th annual AAIB award; an educational competition which invites college students to create and develop innovative banking products and/or services. CIB has an allocated fund for the renovation of three public schools. In addition to the disclosed information regarding its social support in the area of health and education,

CIB also disclosed information about their social care as CIB has a specialized division which handles developmental funds and finance programmes provided by governmental and international donors. This programme aims to create new job opportunities. Finally CIB also provides information about how the bank sponsors art galleries organized by the Ministry of Culture, and how the bank contributes to offering job opportunities; CIB has a specialized division which handles developmental funds and finance programmes provided by governmental and international donors. This programme aims to create new jobs opportunities.

4.2.1.2 The disclosure related to environment

The environmental disclosure of the multinational companies was very poor; two of them, namely NSGB and CAE, did not assign specific information regarding environmental issues at all. The coverage of environmental issues within the other two banks was very vague. The CIB disclosed only the following: '*CIB is engaged in environmentally friendly projects designed for the preservation of natural resources*'. Also, AAIB disclosed that '*AAIB is the only member bank from Egypt in the UN global compact*' and that the bank is concerned with '*Environment protection*' without giving any details about how the bank protects the environment. Thus environmental reporting of these banks does not provide relevant information to the stakeholders or a database for continual improvement. The reporting, in general, is unsystematic, piecemeal and inadequate.

4.2.1.3 The disclosure related to employees

All of the four banks made some form of employee disclosure. But the amount and sub categories differ between them; NSGB for example disclosed vague information

without any specification as it only mentioned that the bank invests in human resources. AAIB on the other hand gave few details about training and employee benefits justifying their concern in employee training as '*Investing in the development of our human resources is largely an institutional mandate*'. Also, CIB disclosed information mainly about training; it strongly believes in investing in its human capitals, and disclosed that it utilizes the most reputable and prestigious training institutions. The bank also disclosed one sentence about hiring stating that 'CIB hires the best calibre candidates'. CAE disclosed more information that related to employees than the other three banks; the bank disclosed information about recruitment, training and different benefits offered to employees. This may indicate that employees are the most important stakeholders, and need to be taken care of.

4.2.1.4 The disclosure related to customers

All of the companies made some form of customer disclosure. There are two main categories related to customer disclosure; these are related to customer satisfaction and service quality. The four multinational companies all disclosed information related to these two subcategories. Both NSGB and AAIB for example disclosed information about how the bank responded to customer needs by launching new products tailored to the needs of professionals, and also by opening new branches for customers. In addition to providing new products tailored to meet customers' needs, CAE also disclosed information about broadened the relationships with many of their existing clients and offering faster, friendlier and more focused financial services. Also, all four banks disclosed information related to service quality. NSGB and AAIB disclosed information about how they provide innovative financial solutions to their customers, NSGB disclosed information about increasing the efficiency of their

operations while AAIB provided information about providing high security on line payment. CAE gave more attention to product development and communication, while CIB focused on customer centric relationship management to improve service quality.

4.2.1.5 The disclosure related to investors

The four multinational banks disclosed information about two main sub- categories; these are corporate governance and risk management. The four banks disclosed information related to risk management including the procedures they followed to minimize different types of risks such as exchange rate risks, credit risk, and interest rate risk. Three of the four banks disclosed information about corporate governance (CG); CAE, AAIB, and CIB disclosed information about their CG practices; CAE disclosed that the bank is committed to the highest standards of CG, justifying their establishment of the audit committee and the business development committee as *'To ensure that CAE follows the most stringent international standards of corporate governance and fulfils the trust of its clients and investors'*. Also, CIB disclosed information about their effective system of CG best practice, justifying the importance of this system as *'To ensure that timely and accurate disclosure occurs with respect to materials matters regarding the bank, its ownership, operations and financial performance'*. AAIB disclosed just vague information as it mentioned that the bank has implemented various governance practices to ensure a transparent work environment. NSGB on the other hand did not disclose any information related to CG.

4.2.2 Content analysis of the web pages

The researcher, through content analysis of the four multinational banks' web pages, tried to identify the main CSR categories as they related to different stakeholders.

There were differences among the banks regarding the information available on the five specific themes of CSR, see Tables (4.5), (4.6), (4.7) and (4.8) in Appendix 2.

4.2.2.1 Information related to community involvement

The majority of banks communicate information about their social involvement and their commitment to improve the society. They basically present information related to funding and sponsorship in health, educational and social services. CIB for example provided detailed information about its financial contribution to many health institutions, and also provided information about allocating funds for the renovation of three public schools. In addition, the bank provided justification for their social involvement as 'CIB takes its slogan "to grow, and help others grow" seriously'. NSGB also provides information about their health services for low-income people by supplying medical equipment to major hospitals and governmental institutions in different governorates, it also provides donations to re-house people affected by the painful Duweiqa incident, as part of their social services. The AAIB disseminated information about its involvement in both the area of health and education; but it provides less information regarding its contribution to health institutions than that information available in its annual report. AAIB makes a major contribution by launching an annual nationwide banking competition for university undergraduates. CAE, unlike the other three banks, did not provide any information regarding its community involvement.

4.2.2.2 Information related to environment

The information related to the environment was very poor as in the annual reports; only CIB and AAIB provide little and vague information, as disseminated in their annual reports. AAIB added extra information but it is also vague, it disclosed this

sentence “*AAIB is committed to protect the environment by trying to find new ways in its day-to-day operations to minimize their environmental impacts and better manage their resources with wiser utilization*”, it is a general sentence which did not give specific details. Thus it was probably used to make the bank appear as if it cared about protecting the environment.

4.2.2.3 Information related to employees

Two of the four banks disseminated information related to human rights which was not disclosed in their annual reports; CIB provided information on how the bank respects human rights by disclosing their employment policy which ensures diversity within the workplace and eliminates discriminatory practices. Also on their web site there was a press release which stated that ‘CIB Recognized For Supporting Human Rights in Business’. AAIB also disseminated information that it ensures that ‘businesses are not complicit in human rights including all forms of violations such as child labor and man human abuses’ and confirmed that the bank supports the principles set forth in the universal declaration of human rights. Both CAE and NSGB on the other hand did not disclose any information regarding this issue. Regarding the other sub-categories, CIB only disseminated information regarding training and how the bank was giving attention to training its staff regarding different issues, for example raising awareness of money laundering and assisting them to identify any unusual or suspicious activity. They also provided training to their staff, encouraging their positive contribution within the community. NSGB gave more attention to training and disseminated information about its training centre that is well equipped to provide a suitable training environment to develop employees in different banking fields, and also provide training for newly graduated employees to qualify them for

work. CAE disseminated information about hiring and training but gave more focus to the benefits it provided to employees, from competitive salaries and allowances to adequate medical insurance, staff loans and advances.

4.2.2.4 Information related to customers

Nearly all banks disclosed some customers-related information, which was related to customer satisfaction and service quality. All four banks disclosed information on achieving customer satisfaction through focusing on making good relations with their customers, anticipating their needs, and trying to provide products that are tailored to each customer. For example, CIB has a strategic relation group (SRG) which works closely with each client and designs tailor-made services, while NSGB tries to anticipate its customers' needs providing them with new products and new services justifying that *'Innovation is our state of mind'*. CAE, in its vision *'putting customers first'*, disclosed information about their focus on customers, through customer-focused approaches and solutions tailor-made to satisfy customers changing needs. With regard to service quality, only three banks disseminated information about it. NSGB put the objective of achieving high service quality at the top of the banks' priorities and disclosed information on service quality through continuous development of banking performance and management of customers' relations and by up-to-the-minute market knowledge and a highly qualified and dedicated corporate and investment banking team. AAIB set new standards of excellence in customer service by redefining the banking experience and CAE disclosed information on how they achieve quality through appropriate advice supported with insightful experience and offering a wide spectrum of newly developed products.

4.2.2.5 Information related to investors

Disclosure related to investors was rarely in evidence. Only CIB and AAIB disclosed information that related to investors. AAIB disclosed limited information related to minimize risk and its commitment to corporate governance and to provide up to date information to investors. CIB disclosed more detailed information regarding corporate governance justifying this by '*Their social responsibility is reflected in their responsibility toward the investors*'. The bank disclosed information about its commitment to international best practices regarding corporate governance. AAIB disclosed information that it is the first bank in Egypt to establish a transparent audit committee of the board, and provided detailed information about the different committees that had been established to ensure the highest standards of corporate governance. The bank gave more attention to disclosure related to CG and it did not disclose any information related to risk management.

4.3 Content analysis of local banks annual reports and web pages

4.3.1 Content analysis of annual report

4.3.1.1 The disclosure related to community involvement

HDB disseminated minimal information about their social involvement as it disseminated the following: 'established the Suzan Mubarak library in Elzagazig city' justifying it as the comprehensiveness of the bank's role in relation to the community, and it disclosed general information regarding its support for philanthropic institutions in the domains of health, education and social services. NBE on the other hand disclosed more and detailed information in this issue, beginning with the chairman's statement which included a statement about their social care and the wish to, 'assume a catalytic role in the development of the Egyptian society'. NBE disclosed detailed information showing the bank's involvement with its community; the bank

contributed to health services by establishing and donating NBE's hospital and allocating annual amounts as donations to various medical and social entities. With regard to its contribution to educational and social services the bank contributed to solving the unemployment problem by providing training to both undergraduates and graduates to be prepared for the job market, donations were provided to an integrated care society, and finally there was disclosure of information regarding the bank's participation in culture and scientific activities.

4.3.1.2 The disclosure related to environment

HDB did not disclose any information related to the environment. NBE on the other hand disseminated information, but it was general information about the bank's agreements in the field of environmental compliance, about the provision of loans to industrial pollution abatement projects, and about encouraging environment-friendly projects and industries, and also providing soft-term loans without giving any details about these projects or industries and how this contributed to saving the environment.

4.3.1.3 The disclosure related to employees

Both of the banks disclosed information related to employees. HDB disclosed information about providing training programmes to employees, justifying the need for distinguished banking staff as threats coming from the entrance of many international banks into the Egyptian market. NBE disclosed more information related to selection, hiring and training as it disclosed information about new policies for selection and hiring, about restructured job descriptions to cope with international standards, hiring professional cadres and providing training opportunities to staff

4.3.1.4 The disclosure related to customers

Both banks disclosed little information related to customer satisfaction. HDB disclosed information about increasing the number of services provided, and the development of a diversified portfolio of personal loans. NBE on the other hand disclosed information about the introduction of a variety of consumer products and launched new credit cards justifying this to meet the needs of the government's and public enterprises' employees.

4.3.1.5 The disclosure related to investors

Both banks disclosed information related to risk management and how they minimized different types of risk such as income rate risk, credit risk and risk of foreign exchange by using different measures. NBE in addition disclosed information related to corporate governance and it provided detailed information about CG principles that the bank followed and the different committees that have been established to assist the board in carrying out its main tasks.

4.3.2 Content analysis of web pages

From browsing the web pages of both local banks, it is clear that these banks disseminated poor information regarding the different CSR categories in general. In this section each category of CSR will be discussed in more detail.

4.3.2.1 Information related to community involvement

Both banks disseminated some information regarding their community involvement. Although NBE did not provide information related to health services it disseminated the same information about educational and social services provided in its annual report. NBE also disseminated additional information about providing young

graduates with adequate finance to establish small-sized and micro projects, and about grants awarded at the annual NBE awards for scientific creativity in the fields eligible for the State's Appreciation. The HDB disseminated almost the same information provided in its annual reports.

4.3.2.2 Information related to environment

HDB did not disclose any information that related to the environment, NBE on the other hand disseminated information about its provision of finance to projects aimed at eliminating traces of environmental pollution, or reducing the same to internationally accepted levels, and also lending to projects willing to turn eco-friendly. But it was, in general, not specified information as it didn't give details about the nature of these projects.

4.3.2.3 Information related to employees

NBE did not disseminate any information regarding their employees. HDB disseminated just information regarding providing local and foreign training programmes to its employees to develop their skills. Both banks did not disseminate any information regarding hiring, employees' benefits or even human rights.

4.3.2.4 Information related to customers

Both the banks disseminated information regarding customer satisfaction including the provision of diversified products to meet customers' needs. HDB, for example, enjoyed a perfect relationship with a group of selected correspondents to provide developed banking services for its clients in the field of foreign trade. NBE also provided information about providing a package of financing systems to cover

customers' needs, and providing saving pools in different currencies. And finally, NBE provided information that it uses the art of technology to provide products and services to its customers.

4.3.2.5 Information related to investors

Both banks did not disseminate information related to risk management or corporate governance.

4.4 A comparison between multinational banks and local banks

When making a comparison between multinational and local banks, in light of the appearance of certain categories and sub categories in their annual reports, the following results have been concluded. Table 4.13 shows that of both multinational and local banks, the greatest differences are that local banks did not disclose any information regarding corporate governance in their annual reports. Also, no local banks disclosed information related to service quality that related to customers. All banks disclosed limited information which related to environment and employees. The most common sub-category that related to employees is training and development. All banks disclosed information regarding risk management with differences in the details disclosed. And finally, disclosure related to community, especially educational and social services, was common between all banks.

With regard to the comparison of the web pages of both multinational and local banks (see Table 4.14), the greatest difference is that the local banks did not disclose any information related to investors in terms of corporate governance or risk management, and at the same time the multinational banks gave more attention to corporate governance. Also, less information was disclosed related to employees at the local level, but more information was disclosed about training and human rights at the

multinational level. With regard to information related to customer satisfaction, all banks disclosed information regarding this issue. There was also poor disclosure regarding the environment at both levels.

To sum up, there was poor information disclosed related to the environment within both local and multinational banks and this may be the result of it being voluntary for banks to disclose information related to the environment. On the other hand there is evidence that there is a tendency towards disclosing more information related to community involvement by all banks, being local or multinational, which in turn will increase the reputation of the bank. Finally, regarding human resources processes, most companies focus on training and development and multinational banks also focus on human rights. In general, community and employee stakeholders were more frequently mentioned than the other stakeholders.

4.5 Analysis and discussion

This section summarizes the main findings of the study and interprets the findings in the light of the previous literature on CSR practice and disclosure. In general, the results of the empirical work show that there is CSR disclosure in the banking sector in Egypt, at both local and multinational levels; all of the banks disclosed some information related to different CSR categories, and it was positive information. This result is similar to much of the CSR research which is dominated by the reporting of good or positive news (Belal, 2008). Also, the results indicate that corporate social and environmental reporting is still at an initial stage in Egypt and is in need of further development. This finding can be explained as there is no Egyptian legislation requiring social disclosure in the annual reports and this disclosure is in the form of

voluntary disclosure by both multinational and local banks. Also, this result can be interpreted in light of the previous literature which indicated that the primary reason for the lack of CSR disclosure is the absence of regulatory CSR requirements (see for example, Adams *et al.*, 1995).

4.5.1 Discussion and interpretation of the results of the annual reports content analysis

There is similarity between both local and multinational banks in the main categories disclosed in their annual reports as there is a dominance of employee related and community involvement categories. This result is consistent with the previous literature (Belal, 2000; Imam, 2000). Thus in the financial sector, according to these results, both customers and environment are considered secondary stakeholders and it is consistent with the results of the previous study by Hamid (2004). It is also noted that the sub- categories between the local and multinational banks differs. The multinational banks give attention to human rights and employees' benefits (see Table 14) while the local banks concentrate more on training and development of their staff. Both local and multinational banks disclosed information regarding their community involvement, especially their contribution to educational and social services, but the specific details disclosed regarding each sub category differed between local and multinational banks.

There is also a similarity between all the local and multinational banks in the rare environmental related information that was disclosed in their annual reports. This result was consistent with the previous studies conducted in developing countries, see for example Belal (2000), who indicated that the disclosed information regarding the environment was less popular than the employee related category and community

involvement. This result can be interpreted as there is no mandatory disclosure. Disclosure regarding the environment is still voluntary especially in developing countries. Also the banking sector is a service sector and this industry type played an important role in explaining the variation of environmental disclosure, thus this sector, which is not highly sensitive by nature, is characterized by a low impact on the environment and that explains the rare environmental disclosure. In addition, many studies show that manufacturing industries disclosed more CSED information in comparison with the service industries (Sobhani et al., 2009). There is also a similarity between all the banks in disclosing information related to investors especially those that relate to risk management; all local and multinational banks disclosed some information related to their procedures to minimize different types of risk. On the contrary, there were differences between local and multinational banks in the disclosure of corporate governance; three of the four multinational banks disclosed information regarding their corporate governance policies while no local bank disclosed information regarding this issue. This can be interpreted as resulting from the corporate governance code of conduct in Egypt being a voluntary code. At the same time the multinational banks disseminated information related to CG due to the fact that these banks followed the international trend of leading multinational banks in disclosing information regarding CG. At the same time voluntary disclosure enhances self-regulation, avoiding scandals and finally by adopting a voluntary practice the company accepts public expectations of corporate behaviour. With regard to customer-related disclosure the result on the content analysis of the annual reports was consistent with the previous research in developing countries which indicated that disclosure related to customers is among the least popular (Belal, 2000; Imam, 2000).

4.5.2 Discussion and Interpretation of the results of web pages content analysis

The results of the content analysis of the web pages of all banks showed that the social and environmental reporting is poor as there is an absence of growth in website disclosure than that which is witnessed in the developed countries (Williams and Pei, 1999). The amount of social disclosure in the web pages is limited within local banks when compared with the multinational banks. This can be interpreted as being due to the large amount of investment by multinational banks in internet technologies as they consider it to be an effective mechanism for disseminating information. Also the multinational banks disseminated information on their web pages more than was disclosed in their annual reports, which can be interpreted as internet reporting giving more space to companies to disclose more information and communicate with different stakeholders.

With regard to employee related disclosure, the multinational banks disseminated information regarding human rights, hiring, training and employee benefits, but on the other hand the local banks only disseminated information regarding training, and it was limited information. This result is inconsistent with the results of Kolck *et al.* (2008) which indicated that within the two groups (home and host companies) the labour issue receive limited attention in their web pages. The presence of employee related themes on the web sites may be due to the fact that they are related to the most definitive aspects of corporate responsibility (Capriotti and Moreno, 2007).

Also the environmental disclosure within local and multinational banks is very limited and only two multinational banks and one local bank disseminated environmental information. This result is consistent with the study by Klock *et al.* (2008) which indicated that when making a comparison between both Chinese and non-Chinese

companies, the environment receive relatively minimum attention in both groups. This can be interpreted as being due to the low profile of the banking sector and due to the fact that CSR practice is still in its infancy in the Egyptian context, and also the establishment of the Ministry of Environment in Egypt was first established in 2006. Thus, even though both the multinational and local banks disseminated rare information regarding the environment, this may appear to be more of a public relations (PR) exercise to develop a particular brand image for the organization devoid of strategic intent. Finally, all banks disseminated information related to customer satisfaction, the multinational banks reported more information than local companies. This result can be interpreted as being due to a rapidly growing intellectual capital (IC) disclosure in the financial services, especially relational capital including relations with customers (Li *et al.*, 2006). And these multinational banks are assumed to follow the international trends.

To sum up, these findings signify that companies should care about CSED in their annual reports and web pages because even though certain companies have been involved in social activities they still do not expose such activities through communication channels. Also, because the concept of CSR is becoming a global phenomenon, the banking sector in Egypt may have to do more, and equally importantly disclose their contribution, to social and environmental issues.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.1 Introduction

In the previous chapter the researcher discussed the empirical work that has been done to answer the research questions and concludes the main findings of this thesis. This chapter provides a summary of the research study, followed by a discussion of its limitations and further recommendations.

5.2 Summary of the study

The aim of this research was to explore the nature of CSR disclosure in the banking sector in Egypt and make a comparison between the multinational and local banks. To answer these questions, this study focused not only on the annual report, like most previous studies, but also on the websites. The sample consisted of six banks classified into two groups; the first group was the multinational banks and the second the local banks. In reviewing the literature the researcher focused on the following: defining the concept of CSR and trying to review the different thoughts regarding CSR, giving more focus to stakeholder theory in order to identify the different stakeholders to whom banks communicate CSR activities in their annual report and web pages. Then the researcher reviewed the previous studies conducted with regard to CSR disclosure in developing countries in general, and then studies conducted with regard to CSR practice and disclosure in Egypt in particular, which justified the need to conduct the current research. The empirical work of this thesis was classified into three steps: first, the content analysis of both annual report and web pages of multinational banks; second, the analysis of the annual report and web pages of the local banks; finally, a comparison between multinational banks and local banks in

terms of the similarity or differences of the main categories and sub-categories disclosed in their annual report and web pages.

The results of this study indicated that most of the reports and web pages of multinational and local banks mentioned most of the stakeholder groups in one form or another but the depth of focus on these groups differed significantly. Some banks were highly focused on providing a balanced approach to CSR while other banks were less focused in their efforts. The areas of CSR that seemed to be lacking with regards to reporting were environmental, and investor related. And the popular disclosed areas were employee, community and then customer related.

5.3 Limitations of the study

The focus of this thesis is to expand the existing literature concerning CSR in developing countries. Subsequently, this study will not provide any generalisations concerning CSR but instead try to expand the existing literature on CSR disclosure in developing countries. Furthermore, the research has chosen a limited numbers of banks in Egypt as case studies, due to the magnitude of the research and time limitations. Therefore, the findings of this study may not be generalisable across other developing countries. Therefore, future research should increase the sample size and consider CSR issues and the applicability of the conceptual framework to other developing countries, towards broadening an understanding of CSR in the context of the entire developing world. In this thesis the researcher limits the study to the corporate perspective, how both local and multinational banks choose to communicate their CSR activities to different stakeholders, not to the actual CSR practices of these banks.

5.4 Recommendations for future research

During this research process the researcher has thought of several interesting topics for further research related to this research field. It would be very interesting and worthwhile to further study the following:

1. It must be noted that the findings in this study are obviously based on a one-time analysis of only six companies, so an analysis of a larger sample, possibly covering other sectors as well, is necessary to obtain a broader insight into developments in CSR in Egypt. Such a study would, in view of the greater number of data available, also enable an exploration of drivers and determinants of particular CSR/sustainability disclosures.
2. The current study was based on empirical data from annual reports and websites. Hence, the current research design did not take into consideration the internal factors; therefore a challenge for future research in order to gain a more comprehensive explanation of corporate social disclosure is to take into consideration internal as well as external factors.

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Appendices:

Appendix (1): Categories and sub-categories used in this study

The Main Categories of CSR	Sub-Categories
1. Community Involvement Related	- Health services - Educational and social services
2- Environmental Related	- Recruitment and selection - Hiring - Training and Development - Employee Benefits - Human Rights
3- Employee Related	- Preservation of natural resources. - Environment Protection
4- Customer Related	- Customer Satisfaction. - Service Quality
5- Investor Related	- Risk Management - Corporate Governance

Appendix (2):

Table (4.1): Content analysis of National Societe General Bank (NSGB) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	-Social services	- The branch network continued to support the growth of small and medium size enterprises by providing banking services and funding lines.	
2. Environment Related	- N/A		
3. Employee Related	- Human resources	- Investment in human resources.	
4. Customer Related	Service quality Customer satisfaction	-Provide innovative financial solutions to our clients. - Migrated to new IT platform to improve the efficiency of our operations. -Launched new products tailored to the needs of professionals. - Opening new branches and adding more affiliate companies. - Extend our credit facilities offering to provide our customers with credit facilities against themar.	- NSGB has always been committed to launch new products and services - To become closer to valued clients. - To satisfy its customers' need.
5. Investor Related	Risk management	- The bank carries out some measures aiming at reducing the effects of interest rate risk (seeking guidance of various currencies rates, upon determining income rates....etc). - The bank adopts several measures conducing to reducing credit risk down to the minimum limit (preparing credit studies concerning clients and banks prior to dealing therewith....etc). - To reduce the risk of foreign currencies exchange rate; the bank would observe a sort of equilibrium in foreign currencies positions.	

Table (4.2): Content analysis of Arab African International Bank (AAIB) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	-Health -Education and social services	- Funding and managing the renovation of the Abou El Reesh hospital - Celebrate the 5 th annual AAIB award; an educational competition which invite college students to create and develop innovative banking products and/or services. - Corruption prevention.	
2. Environment Related		- Environment protection.	- AAIB is the only member bank from Egypt in the UN global compact.
3. Employee Related	-Training - Employee benefits	- A solid training base for employees at the latest development in the international banking sector. - Pension and bonuses	- Investing in the development of our human resources is largely an institutional mandate.
4. Customer Related	-Customer satisfaction - Service quality	- Provide standard solutions for optimal customer satisfaction - Not only pledging distinguished products and services but exclusive experience across all contact points. - Offered wide range of products and services designed to cater the evolving needs of the corporate clients - Launched a variety of innovative products & services. - Maintaining quality and well-diversified loan portfolio.	

		- High secured on line payment	
5. Investor Related	<ul style="list-style-type: none"> - Risk management - Corporate governance 	<ul style="list-style-type: none"> - The bank follows procedures to minimize the credit risk. - The bank considers the balancing of foreign currencies positions to minimize exchange risk. - The bank also follows some procedures to minimize interest rate risk. - The bank has implemented various governance practices to enable its board and management to carry out its responsibilities in a more effective manner and ensure a transparent work environment. 	

Table (4.3): Content analysis of Credit Agricole Egypt (CAE) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Social services	- CAE is committed to offer support to SMEs throughout Egypt and is dedicated to becoming the countries most competitive and dynamic bank financing and servicing these businesses.	As SMEs provide substantial employment opportunities and are key drivers for growth and poverty alleviation.
2. Environment Related	- N/A		
3. Employee Related	<ul style="list-style-type: none"> - Recruitment and selection. - Training and 	<ul style="list-style-type: none"> - Human resource divisions worked carefully to attract top-tier talent. - The bank's training program introduced a structured learning 	

	development	<p>environment to grow employee skills and guarantee that the staffs remains among the industry's best and most knowledgeable service providers.</p> <ul style="list-style-type: none"> - Once selected and hired, new employees embarked on a six month certification course which fully developed their professional and operations capabilities. - Provide a competitive salary structure that rewards quality performance, attracts top talent. - Family medical insurance. - Staff funds. - Life insurance. - Summer resorts. 	
4. Customer Related	<p>-Customer Satisfaction</p> <p>- Service quality</p>	<ul style="list-style-type: none"> - Offering of additional products in the Egyptian marketplace to meet our increasingly sophisticated customer banking needs. - Broadened the relationships with many of our existing clients, providing new products & services to them. - Tailored its product and service offering to customer requirements. - Extended its ATMs base for further customer access. - Offering faster, friendlier and more focused financial services. - Provide a more efficient and refined services to its existing and potential customers. - Focused on product development and communication. 	<ul style="list-style-type: none"> -CAE's brand positions campaign, "more than a promise..... a commitment"; in 2007 and beyond, CAE's products ,services and staff will remain dedicated to unparalleled quality and advances offerings.

5. Investor Related	- Risk management	<p>-CAE's risk management framework provides comprehensive control and ongoing management of risks inherent in all business activities.</p> <ul style="list-style-type: none"> - Implementation of Basle II methodologies that will cover major risk categories. - Maintain the most up to date international financial risk standards - The bank's lending portfolio is in local currency to avoid additional exchange rate risks. <p>-CAE is committed to the highest standards of corporate governance.</p> <ul style="list-style-type: none"> - The bank's board of directors established the audit committee and the business development committee. 	<p>- To ensure that CAE follows the most stringent international standards of corporate governance and fulfils the trust of its clients and investors.</p>
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Table (4.4): Content analysis of Commercial International Bank (CIB) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	<ul style="list-style-type: none"> - Health - Education and social services 	<p>- CIB helped in raising funds by providing direct financial contributions to:</p> <p style="padding-left: 40px;">Ein Shames University Hospital. Faculty of medicine Menoufeya University. Faculty of medicine Cairo University.</p> <p>- Allocation a fund for the renovation for three public schools.</p>	<p>- CIB's financial sponsorships and donations are focused on projects that</p>

		<ul style="list-style-type: none"> - providing direct financial contributions to Khayrazad organization for social care. - CIB regularly sponsors art galleries organized by the ministry of culture. - CIB has a specialized division which handles developmental funds and finance programs provided by governmental and international donors. This program aims to create new jobs opportunities. 	<p>help communities achieve their goals.</p> <ul style="list-style-type: none"> - With the aim of encouraging in different levels of their apprenticeship.
2. Environment Related		<ul style="list-style-type: none"> - CIB is engaged in environmentally friendly projects designed for the preservation of natural resources. 	
3. Employee Related	<ul style="list-style-type: none"> - Hiring - Training & development 	<ul style="list-style-type: none"> - CIB hires the best calibre candidates. - Shows concern for training and development, it strongly believe in investing in its human capitals. - Utilizes the most reputable and prestigious training institutions. 	
4. Customer Related	<ul style="list-style-type: none"> - Customer satisfaction - Service quality 	<p>N/A</p> <ul style="list-style-type: none"> - focus on customer centric relationship management to improve service quality. 	<ul style="list-style-type: none"> - The bank aims to continue its focus on what clients tell us what we do best.
5. Investor Related	<ul style="list-style-type: none"> - Risk management 	<ul style="list-style-type: none"> - The bank follows some procedures to minimize the interest rate risk (correlating between the interest rates on borrowing and lending...etc). - The bank adopted some procedures to minimize credit risk (preparing credit studies about the customers before dealing with 	

		<p>them...etc).</p> <ul style="list-style-type: none"> - To minimize foreign currency risk the bank monitor the balancing of foreign currency positions according to Central Bank of Egypt instructions. -CIB adopted a sound and effective system of corporate governance best practice. - CIB has recently established governance and compensation and risk committee. And the structure of each committee ensures the highest standards of corporate governance. 	<ul style="list-style-type: none"> - Our corporate governance framework ensures that timely and accurate disclosure occurs with respect to materials matters regarding the bank, its ownership, operations and financial performance.
	<ul style="list-style-type: none"> - Corporate governance 		

Table (4.5): Content analysis of Commercial International Bank (CIB) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Health	<ul style="list-style-type: none"> - Providing direct financial contributions to the following: Ein-Shams University Hospital (Public Hospital), Mahmoud Hospital (Non-Profit Hospital), Khayrazad Organization for Social Care (private sector organization that provides financial support for public hospitals within Cairo), Faculty of Medicine Menoufeya University, Lung Diseases Center (Public University Hospital), Faculty of Medicine Cairo University, Center for Social & Preventive Medicine (major medical hub that provides health treatment for the under the poverty line segment). -CIB is allocating funds for the renovation of three public schools. 	<ul style="list-style-type: none"> - We take our slogan "to grow, and help others grow" seriously. Towards this end, CIB offers financial assistance to various social projects in Egypt, ranging from the building of public schools in disadvantaged areas to the financing of public hospitals.

	<p>The 3 schools were chosen in disadvantaged areas in Upper Egypt. CIB is supervising the renovation process utilizing its Projects and Purchasing Departments, in addition to providing financial support.</p> <ul style="list-style-type: none"> - Fund Raising Management Campaigns: The reach of our fundraising services expanded to attract both local and regional donations, using different channels such as telephone, internet, automatic teller machines, the bank branch network, and swift transfers. -The bank set up the Charity Fund in 2003 to contribute towards charitable organizations and support them in their cause. - CIB has established the SME Banking activity to become the reliable business partner of SMEs in Egypt, nurturing and meeting the unique needs of Small and Medium size Enterprises (SMEs). - CIB regularly sponsors art galleries organized by the Ministry of Culture, aiming to encourage painters in different levels of their apprenticeship. CIB is also recognized as a significant collector of Egyptian art. - Continue its social involvement in 2008 	<p>-As part of CIB's dedication to the community in which it operates.</p> <p>- To contribute to the growth of a more robust entrepreneurial community in Egypt</p>
<p>- Educational and social services</p>	<p>- CIB is engaged in environmentally friendly projects designed for the preservation of natural resources.</p>	
<p>2. Environment Related</p>		

3. Employee Related	- Human Rights - Training	<p>- 'CIB Recognized For Supporting Human Rights in Business' (Press Release)</p> <ul style="list-style-type: none"> - 'CIB acknowledge and respects the fundamental principles of human rights, those declared by the united nations and embedded in the Egyptian labor law' (Statement on human rights). -CIB has in place an employment policy that ensures diversity within the workplace and eliminates discriminatory practices. -The Bank ensures providing efficient training for all its employees to raise awareness on money laundering and assist them to identify any unusual or suspicious activity . - provide training to its staff, encouraging their positive contribution within the community. 	
4. Customer Related	- Service quality -Customer satisfaction	<p>N/A</p> <p>-CIB has a strategic relation group (SRG) which works closely with each client and design tailor-made services to suit the unique nature of the needs of the clients.</p>	
5. Investor Related	- Risk management - Corporate governance	<p>N/A</p> <ul style="list-style-type: none"> - CIB is strongly committed to international best practices regarding corporate governance. - CIB adopted a sound and effective system of corporate governance best practice, comprising highly professional executive directors, senior management, competent board committees, and independent non-executive directors of experience and integrity. 	<ul style="list-style-type: none"> - Their social responsibility is reflected in their responsibility toward the investors.

		<p>- CIB is one of the first banks in Egypt to establish a transparent audit committee of the board.</p> <p>-The Board is comprised of a majority of non-executive directors who play key roles. The varied expertise of the non-executive directors has created an unusually strong combination of directors, all with relevant knowledge and balanced skills and experience. In addition to the Board's Audit Committee, Risk and Governance and Compensation committees, CIB has recently established High Lending & Investment Committee as well as Management Committee. The structure of each committee ensures the highest standards of corporate In addition to the Board's Audit Committee, Risk and Governance and Compensation committees, CIB has recently established High Lending & Investment Committee as well as Management Committee. The structure of each committee ensures the highest standards of corporate governance, empowers it, and links it to the strategic direction of the Bank.</p>	
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Table (4.6): Content analysis of National Societe General Bank (NSGB) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Health	- supporting free health services for low-income people by supplying medical equipment to major hospitals and governmental institutions in different governorates including Minia, Mansoura, Ismailia, and Port Said.	

		<ul style="list-style-type: none"> - The bank also supported national institutes that provide special medical services for a large number of patients such as the National Cancer Institute, the National Heart Institute, El-Sahel Educational Hospital, and Qasr El-Einy Hospital - Faculty of Medicine, Cairo University. - The bank paid great attention to ease the suffering of the Duweiqqa residents by donating EGP 1mln to re-house people affected by the painful incident. 	
2. Environment Related	- Social services - N/A		
3. Employee Related	- Hiring - Training	<ul style="list-style-type: none"> - The bank takes good care in hiring the best - The bank opened its training centre; The centre is equipped with state-of-the-art equipment aiming to provide a suitable training environment to develop employees in different banking fields. - The bank has prepared a special program for fresh graduate employees in banking essentials to qualify them for work. 	<ul style="list-style-type: none"> - 'our permanent keenness on the continuous development of staff performance'. - 'aiming to prepare the staff to implement the bank's expansion plans'.
4. Customer Related	- Service quality -Customer satisfaction	<ul style="list-style-type: none"> - Continuous development of banking performance and management of customers' relations. - products and services are provided at the best practice industry norms and highest quality strengthened by up-to-minute market knowledge and highly qualified and dedicated Corporate & Investment Banking team. - NSGB anticipates their customers' needs providing them new products and new services. 	<ul style="list-style-type: none"> - 'Maintaining the quality of services provided and strengthening banking relationships with customers, including companies and institutions, are the bank's top priorities'. - 'Innovation is our state of mind'.

			- Diversity of product range, wide geographical coverage through a diversified branches network, extensive coverage of key industries and sectors in the Egyptian Market.	
5. Investor Related	- Risk management - Corporate governance	N/A N/A		

Table (4.7): Content analysis of Arab African International Bank (AAIB) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Health - Educational and social services	-In 2007, AAIB launched "We Owe It to Egypt" and established it as an independent foundation registered by the Ministry of Social Solidarity. Pool patriotic resources towards establishing focused centres of excellence in health and education -In 2003, AAIB launched an annual nationwide banking competition for university undergraduates. the AAIB Award encourages university undergraduates to design innovative banking products or services for the Egyptian Banking sector or enhance existing ones.	
2. Environment Related		-AAIB is committed to protect the environment by trying to find new ways in its day-to-day operations to minimize their	

		<p>environmental impacts and better manage their resources with wiser utilization.</p> <ul style="list-style-type: none"> - AAIB makes sure that health, safety and environmental issues are considered within their project. - AAIB are formalizing their environmental strategy and communicating this throughout their business and supply chain. 	
3. Employee Related	<ul style="list-style-type: none"> - Hiring - Training - Human Rights 	<p>N/A</p> <p>N/A</p> <ul style="list-style-type: none"> - AAIB supports the principles set forth in the universal declaration of human rights. - AAIB is keen on ensuring that 'businesses are not complicit in human rights including all forms of violations such as child labour and man human abuses'. 	
4. Customer Related	<ul style="list-style-type: none"> - Service quality 	<ul style="list-style-type: none"> -AAIB aims to provide quality level service that exceeds customer expectations under the umbrella of “<i>customer delight</i>”. - AAIB set new standards of excellence in customer service by redefining the banking experience: <p>From a standard transaction to a personalized experience, From dealing with men and women to dealing with ladies and gentlemen, From an account number to a friend with a name, From a cold and apathetic environment to a cozy and comfortable environment, From a customer mentality to a member mentality, From systematic employees to warm professionals and From a task to a privilege.</p>	

	-Customer satisfaction	- Each customer's preferences and needs are taken into account.	- It's all about "customer delight".
5. Investor Related	- Risk management - Corporate governance	-AAIB works to minimize risks and maximize the value of the bank by becoming an organization capable of generating income in any operating environment. - AAIB committed to establish an effective corporate governance framework and disclose accurate and up-to-date information to investors in a proactive manner.	

Table (4.8): Content analysis of Credit Agricole Egypt (CAE) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	N/A		
2. Environment Related	N/A		
3. Employee Related	- Hiring - Training - Employee benefits	-Attracting capable new recruits whilst retaining skilled experienced personnel. -Continue to invest in its staff by providing local and foreign training courses in areas such as customer service, project management, quality assurance, PC tools and basic and advanced management. 1. Competitive salaries & allowances.	-The goal is to attract staff that gives added value to the Bank.

		<ol style="list-style-type: none"> 2. Paid annual leaves and other paid vacations. 3. Adequate medical insurance. 4. Generous social insurance plan. 5. Life and accident insurance coverage. 6. Staff loans and advances. 7. Different reward and recognition programs. 8. Promising career path. 9. Unique performance management program. 	
4. Customer Related	<ul style="list-style-type: none"> - Service quality - Customer satisfaction 	<p>-CAE works with its customers to develop innovative solutions to manage preserve and develop wealth for now and for future generations.</p> <ul style="list-style-type: none"> - provide high quality banking services that are characterized by appropriate advice supported with insightful experience and offering a wide spectrum of newly developed products. - More customer-focused approaches and solutions tailor-made to satisfy customers changing needs. - CAE will be providing small businesses and individuals the latest and most flexible investment products and finance solutions. - CAE strives to anticipate customer needs through a diversified mix of products, including short, medium and long-term financing in both foreign currency and Egyptian pounds. 	<p>“putting customers first” is their vision</p>
5. Investor Related	<ul style="list-style-type: none"> - Risk management - Corporate governance 	<p>N/A</p> <p>N/A</p>	

Table (4.9): Content analysis of Housing and Development Bank (HDB) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Health - Education and social services	- N/A - established the Suzan Mubarak library in Elzagazig city.	- Due to the comprehensiveness of the bank's role in relation to the community.
2. Environment Related	N/A		
3. Employee Related	- Training	- Developing employees' skills through local and training programs.	As a result of the entrance of many international banking institutions into the Egyptian market, there is an increase in demand for distinguished banking staff.
4. Customer Related	- Customer satisfaction	-Extending the number of hours and increase the number of service provided. -Development of diverse portfolio of personal loan such as car loans, educational expense loan ...etc	
5. Investor Related	- Risk management	- The bank takes some measures to minimize the result of income rate risk (monitoring the discount rate of various currencies, monitoring the maturity of assets and liabilities ...etc.) - The bank also adopted some procedures to minimize the credit risk (preparing credit of customers, following up and studies customers financial and credit positions...etc.) - in order to minimize the risk of foreign exchange rate; the bank is balancing financial positions of foreign currencies in accordance of the central bank of Egypt regulations)	

Table (4.10): content analysis of National Bank of Egypt (NBE) annual report 2007

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	<ul style="list-style-type: none"> - Health - Social and educational services 	<ul style="list-style-type: none"> - Establishing and donating NBE's hospital. - Allocating annual amounts as donations to various medical and social entities - Participating in solving unemployment problem by providing training to both undergraduate and postgraduate to be prepared to the job market. - Donation certain percentage of the issuing expenses and use of the affinity card to the integrated care society. - Cooperated with the housing ministry, Banque Misr and the Housing and Development to establish housing units for low income brackets. - NBE participate in the culture and scientific activities via: <ol style="list-style-type: none"> 1. Issing a quarterly economic bulletin distributed to interested individuals and institutions locally and internationally. 2. Granting annual awards- in NBE's name- for scientific creativity. 3. Providing the financial and moral support for the scientific and cultural activities of the Egyptian faculties. 4. Computerizing NBE's library and providing it with books, periodicals ...etc 	<ul style="list-style-type: none"> - Assumes a catalytic role in the development of the Egyptian society'
2. Environment Related		<ul style="list-style-type: none"> - The bank also provided loan to industrial pollution abatement projects. - The bank encouraging environment-friendly projects and industries and also provide soft-term loans. 	<ul style="list-style-type: none"> - An agreement on the field of environmental compliance.

3. Employee Related	-Selection and hiring - Training	-New staff selection and appraisal policies were prepared and implemented. - Professional cadres were hired in a number of crucial posts. - Job descriptions were restructured to cope with international standards. - Bank provided training opportunities to its staff.	
4. Customer Related	- Customer satisfaction	- The bank introduces a variety of consumer credit products. - New credit and instalments cards were launched.	- To meet the needs of the government's and public enterprises' employees.
5. Investor Related	- Risk management - Corporate governance	<ul style="list-style-type: none"> - The bank adopts some measures to minimize the interest rate risk (linking borrowing and lending interest rates...etc). - The bank follows certain procedures to minimize credit risk (preparing credit studies on customers and banks, obtaining sufficient guarantees to hedge against the risk...etc). - To minimize the risk of foreign exchange fluctuations risk the bank maintains balanced foreign currency positions. - NBE carries out its activities in accordance with corporate governance principles: <ul style="list-style-type: none"> ➢ NBE operates in accordance with law No. 88/2003. ➢ NBE abides by transparency and disclosure requirements. ➢ NBE's board of directors comprises members with a wide base of expertise....etc. ➢ Different policies committees to assist the board in carrying out its main tasks, such as audit committee, asset/liability committee ...etc 	

Table (4.11): Content analysis of National Bank of Egypt (NBE) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	<ul style="list-style-type: none"> - Health - Educational and social services 	<p>N/A</p> <ul style="list-style-type: none"> -The Bank established a museum in its NBE Tower for valuable artistic acquisitions of paintings and sculptures featuring the different generations of Egyptian artists since the emergence of the artistic plastic arts movement in Egypt. - The Bank grants annual NBE awards for scientific creativity in the fields eligible for the State's Appreciation -The Bank established the greatest specialized banking library in Egypt, covering the fields of economics, banking, management, finance and accounting comprising local and international books and circulars. - To assist in mitigating the unemployment problem, NBE provides young graduates with the adequate finance to establish small-size and micro projects. - NBE offers training opportunities for students and graduates to fit in with the requirements of the labour market. 	
2. Environment Related		<ul style="list-style-type: none"> -NBE concluded several agreements with international financial institutions to provide the appropriate finance at soft terms for 	

			projects aiming at eliminating the traces of environmental pollution, or reducing the same to the internationally accepted levels. - lending projects willing to turn eco-friendly.	
3. Employee Related	N/A	N/A		
4. Customer Related	- Customer satisfaction	-NBE delivers a package of financing systems to its customers to cover their financing requirements. -NBE provides various and distinguished saving pools in L.E. and foreign currencies covering the needs of the different brackets in the society. - NBE managed to develop its services and products using state-of-the-art technology to satisfy its customers' needs.		- To meet the needs of the government's and public enterprises' employees.
5. Investor Related	N/A	N/A		

Table (4.12): Content analysis of Housing & Development Bank (HDB) web page

CSR main categories	CSR sub categories	More description	Banks' reasons for their involvement in CSR
1. Community Involvement Related	- Health - Educational and social services	-The Bank has also supported philanthropic institutions in the domains of health, education and social services. - The participation in more than 28 exhibitions and conferences that had been held during the year.	

			- The Bank initiated a project to establish the Suzan Mubarak Library in El Zagazig City with the aim of disseminating culture and awareness among citizens. N/A	
2. Environment Related	N/A			
3. Employee Related	-Training		-The Bank is eager to continue supporting the distinguished employees of our institution and developing their skills through local and foreign training programs.	
4. Customer Related	Customer Satisfaction		-The Bank enjoys perfect relationship with a group of selective correspondents worldwide in order to provide developed banking services for its clients in the field of foreign trade.	
5. Investor Related	N/A		N/A	
	N/A		N/A	

Table (4.13): A comparison between CSR categories disclosed in the annual reports of multinational and local banks

CSR main categories	Multinational banks					Local banks	
	CIB	AIB	NSGB	CAE	HDB	NBE	
1. Community Involvement Related	- Health	-Health	N/A	N/A	N/A	-Health.	
	-Educational and social services	-Educational and social services	-Social services	- Social services.	- Social services	- Educational and social services.	
2. Environment Related	-Preservation of natural resources.	- Environment protection.	N/A	N/A	N/A	- Environment protection.	
	- Hiring	N/A	- Investment in human resources	-Recruitment and selection.	N/A	-Selection and hiring	
3. Employee Related	- Training and development	- Training	N/A	- Training and development	Training	Training	
	N/A	-Employee Benefits	N/A	- Compensation and Benefits	N/A	N/A	

4. Customer Related	- Service quality N/A	Service quality -Customer satisfaction	Service quality -Customer satisfaction	Service quality -Customer satisfaction	N/A	N/A
5. Investor Related	-Risk management - Corporate governance	-Risk management - Corporate governance	-Risk management N/A	-Risk management - Corporate governance	-Risk management N/A	-Risk management N/A

Table (4.14): A comparison between CSR categories disclosed in web pages of multinational and local banks

CSR main categories	Multinational banks						Local banks	
	CIB	AAIB	NSGB	CAE	HDB	NBE		
1. Community Involvement Related	- Health -Educational and social services	-Health -Educational and social services	-Health -Educational and social services	N/A N/A	- Health - Educational and social services	N/A. - Educational and social services.		
2. Environment Related	-Preservation of natural resources.	- Environment protection.	N/A	N/A	N/A	- Environment protection.		

3. Employee Related	- Human Rights - Training	- Hiring. - Training.	- Hiring - Training - Employee Benefits - Service quality	- Training.	-N/A
4. Customer Related	N/A - Customer satisfaction	- Service quality - Customer satisfaction	- Service quality - Customer satisfaction	N/A - Customer satisfaction	- Service quality - Customer satisfaction
5. Investor Related	N/A Corporate governance	-Risk management. - Corporate governance	N/A	N/A	N/A N/A