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Transparency in social disclosure in financial institutions through Spanish CSR reports in the context of crisis



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Transparencia en la divulgación de información social en las entidades financieras españolas a través de las memorias RSC en un contexto de crisis



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I. INTRODUCTION

The unfavourable situation currently being experienced by the Spanish economy in the context of an economic-financial and social crisis at a global level, finds its roots in causes which go beyond the economic sphere, and is mainly due to a lack of ethics and responsibility by all the economic agents (governments, regulatory agents, financial entities, customers, etc.) and basically by all financial entities (hereinafter FIs), a sector which has been accused of being the main culprit in the current economic recession (Bravo-Urquiza et al., 2010). This situation has resulted in banks suffering the discredit and distrust of society. Despite the fact that the social and environmental information disclosed by financial entities did not help to prevent the crisis arising, far from questioning the role played by CSR, the current situation highlights the need for it, not only to overcome the crisis but also to prevent similar situations in the future. On the one hand, CSR is necessary to create



EXECUTIVE SUMMARY

The objective of this study is to analyse the phenomenon of Corporate Social Responsibility (CSR) in the Spanish banking sector through social responsibility reports. Based on the “Legitimacy” and “Stakeholders” theories, the use of CSR can be justified to analyse information disclosure behaviour in your environment. The study methodology used is based on the use of content analysis; more specifically the analysis and comparison of information disclosure practices related to the four pillars of CSR: customers, society, employees and environment. In particular, a database was created, through which we analysed each one of the 124 items of this investigation individually of the 94 CSR reports as well as a responsibility content index (RCI) is proposed to measure the quality and detail of the information provided. The study concludes that the information disclosed is heterogeneous, and to be specific the categories society and environment are the most disclosed overall, although it is entities of a social nature (Savings Banks) that are the most transparent as far as customers and society are concerned.

RESUMEN DEL ARTÍCULO

El objetivo del presente trabajo es analizar el fenómeno de la Responsabilidad Social Corporativa (RSC) en el sector bancario español a través las memorias de responsabilidad social. Partiendo de las teorías de la “Legitimidad” y “Stakeholders” se justifica el empleo de la RSC para analizar el comportamiento informativo sobre su entorno. Como metodología de estudio se emplea el análisis del contenido; en concreto se analizan y comparan las prácticas informativas en relación a cuatro pilares sobre los que la RSC se organiza: Clientes, Comunidad, Empleados y Medioambiente. En particular se propone, un índice de contenido de responsabilidad (IDR) que mide la calidad y detalle de la información suministrada en 124 ítems de contenido recogidos en 94 informes de sostenibilidad. El estudio concluye que la información divulgada es heterogénea, y en particular las categorías comunidad y medioambiente son las más divulgadas de modo general, si bien son las entidades de naturaleza social² (Cajas de Ahorro) las más transparentes en cuanto a clientes y comunidad se refiere.

and maintain trust, the loss of which has been one of the most serious consequences of the current situation. One of the main causes of this is the lack of transparency, a characteristic which dominates many of the conducts which led to the crisis (Argandoña, 2009) and which is one of the main requirements within the initiatives to promote for more sustainable economic growth³. On the other hand, society as a whole is more aware of the repercussions of companies' activity, and this is why their expectations as regards the role of FIs as corporate citizens with obligations are increasingly greater; in this sense, CSR is a valid instrument to satisfy this need because, according to Valor (2001), CSR is a relative concept which depends on the specific demands of society and therefore, in our opinion is flexible for capturing their concerns.

The growing need for information and the demand for greater transparency in information from society have resulted in a need to make the behaviour of entities more visible

This study is dually motivated by on the one hand the lack of studies regarding CSR in the financial sector and on the other, the importance of information transparency: It can therefore be said that FIs have been excluded from most of the studies carried out on CSR despite the fact that they have played a fundamental role as pioneers in its promotion. In the specific field of the study of CSR in FIs, there are few studies dedicated to their corporate responsibility work⁴ and even less so, dedicated to the study of the sector from the point of view of information disclosed through CSR reports in Spanish FIs.

Besides, the need for information transparency justifies an increased focus on financial activity as regards the disclosure of corporate responsibility information. During the last years, in the regulatory framework, different proposals in the national and international level have stated the need to improve the trust of society upon the FIs through their activities' disclosure. For example, the Good Governance Code proposed by the CNMV, Law 47/2007 on Financial Instrument Directing (MiFID), Royal Decree 216/2008 on the Equity Capital of Financial Institutions (Basel II, Pillar III), and recently, the Sustainable Economy Act 2/2011⁵.

Taking into account all of the above, the objective of this study is to analyse the status of the disclosure of social and environmental information in the Spanish financial sector using the sustainability reports as a key element for communication with the agents receiving the same, known as "interest groups". These documents are therefore used to study the main current disclosure characteristics, as well as their trends and specificities as regards the main groups with an interest in managing the entity.

2. CSR DISCLOSURE: CSR REPORTS AS A TOOL FOR TRANSPARENCY IN ORGANIZATIONS

The contribution of relevant information and access to the same for interest groups, promotes the transparency of organisations (AECA, 2004), resulting in the achievement of a double objective: the activity of the entities can be justified to society (legitimacy theory) as well as satisfying the information needs of different interest groups (*stakeholder* theory).

The growing need for information and the demand for greater transparency in information from society have resulted in a need to make the behaviour of entities more visible. According to Gray et al. (1996), this has translated into a process of accountability of social and environmental impacts resulting from the economic activity of organisations to specific groups and society in general. This social nature of responsibility, due to another person or the society, involves the obligation of *disclosure* and transparency, which is increasingly being put into practice by means of the presentation of social reports or social reporting.

These reports overcome the lack of flexibility and adaptation of traditional accountancy to bring together information of a social and environmental nature giving a new dimension to the concept of accounting. Despite still not being used by most entities, they are becoming an alternative method to traditional reports. Recently, some studies have begun to reflect on the growing importance of this specific method of communicating social and environmental information (for example, Aranguren and Ochoa, 2008 and Hassan, 2010). From this point of view, as indicated by Gray et al. (1996), social reports can be considered the main channel for communicating the social and environmental impact of a company's economic activity as regards interest groups which affect the entity. The main advantage is that by publishing the information separately from the annual report, it is easier for interested parties to gain access to the report itself, thereby improving its disclosure (Observatorio RSC, 2011).

In this sense, initiatives such as those of the Global Reporting Initiative (GRI) have played a significant role by offering clear guidelines for disclosing information about the social involvement of entities; so much so that almost all Spanish FIs follow these regulations when preparing their social reports, with all of them obtaining the maximum grade possible (**Appendix 1**).

KEY WORDS

Content analysis,
Banking sector, GRI,
CSR

PALABRAS CLAVE

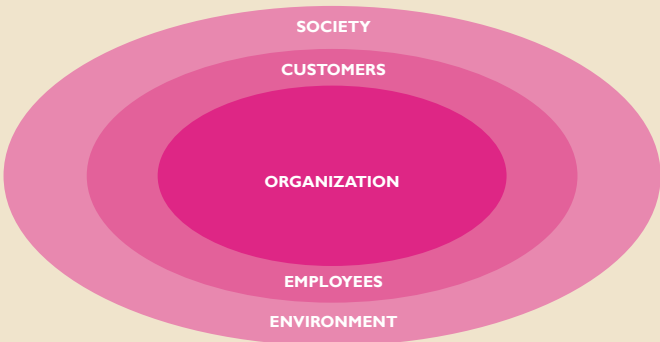
Análisis de contenido,
Sector financiero, GRI,
RSC

2.1. Classification of content disclosed

The information disclosed in the reports can be classified based on the relationship the entity has with different interest groups (AECA, 2004). The categories of information identified can therefore refer to primary and secondary *stakeholders*, according to the content affecting some or others.

- The first category includes groups which hold a contractual relationship with the entity and are involved in the day-to-day activity of the company (financial intermediation), with rights formally recognised by the company which results in them being called *stakeholders* or direct agents; in the specific case of the study this refers to customers and employees.
- The second category includes those who have come to be known as secondary or indirect *stakeholders*, whose relationship with the company is based more on ethical than legal obligations. Although they are affected by the action of the entity, their relationship is based more on a tacit contract and they are not directly involved in the company's activity. Basically, this category covers information content referring to the society and the environment. **Diagram 1** provides a graphic representation of how these groups are classified.

Diagram 1. Stakeholders levels



Source: Own work

2.2. Population being studied

The total population on which this is based consists of FIs which operate in Spain. These are divided based on their legal status into Banks, Savings Banks (SBs) and Credit Unions (CUs). Banco de Es-

paña provides a full list of credit institutions: 336 financial entities operate in Spain (Banco de España, February 2011).

The selection of FIs included in the study has been carried out based on triple criteria: firstly it has been taken into account that their nationality is Spanish, meaning that their headquarters are situated in Spain; secondly, that their business is focused on retail banking⁶, with the main differentiating feature compared to the rest of the system being the acceptance of deposits⁷; and the third criterion taken into account has been the issuance of sustainability reports as a separate document, which results in a total of 26⁸ FIs examined. Despite representing a small part of the total number of entities within the sector; taking into account the percentage of assets accumulated by these entities in relation to the total volume of assets in the sector in Spain, these make up 74,32% of the total (Appendix 1). Therefore, the trends in disclosure displayed by these entities can be used as a reference for the rest of the sector to adopt similar information transparency measures.

The figures examined refer to information published for the financial years 2007, 2008, 2009 and 2010 in the corresponding corporate responsibility reports. The selection of these years allows for further study of CSR by updating the information provided on the subject, as well as also allowing for evaluation of the behaviour of entities in the context of the financial crisis, which has affected the type and quality of information disclosed. Below, in the **Table 1**, it can observe the main study data.



Table 1. **Study data sheet**

STUDY RECORD	
Population	Banks, SBs and CUs
	336 entities operate in Spain (148 of Spanish nationality)
	26 issue a CSR report (17%)
	GRI reports (100%)
Period	2007 - 2010
Elements analysed	Information on Customers, Society, Employees and Environment
	124 items distributed throughout 23 information categories
Method for obtaining information	Consult available reports on corporate websites

2.3. Content analysis and disclosure index as method for measuring the transparency of an organization

Disclosure can be defined as the external accountability process supported by quantitative and qualitative indicators which enable a company to monitor its actions and progression in terms of both time and space (Vázquez y Cordero, 2007). That allows for a suitable description of the status of social and environmental disclosure in companies as regards their different aspects (Guthirie et al., 2004).

The study of entities' social activity will be carried out based on the information provided by CSR reports which results in 94 sustainability reports being studied in total, corresponding to 26 entities (6 banks, 16 savings banks and 4 credit unions), during the period 2007 - 2010. In some cases some institutions have not published a CSR report at any moment. This could rely on the early disclosure trend or the influence of the financial crisis (mainly on SBs).

However, taking into account the difficulty of considering the vast range of agents who affect or are affected by the activities of the organisations, for this research it has been decided to summarise the information included in the reports by using four areas as a base which, according to Gray et al. (1995 and 1996), are the main areas of focus in the disclosure of CSR information. Hence, the areas of disclosure of social information which this research focuses on refer to customers, society, employees and environment.

After establishing the documents and topics to analyse, it is created a classification system. Various proposals for the classification of corporate responsibility information have been taken into account from both national and international organisations⁹, as well as previous studies on social and environmental disclosure¹⁰ and social rating organisations and/or analysts in sustainability¹¹. Thus, an organisation of content consisting of a total of 23 content categories has been proposed (**Appendix 4**), which include the main issues regarding each of the four main information subject areas. In order to achieve disclosure measuring in each category preliminary database was created, through which we analysed each one of the 124 items of this investigation individually of the 94 CSR reports.

Finally, to summarise the information analysed in the reports, the content index is used. This technique is one of the basic tools used to study the information provided by companies and is one of the main ways of determining information transparency (Bonsón and Escobar, 2004).



In this case, the Responsibility Disclosure Index (RDI) has been designed for each of the four subject areas into which CSR information can be divided. Following other works such as Briano (2011), each of these indices will be composed of a series of sub-indices which measure the disclosure quality of each of the specific information contents related to each main information area. In addition, the average of the four indices will give rise to the definition of General Responsibility Disclosure Index (GRDI).

This Index takes into account the presence or absence of each of the items of information of which they are comprised; and secondly, the qualitative and quantitative nature of the information is estimated¹², thus following the proposal of Aranguren and Ochoa (2008) and Ochoa (1998). Hence, the items of information may take the values 0, 1 or 2 as summarised and defined in **Table 2**. Various studies conclude that information content of a quantitative nature has a higher level of quality compared to information of a qualitative type (Botosan, 1997), as amongst other advantages it allows for comparison of the information on an interannual basis and relating to entities. In this sense, it can be considered that, according to García-Meca and Martínez-Conesa (2004), “the quality of information disclosed must go hand in hand with the quantitative increase of the same”. This explains the need to highlight this type of information by giving it a higher rating, which in turn will be associated to a greater level of transparency by the organisation as regards its environment.

Table 2. **Content analysis items ratings**

RATING	DEFINITION	CRITERIA
0	The entity does not issue any information on the element	Not mentioned / no documental evidence
1	The information issued is of a qualitative nature	Public commitment (agreements, treaties, policies and codes of the company) is declared and information is provided generically
2	The information issued is of a quantitative nature	Offers information on specific results achieved presented numerically

Source: Own work

To calculate each disclosure index the sum of the disclosed items is considered, in relation to the maximum theoretical rating which would be obtained if the entities issued quantitative information from all the items taken into account by the classification method. The rating that can be achieved by each index can therefore be included in a scale from 0 to 2. For the purposes of analysing the results, any rating of 1 or over has been considered acceptable (adapted from Aranguren, 2008 and Gómez, 2007).

The calculation of RDI for each entity is therefore obtained as follows:

$$GRDI_e \quad CRDI_e \quad SRDI_e \quad HRDI_e \quad ERDI_e \quad \text{(Source: Own work)}$$

3. MEASUREMENT RESULTS OF TRANSPARENCY

This paper will try to answer some questions about the informative overview of CSR in order to try to help the managers to improve the answers that the sector gives to current problems.

3.1. Disclosure of information by information categories

This section describes the different types of disclosure behaviour appearing in **Table 3** which expresses the results of the analysis of elements comprising the disclosure indices for each content category. Firstly, taking into account the disclosure index on customers, analysis according to the positioning of its elements reveals significant prominence of the facet “customer satisfaction and quality of the service provided” which far exceeds the other elements, none of which achieve a rating of 1. As main items of this informative element, we highlight the “studies of customer satisfaction” with 80.77%, and the “measuring of quality of service (QOS)” with 73.08%. On the other hand, “the compliance with legislation about financial products’ information” with 46.15% is the least disclosed item. At the other end of the spectrum, with the exception of the section “other information”, are the elements which entities tend to pay less attention to such as “customer security” and “customer inclusion”, which are also the elements on which less quantitative information is published.

Secondly, it emerges that disclosure on society presents a high degree of disparity within its content in terms of publication; on the one hand content related to “support and investment activities in the local community”, which encompasses all the information on activities carried out in the field of corporate philanthropy (for example Social work in the case of SBs), is one of the most common types of content

Table 3. **Composition of the disclosure indices**

	DISCLOSURE (0-2)	POSITION IT OCCUPIES DUE TO ITS LEVEL OF DISCLOSURE IN RELATION TO THE OTHER ELEMENTS	% AVERAGE DISCLOSURE OF CONTENT	% AVERAGE DISCLOSURE OF QUANTITATIVE INFORMATION
Customers				
Ethical consumption	0.961	11	61.26%	34.89%
Customer satisfaction and quality of service provided	1.205	6	68.90%	51.63%
Customer security and confidentiality	0.921	15	64.33%	27.74%
Customer inclusion	0.917	16	55.04%	36.62%
Other information	0.725	22	42.55%	29.92%
Society				
Social management policies, declarations and systems	0.957	12	68.27%	27.46%
Activities for support and investment in the local community	1.488	2	85.97%	62.84%
Contribution to the national economy	0.856	19	47.56%	38.00%
Compliance with legislation, corruption and competition	1.109	8	60.97%	49.92%
Public policy	1.042	10	61.94%	42.21%
Social activity through intermediary activity	0.747	21	52.45%	22.21%
Employees				
Company / Employee relations	1.086	9	66.30%	42.25%
Health and safety	0.896	17	54.60%	34.96%
Training and professional development	1.307	4	69.84%	60.89%
Compensation and working conditions	0.828	20	54.14%	28.62%
Hiring and dismissal conditions	0.953	13	57.46%	37.82%
Diversity and equal opportunities	1.456	3	79.13%	66.46%
Other information	0.438	23	30.07%	13.69%
Environment				
Environmental management policies, declarations and systems	0.868	18	62.74%	24.02%
Consumption and conservation of resources and energy	1.626	1	85.36%	77.20%
Emissions, waste and impacts on ecosystems	1.245	5	68.09%	56.46%
Environmental investments and expenses and regulatory compliance	1.147	7	71.30%	43.37%
Environment, products and services	0.929	14	59.55%	33.33%

Source: Own work

in CSR reports. To be specific, on average 85.97% of the items are disclosed and in 62.84% of cases the information is of a quantitative nature. The most frequent items “communication mechanisms and relationship with the local community” with average 96.15%; “support to SMEs projects and entrepreneurs” with 88.46% and the “company contribution to the local environment in terms of employment and salaries” with 80.77%. Moreover, these cases mainly show the information in a quantitative way. In specific reference to the Corporate Governance related to society, in the rank “social management policies, declarations and systems”, there are some aspects such as “social policies definition”, published for the 96.15% of the entities, “social objectives definition and compliance” with 92.31%; while on the other end of the spectrum, the “shareholding voting policies on social affairs” is published just in a 3.85% of cases.

Less common information is that relating to “social activity through intermediary activity”, which in only 22.21% of cases is presented in a quantitative way, despite its significant role within the activity of FIs as financial intermediaries (Cuesta, 2004). Its scarce presence in reports is especially noticeable compared to content of a philanthropic nature. This can be explained by the long tradition of the financial entity as an agent with philanthropic responsibility and the difficulties to measure the indirect impact of entities, as well as a lesser, although incipient, regulation of activities of this nature. Among the items of this level we highlight the “disclosure of social criteria on evaluation of costumers” and the “assets subject to social control”, both published by the 69.23% of the entities.

In reference to the employee group, analysis according to the positioning of its elements by level of disclosure reveals a marked prominence of the elements “Diversity and equal opportunities” and “Training and professional development” thus coinciding with the work of Aranguren (2008), with disclosure levels that are also very high compared to the other the elements. The most frequent items are “staff by age and gender”, 100%; “gender wage ratio”, 100% and “Governing Board by age and gender”, 73.08%. At the other end of the spectrum (leaving out “other information”) is “compensation and working conditions” and “health and safety”. In the first case it is worth highlighting the lack of quantitative information that is published (just 28.6% of the average information disclosed is of this type) which does not allow for accurate comparison between entities; in the second case the lack of information can be put down to the specific nature of the activity, without a

high risk to the integrity of the worker in comparison to other sectors of activity. Despite the low disclosure level, in reference to remuneration and work conditions, it is worth highlighting the “remuneration policies and working hours” with 84.62% and the “relationship between salary and the local minimum wage”, 88.46%. However, elements as “social benefits not required by law” are barely considered (23.08%).

Finally, as regards the disclosure classification of the elements relating to the environment, “Consumption and conservation of resources and energy” and “Emissions, waste and impacts on ecosystems” stand out for their information transparency. Their significant presence in business management can be explained by the fact that these policies and measures involve the application of significant savings in energy consumption and raw materials, as well as a reduction in costs on recycling, not to mention how easy it is for them to be quantified in accounting terms. The most frequent items are “use of renewable energy” with 96.15%, “control of energy consumption” with 76.92%, and “energy-saving measures, reuse and energy efficiency”, 76.92%. At the other end of the spectrum, it is worth highlighting the lack of information about the use of recycled material, 7.69%. In the specific case of the Governing Board information related to environmental issues, it is included in “policies, declarations and environmental systems”. Unlike the voting policy in social affairs, the voting policy in the Management Board related to environmental criteria is published in the 69.23% of CSR reports.

As in the study of Aranguren (2008), of the elements least divulged it is worth mentioning the element “environment, products and services”. This, along with what was said in the previous paragraph, suggests a vision of responsibility that is more focused on the internal than external side of activity as a result of an active responsibility commitment.

3.2. Evolution of information transparency during the crisis period (2007-2010)

In order to contrast the evolution of disclosure, through the difference of means, the student's t parametric statistics is used for independent samples.

While informative behavior in relation to the society, employees and the environment, are stable, all of them presented a small reduction in their quality, it is observed that there is a clear step forward for what concerns the quality of information relating to customers (-13.49%) compared with the same quality for four years (**Table 4**).



Table 4. Differences informative level by content category

			DIFFERENCES	
Customers	2007	1,038	(0,140)**	(13,49%)
	2010	0,898		
Society	2007	1,02	(0,007)	(0,69%)
	2010	1,013		
Employees	2007	0,993	(0,029)	(2,92%)
	2010	0,964		
Environment	2007	1,134	(0,013)	(1,23%)
	2010	1,12		
General	2007	1,046	(0,047)	(4,49%)
	2010	0,999		

*p<0.01; **p<0.05
Source: Own work

3.3. Comparison of types of disclosure behaviour

Following the presentation of the main results achieved after applying the content analysis to CSR reports and determining the information content in CSR relating to each of the content categories identified, unknown factor regarding which content is preferably divulged by the sector can be responded to.

As regards the average levels of disclosure in accordance with each of the content indices (Customer, Society, Employees and Environment), the table below shows that on an additional level, all FIs display different degrees of importance when it comes to raising awareness of their information regarding each of the main CSR content types. Through the comparison of averages it will be considered whether the differences shown between pairs of categories and each of them with GDRI are significant and not from a statistical point of view.

As a result, the most significant differences are shown in a greater concern for disclosure in relation to the field of content of an environmental nature at all levels. In the comparison with the other categories (Customers, Society and Employees) the differences are always significant, with this difference also appearing when compared with GDRI.

Tabla 5. Comparison of averages between information indices and with the average level of disclosure

CATEGORY	CSR DISCLOSURE		
	MEDIUM	COMPARISON	
		CATEGORY	DIFFERENCE
Customers	0.956	Society	(0.087)*
		Employees	(0.071)**
		Environment	(0.176)*
		General	(0.081)*
Society	1.043	Employees	0.015
		Environment	(0.090)*
		General	0.005
Employees	1.028	Environment	(0.105)**
		General	(0.010)
Environment	1.133	General	0.095*
General	1.037	-	-

*p<0.05; **p<0.10
Source: Own work

A special mention should be given to the comparison between interest groups with a direct relationship with the entity, and those with an indirect relationship. It can therefore be considered that there may be a difference in disclosure behaviour between the two groups as regards this classification. It can be deducted from **Table 6** that there is a greater general disclosure level in the sector as regards agents which are not closely linked to the financial activity of the entities (1.088 compared to 0.999). This would indicate that the general perception in the sector is that CSR information should be used to provide information on interest groups with which there is no formal contractual relationship. This suggests that CSR is of more use for providing information about the first by better satisfying the requirements for information of social agents whose relationship with the company is based on ethical rather than legal criteria.

Moreover, the increased amount of information disclosed on environment allows us to conclude that it is more internalized into the organizations, with the purpose of obtaining legitimacy in the eyes of society (Deegan et al., 2004).

Table 6. Comparison between direct and indirect interest groups

CSR DISCLOSURE				
Category	Medium	Category	Medium	Difference
Agents direct relationship (customers and employees)	0.999	Agents indirect relationship (society and environment)	1.088	(0.096)*

*p<0.05
Source: Own work

3.4. The juridical nature, determining the transparency of FI's

The analysis of averages confirms the existence of significant differences between entities based on their legal nature (Table 7); more specifically in terms of disclosure of the information category customers and society. This proves the statements of Ruiz et al. (2009) in relation to the fact that due to their origin and social nature, SBs pay greater attention to these groups, due partly to the social and welfare origins of entities of this type.

Table 7. Comparison of content indices by type of entity

CATEGORY	BANKS	SBS	DIFFERENCE
Customers	0.843	1.007	(0.164)**
Society	0.906	1.112	(0.206)**
Employees	0.976	1.047	(0.071)
Environment	1.210	1.175	0.034
General	0.984	1.082	(0.098)

*p<0.05, **p<0.10

However, despite not being significant, the comparison of the average levels of disclosure between banks and SBs highlights an important difference concerning environment; banks are more concerned by environmental topics, whilst entities of a social nature have a greater inclination towards topics such as society, customers and employees. It can therefore be confirmed that there are differences between the entities in the way in which they understand the same, according to the average disclosure values.

In every sense, it has been observed that in both cases, regardless of the legal nature, environment is the main content topic disclosed (1.210 in banks and 1.175 in SBs). This may be due to the fact that climate change has resulted in entities developing a certain tradition of disclosing information on internal environmental measures. Although these may seem more relevant to other productive sectors with a more direct impact as a result of their activity, they have not gone unnoticed by FIs.

3.5. Perspective of internal/external responsibility

According to the results in **Table 8**, it could be stated that in all the indirect CSR levels (stakeholder, society and environment), the most frequent approach of responsibility used by FIs relating to these groups is the internal perspective; in this way, in every case the information is of higher quality (above 1) when the entities inform about responsibility aspects related to corporative philanthropy and the direct impacts of their activities.

Table 8. Comparative between internal/external perspectives of responsibility

CSR LEVEL	ELEMENT	PUNCTUATION	DIFFERENCE
Internal	Support activities for local communities	1.434	0.740*
External	Social activities through intermediary activity	0.694	
Internal	Consumption and conservation of resources and energy	1.631	0.604*
External	Environment, products and services	0.846	

*p<0.05, **p<0.10
Source: Own work

Referring to social information, almost all entities develop their programs of financial support and sponsorship in detail, and they offer detailed information about each charitable and philanthropic activity they do, but this detail does not provide any additional disclosure value. Nevertheless, to detail the measures and social controls adopted in the acceptance of operations, the information is usually based on general declarations of intent or criteria definitions, but they do

not offer detailed information about operations approved under these principles. Referring to the environmental information, the situation is practically the same: while full information about all the measures adopted in this subject is published, the information concerning the implementation of environmental criteria in the acceptance of operations is quite limited.

3.6. Relationship between Corporate Governance and information transparency

In order to contrast the relationship between the Corporate Governance of the entity and the disclosure of information, the Pearson's correlation coefficient is used.

Regarding the results of the following table, it is confirmed that a higher percentage of women in the Management Board benefits a greater disclosure of information of quality. However, a higher number of members in the Board seems not to be related to the informative transparency; although they do not introduce inefficiencies that difficult the disclosure work. For this reason, a more joint Management Board promotes more awareness with environmental concerns (except for the information related to the employees).

Table 9. Correlation between variables of the Corporate Governance and the information transparency

		cRDI	sRDI	hRDI	eRDI	gRDI
Number of members	Pearson's correlation	0.177	0.326	0.286	0.047	0.307
	Sig. (bilateral)	0.386	0.104	0.157	0.82	0.127
Joint Administration Board	Pearson's correlation	0.369**	0.359**	(0.019)	0.451*	0.398*
	Sig. (bilateral)	0.063	0.071	0.927	0.021	0.044

*p<0.05, **p<0.10

4. DISCUSSION, CONCLUSIONS AND IMPLICATIONS FOR MANAGERS OF FI'S

The objective of this study was to evaluate and compare disclosure behaviour in Spanish FIs by means of a proposal to analyse the content of CSR reports. These are the ideal vehicle for conveying to society (to which there is a duty of accountability) all of the actions which are carried out for its benefit by entities. Furthermore, a

greater degree of information transparency on sustainability activities may have a positive effect by improving trust in financial institutions and acting as a medium to help overcome the economic crisis, through the implementation of sustainability measures.

The average information transparency of the different content indices (cRDI, sRDI, hRDI, eRDI) demonstrates that, despite the fact that publishing an Annual CSR Report is a significant step in the path to improving information transparency, information content is still lacking and deficient.

Regarding the interest paid to the different interest groups, it is observed a shift in information priorities, thus, customers and employees are not among the FI's priorities, so it would be necessary in the future to improve care for both groups. Moreover, those entities that best meet these interest groups will gain a more advantageous competitive position.

It should propose the convenience to dedicate major disclosure efforts on environmental issues, especially in the current economic situation, in which social contents (unemployment, corruption, etc.) gain prominence against environmental issues.

As for to the nature of the activity impacts, the intermediation activity not receive a proper informative treatment. This may be because the entities find it easier to define and measure the activities of internal responsibility, and it allows offering information of quality. On the other hand, the consideration of external responsibility by banks is very recent compared to other contents¹³. It would be necessary FI's undertake a greater monitoring and assume a greater responsibility for what others might do with the money that has been borrowed.

Moreover, the study has shown that a greater incorporation of women in recent years improve the relationship with interest groups. In this sense it is recommended to increase the ratio of women on boards of directors, as the figures are still below the parity level.

Finally, we believe that respect for the environment is a key point and therefore CSR must be implemented in an effective way as a model of business philosophy to correct and improve the situation that the financial sector is currently experiencing and pave the way for the future.

4.1. Limitations and future lines of research

The aim of this study has been to expand our knowledge of the current status of commitment to sustainability in the Spanish financial



sector and lay the foundations so that in the future it can provide a response to various unknown factors that CSR philosophy poses in issues such as responsibility for the crisis and solutions for the same; causal factors of CSR; evolution of the concept of responsibility; integration of CSR in business organisation; etc.

In order to improve understanding of the evolution of the CSR phenomenon over time, the sample period could be extended to financial years prior to the change in the economic cycle; with a view to analysing how the financial sector's restructuring process affects the development of its social and environmental policies as well as its implementation in the management of the same. There is also the intention to extend the subject matter of the study to other areas which involve the disclosure of social responsibility such as the attention to Owners' concerns. It would also be interesting to analyse not only the quality of social and environmental information but also its explanatory factors and investigate a potential relationship between the business characteristics which best explain the phenomenon to disclose social responsibility. Finally, it is necessary to complement the research with other sources of information mainly relating to qualitative analysis, such as interviews and surveys in order to validate or disregard discoveries obtained through content analysis with a view to gaining a better understanding of the motives or reasons which lead entities to disclose social and environmental information.

5. APPENDICES

Appendix I. Spanish Financial Institutions which prepare a sustainability report based on the GRI model placed in order of the size of their assets (figures available November 2011)

POSITION	FINANCIAL INSTITUTION	GRI SCORE	TOTAL ASSETS (THOUSANDS OF EUROS)	%VOLUMEN OF TOTAL ASSETS	CUMULATIVE VOLUMEN OF TOTAL ASSETS
1	BBVA	A+	180,406,548	11.81%	11.81%
2	Banco Santander	A+	157,622,104	10.32%	22.13%
3	La Caixa	A+	148,419,090	9.72%	31.85%
4	Caja Madrid	A+	89,973,262	5.89%	37.74%
5	Banco Popular Español	A+	70,665,513	4.63%	42.36%
6	Banesto	A+	66,804,878	4.37%	46.74%
7	Bancaja	A+	50,371,129	3.30%	50.03%
8	CAM	A+	45,343,318	2.97%	53.00%
9	Banco de Sabadell	A+	40,465,957	2.65%	55.65%
10	Ibercaja	A+	33,541,098	2.20%	57.85%
11	Caixa Terrassa	A	32,117,712	1.91%	59.75%
12	Caixa Galicia	A+	29,119,785	1.86%	61.61%
13	Bankinter	A+	28,341,033	1.58%	63.19%
14	Unicaja	A+	24,103,601	1.46%	64.65%
15	Cajasol	A+	22,345,115	1.37%	66.01%
16	BBK	A+	20,857,082	1.26%	67.27%
17	Cajamar	A+	19,233,562	1.22%	68.49%
18	Caja Laboral Popular	A+	18,614,331	1.17%	69.66%
19	Caja España	A+	17,865,434	1.09%	70.76%
23	Kutxa	A+	16,698,874	0.87%	71.62%
30	CAN	A+	13,232,925	0.70%	72.32%
32	Caja Granada	A	10,681,830	0.61%	72.93%
38	Caja Burgos	A+	8,130,092	0.53%	73.46%
42	Caja Vital Kutxa	A+	7,014,603	0.46%	73.92%
57	Caja Rural de Granada	*14	3,543,201	0.23%	74.16%
62	Multicaja	A+	2,458,335	0.16%	74.32%

Source: Annual reports of social responsibility of the Fis (2007, 2008, 2009 and 2010) and <http://globalreporting.org>

Appendix 2. **Spanish financial institutions that produce sustainability report based on the GRI model, 2007, 2008, 2009 and 2010 (available November 2011). CSR reports published and analyzed**

	NAME	CSR REPORTS 2007	CSR REPORTS 2008	CSR REPORTS 2009	CSR REPORTS 2010
1	BBVA	X	X	X	X
2	Banco Santander	X	X	X	X
3	La Caixa	X	X	X	X
4	Caja Madrid	X	X	X	X
5	Banco Popular Español	X	X	X	X
6	Banesto	X	X	X	X
7	Bancaja	X	X	X	X
8	Caja de Ahorros del Mediterráneo	X	X	X	
9	Banco de Sabadell	X	X	X	X
10	Ibercaja	X	X	X	X
11	Caixa Galicia	X	X	X	
12	Bankinter	X	X	X	X
13	Unicaja	X	X	X	X
14	Cajasol	X	X	X	X
15	BBK	X	X	X	X
16	Cajamar				X
17	Caja Laboral Popular	X	X	X	X
18	Caja España de Inversiones	X	X	X	
19	Kutxa de Gipuzkoa y San Sebastián	X	X	X	X
20	Caja Navarra	X	X	X	X
21	Caja General de Ahorros de Granada	X	X	X	X
22	Caixa Terrassa	X	X	X	
23	Caja Burgos	X	X	X	X
24	Caja Vital	X	X	X	X
25	Caja Rural de Granada	X	X	X	X
26	Multicaja		X		
	Total Spanish FIs analyzed	24	25	24	21

Appendix 3. Institutions clasification by legal nature

LEGAL NATURE		
BANKS	SBS	CUS
6	16	4
Santander, BBVA, Banco Popular, Banesto, Banco Sabadell y Bankinter	La Caixa, Caja Madrid, Bancaja, CAM, Ibercaja, Caixa Galicia, Unicaja, Cajasol, BBK, Caja España, Kutxa, CAN, Caja Granada, Caixa Terrassa, Caja Burgos y Caja Vital	Cajamar, Caja Laboral Popular, Caja Rural de Granada y Multicaja

Appendix 4. Information content on social responsibility

CONTENT CATEGORY	ELEMENTS OF CATEGORIES
RDI Clients (cRDI)	Ethical consumption (cRDI1)
	Customer satisfaction and quality of service provided (CRDI2)
	Customer security and confidentiality (cRDI3)
	Customer inclusion (cRDI4)
	Other information (cRDI5)
RDI Society (sRDI)	Social management policies, declarations and systems (sRDI1)
	Activities for support and investment in the local community (sRDI2)
	Contribution to the national economy (sRDI3)
	Compliance with legislation, corruption and competition (sRDI4)
	Public policy (sRDI5)
	Social activity through intermediary activity (sRDI6)
RDI Employees (hRDI)	Company / Employee relations (hRDI1)
	Health and safety (hRDI2)
	Training and professional development (hRDI3)
	Compensation and working conditions (hRDI4)
	Hiring and dismissal conditions (hRDI5)
	Diversity and equal opportunities (hRDI6)
	Other information (hRDI7)
RDI Environment (eRDI)	Environmental management policies, declarations and systems (eRDI1)
	Consumption and conservation of resources and energy (eRDI2)
	Emissions, waste and impacts on ecosystems (eRDI3)
	Environmental investments and expenses and regulatory compliance (eRDI4)
	Environment, products and services (eRDI5)

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ABBREVIATIONS

cRDI: Customers Responsibility Disclosure Index
CUs: Credit Unions
eRDI: Environment Responsibility Disclosure Index
FIs: Financial Institutions
gRDI: General Responsibility Disclosure Index
hRDI: Employees (human resources) Responsibility Disclosure Index
RDI: Responsibility Disclosure Index
SBs: Saving Banks
SMEs: Small and medium enterprises
sRDI: Society Responsibility Disclosure Index

NOTES

1. Autor de contacto: Area de Organización de Empresas; Universidad de Córdoba; Facultad de Derecho y de Ciencias Empresariales; Puerta Nueva, S/N; 14071-Córdoba; España.
2. El concepto de "entidades de naturaleza social" se emplea para hacer referencia a las Cajas de Ahorro y Cooperativas, en contraposición al concepto de "entidades de naturaleza capitalista" que hace referencia a los Bancos.
3. Lisbon Agenda Conclusion 5 in the European Council of Lisbon: conclusions of the presidency. European Union, 23 and 24 March 2000.
4. For example: Cuesta, 2004; Douglas et al., 2004; Hamid, 2004; Castelo and Lima, 2006; Cea, 2010; Capó, 2010; Hassan, 2010; Seguí, 2010.
5. It takes into account subjects such as the need to inform customers about products and banking services, privacy of bank data, information about remunerations of Governing Board, control of credit exposure, etc.
6. The entities selected have been those included in so-called retail banking, which are characterised by not limiting their activity to granting credit but that they also accept the deposit of funds, are not specialised and cater for the general public. Therefore, this does not take into account credit institutions, private banking, sectorial banking or investment banking, which limits the number to 148 entities.
7. Deposit-type financial entities (DFE), according to the definition used by Banco de España, are a sub-group of credit institutions which includes banks, savings banks and credit unions, and are the only ones with the capacity to collect deposits from the public.
http://www.bde.es/clientebanca/glosario/e/entidades_de_deposito.htm
8. 29 entities have issued a corporate responsibility report, although it was not possible to gain access to 3 of them.
9. Mainly WBCSD, 2000; EU, 2001; IASB, 1988; AECA, 2005; GRI, 2006; United Nations, 2007 and 2008
10. Hackston and Milne, 1996; Deegan et al., 2002; Cormier, 2005; Vázquez y Cordero, 2007; Aranguren, 2009; Kavitha, 2011.
11. CDP, EIRIS, OEKOM, Observatory of Corporate Social Responsibility, SAM, SIRI¹¹ and VIGEO.
12. The indicators are measured directly without indicating any prior consideration that gives more importance to some indicators over others.
13. Until 2006, it is not developed a sectorial supplement for the financial sector concerning the measuring and control of external impacts in the entities.
14. * Undeclared.

