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Departamento de Economía Financiera, Contabilidad y
Dirección de Operaciones



Corporate social responsibility reporting practices of Eurozone companies

**Memoria para optar al grado de doctora
presentada por:**

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Fecha de lectura: 18 de diciembre de 2014

Bajo la dirección del doctor:

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Huelva, 2014



PROGRAMA DE DOCTORADO

“Gestión y Economía de las PYMES”

Ph.D. DISSERTATION
TESIS DOCTORAL



**CORPORATE SOCIAL RESPONSIBILITY
REPORTING PRACTICES
OF EUROZONE COMPANIES**
PRÁCTICAS EN LA DIVULGACIÓN SOBRE
RESPONSABILIDAD SOCIAL CORPORATIVA EN LAS
EMPRESAS DE LA EUROZONA

Memoria presentada por **Michaela Bednárová** aspirante al Grado de
Doctora con mención de “Doctora Internacional”

Thesis submitted for the degree of Doctor of Philosophy and the
“International Doctor” mention

Director: Dr. Enrique Bonsón Ponte

2014

Agradecimientos

En primer lugar, mi más sincero agradecimiento al director de esta Tesis Doctoral, Profesor **Dr. Enrique Bonsón**. Ha sido un honor y suerte para mí trabajar con él. Su apoyo, sus consejos, su confianza y ánimos continuos han sido imprescindibles

para la consecución de esta Tesis.

También al Profesor **Dr. Tomás Escobar** por su valiosa ayuda y por su colaboración.

Igualmente ha sido para mí, un privilegio conocer personalmente y aprender del **prof. Vasarhelyi**. Le agradezco por la experiencia académica en Estados Unidos y por la oportunidad de formar parte temporalmente de su equipo en la Universidad Rutgers.

De forma muy especial, quiero también agradecer a mi familia, mi pareja y mis amigos por su apoyo y confianza que siempre han puesto en mi trabajo.

Sin ellos, no habría sido posible.

Muchas gracias a todos.

UNIVERSITY OF HUELVA - BUSINESS FACULTY
Doctor of Philosophy

ABSTRACT

CSR REPORTING PRACTICES OF EUROZONE COMPANIES

By Michaela Bednářová

For most of the world's largest companies, a voluntary reporting on non-financial information appears to be a continuing trend. Communication of social and environmental dimensions of the company plays a key role in the sustainable development of organizations and therefore should be investigated more in depth. In order to contribute to the research in this area the aim of this empirical study was to analyse CSR reporting practices of Eurozone companies, according to the Spanish Accounting and Business Association's (AECA) Integrated Scorecard Taxonomy, and the factors that can influence its use. Moreover, given that the evolution of the Web has led companies to consider other strategies of communication; ones more flexible than traditional media, and which enable them to reach wider audiences and different groups of stakeholders, this thesis also investigates the usage of social media such as LinkedIn and YouTube for CSR disclosure. Thus, another aim of this study was to analyse the extent to which Eurozone companies use the social network LinkedIn, how they manage their online practices, which is their typical audience, and which are the potential factors influencing both extent and audience. Similarly, this thesis also provides an analysis of the extent and main purposes of the YouTube's usage; the companies' activity and online practices; as well as the factors on this platform influencing the channel's activity; the audience; the stakeholder's engagement and CSR disclosure. For the purposes of this research, a sample of 306 Eurozone companies listed in the STOXX Europe 600 index, including 19 subsectors and 12 countries, has been analysed. The main contribution of this thesis is providing an overview of CSR reporting practices of large Eurozone companies while broadening the previous research by providing new evidence of sustainability disclosure through social media. We believe that this thesis provides theoretical and practical implications and both academics and professionals might benefit of it.

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RESUMEN y CONCLUSIONES

en Español

El presente trabajo ha sido realizado en la línea de investigación sobre nuevas tecnologías en contabilidad cuyo investigador principal es el doctor Enrique Bonsón Ponte, Catedrático del Departamento de Economía Financiera, Contabilidad y Dirección de Operaciones. Este grupo tiene sus orígenes en el año 1995 en la convocatoria del Plan Andaluz de Investigación, en la que se obtiene reconocimiento con el código SEJ 290. Esta tesis doctoral se ha desarrollado en el seno del proyecto ECO2011-28267: “Un análisis mediante microsimulación de las causas y consecuencias de la divulgación de información corporativa digital: hacia la optimización de las políticas públicas”

Introducción

Los informes de Responsabilidad Social Corporativa (RSC) están ganando impulso a nivel mundial y en las últimas décadas estamos asistiendo a un cambio de los modelos tradicionales de información, centrados principalmente en los datos financieros e históricos, a las nuevas formas de presentación de informes que adoptan el enfoque de *triple bottom line*¹ (incluyendo datos financieros, medioambientales, y sociales). Por lo tanto, los informes de sostenibilidad están dedicados a un conjunto más amplio de interesados, no sólo a los accionistas, pero a todos *stakeholders*² (Ballou et al. 2006).

El objetivo principal de nuestra investigación es el de examinar las prácticas en la presentación de informes de RSC de las empresas de la Eurozona, explorar los canales de difusión en los medios de comunicación social para este tipo de divulgación, e identificar los factores que influyen en su uso.

Antecedentes del problema

La importancia de informar más allá del resultado final de la cuenta de resultados surgió como respuesta a muchos escándalos empresariales, la crisis financiera, el cambio climático, el compromiso de un futuro con menos carbono, las preocupaciones sobre los derechos laborales, la seguridad de los productos, la reducción de la pobreza, las amenazas de la cadena de suministro, etc (Noronha et al., 2012). Por lo tanto, las empresas se han esforzado recientemente, con el aumento de la presión de los *stakeholders* internos y externos, para informar no sólo sobre cuestiones financieras, sino también sobre su desempeño medioambiental y social.

Inversores socialmente responsables

Desde la perspectiva de los inversores, los informes de RSC les permiten tener un panorama más claro de las actividades de una empresa y su valor real, y hacer proyecciones más precisas del rendimiento financiero futuro de una empresa (Eccles y Krzus 2010). Recientemente, existe un gran enfoque en el rendimiento sostenible y responsable y un término, inversor socialmente responsable, se está utilizando con más frecuencia. Los inversores socialmente responsables son conscientes de que la falta de atención a la sociedad

¹ La expresión en Inglés. Se trata de enfoque que incluye datos financieros, medioambientales, y sociales.

² Siguiendo la práctica internacional sobre la terminología "stakeholders" a lo largo de este documento se utilizará la expresión en Inglés. Su traducción en español es "las partes interesadas".

y al medio ambiente puede costarles a través de los impuestos para reparar los daños causados por las empresas que se centran en los beneficios a corto plazo (Abeysekera, 2012). Scott (2011) afirmó que la presentación de informes de RSC es una herramienta necesaria para el desarrollo sostenible, señalando que el capital debe invertirse en negocios que son mejores en la creación de valor a largo plazo de una manera sostenible.

Estándares de RSC, Informes integrados - última tendencia

En los últimos años, diversas normas fueron promovidas y elaboradas para informar sobre cuestiones de RSC (Lingteringen y Zadek, 2004) animando a las empresas a informar sobre su comportamiento medioambiental y social. Marimon et al. (2012) proporcionan una breve clasificación de las normas de presentación de informes de RSC incluyendo Principios del Pacto Global de Naciones Unidas, Directrices de la OCDE para Empresas Multinacionales, GRI, ISO 26000, AA1000, ISO 14001, y SA88000. Los Estándares de la *Global Reporting Initiative*³ (GRI), fundada en el año 1997 son los más dominantes en los informes de sostenibilidad en la actualidad (Ballou et al, 2006;. Roca y Searcy, 2012). En 2012, los informes GRI comprendían el 40% de todos los informes de sostenibilidad corporativa en todo el mundo (Marimon et al. 2012), y Europa tuvo el mayor número de certificaciones en el GRI. En 2013, las Américas (con el 76% de las empresas que presentaron informes sobre la RSE) superó a Europa (con el 73% de las empresas que presentaron informes sobre la RSE) como la región líder en la presentación de informes de RSC, en gran parte debido a un mayor número de los informes de RSC en América Latina (KPMG, 2013). Sin embargo, los informes de las empresas europeas alcanzan la puntuación media más alta por la calidad de sus informes de RSC (KPMG, 2013).

*The International Integrated Reporting Council*⁴ (IIRC) ha introducido un nuevo enfoque para la presentación de informes que tiene como objetivo combinar los distintos aspectos en la presentación de informes en un conjunto coherente e integrado, y se considera que es la última tendencia en informes corporativos. El Prof. Mervyn King, presidente del IIRC, afirma que estamos entrando en una nueva era de la información corporativa en la que la antigua forma de informe anual, que se centra principalmente en la información financiera y en horizontes corto plazo, ya no es suficiente para satisfacer las necesidades de información de

³ (GRI) A lo largo de este documento se utilizarán las abreviaturas en Inglés.

⁴ (IIRC) A lo largo de este documento se utilizarán las abreviaturas en Inglés.

los inversores del siglo 21 y otros *stakeholders* (IIRC, 2013). Hay una demanda de una mayor transparencia en cuanto a lo que la empresa está haciendo y por qué, a fin de permitir a los *stakeholders* obtener una comprensión completa del funcionamiento de una empresa. La versión más reciente del Marco de Información Integrada Internacional se puso en marcha en 2013.

Normativas

Aunque la presentación de informes de RSC se basa en su mayoría de forma voluntaria, existe un mayor número de países con regulaciones que hacen este tipo de divulgación obligatoria. Los gobiernos y los mercados de valores son los responsables de la promoción y la emisión de la legislación pertinente relativa a la divulgación sobre cuestiones de RSC. En noviembre de 2000, una campaña a nivel europeo en relación a la RSC se puso en marcha con el fin de alentar a las empresas europeas a informar sobre sus desempeño de la RSC, invitando a todas las empresas que operan en bolsa con más de 500 empleados a informar sobre su comportamiento ambiental y social en sus informes anuales (EBNSC, 2000). Por lo tanto, muchos países europeos como el Reino Unido, Suecia, Noruega, Finlandia, Dinamarca, Alemania, Francia, España, Italia ya han emitido algunas regulaciones específicas sobre todo para las grandes empresas que cotizan en bolsa para que informen sobre información no financiera.

Sin embargo, las normativas, así como los marcos para informar sobre cuestiones de RSC difieren de país a país. Por lo tanto, es necesario un marco reconocido internacionalmente y generalmente aceptado que permita una presentación de informes RSC unificada. Buscar la congruencia de la última versión de las normas del GRI (G4) con el Marco de Informes Integrados podría considerarse como una búsqueda de tal estandarización.

El uso de los medios sociales para comunicar RSC

El entorno empresarial en rápida evolución está obligando a las empresas a adaptarse rápidamente y considerar las maneras más eficientes de presentación de informes. Internet ofrece más flexibilidad para la presentación de informes que los medios tradicionales y permite a las empresas llegar a un público más amplio y a diversos grupos de *stakeholders* (Cormier, 2009). Por otra parte, el uso de internet en la presentación de informes corporativos ahorra costes y facilita la divulgación de información oportuna, que son los atributos principales (Koreto, 1997; Jones et al 1998.).

La evolución de la Web 2.0 ha traído aún más flexibilidad y facilidades para las empresas que buscan la transparencia y el compromiso con sus *stakeholders*, especialmente debido a la propagación masiva de los medios de comunicación social. La literatura de divulgación enfatiza la importancia del medio, con el que se presenta la información y considera que los medios impresos tradicionales y la divulgación solo en texto sean obsoletas y ya no son adecuadas para articular la información corporativa. Daft y Lengel (1986) señalaron que los medios de comunicación varían en su grado de riqueza y que diferentes medios de comunicación pueden tener diferentes efectos. Una evidencia más reciente, (Cho et al., 2009) pone en relieve la importancia de las imágenes visuales como gráficos, fotos, e imágenes, haciendo hincapié en que son más potentes herramientas de comunicación. Según Davison (2007), tener dibujos sencillos en los informes anuales afecta a la percepción de la riqueza y la potencia del mensaje. Por lo tanto, las últimas tecnologías sofisticadas permiten a las empresas mejorar sus divulgaciones corporativas y su apariencia web especialmente utilizando diferentes redes sociales, que permiten múltiples entradas para la difusión de información corporativa (gráficos, imágenes, vídeos) y por lo tanto pueden representar herramientas interesantes para una presentación de informes eficiente .

Cormier (2009) afirma que los medios de comunicación social permiten a las empresas llegar a los diferentes grupos de interesados y hacer la relación entre una empresa y sus partes interesadas más directa y dinámica, y potencialmente interactiva. Eberle et al. (2013) desveló que el aumento de la interactividad percibida conduce a una mayor credibilidad del mensaje y el sentimiento mayor de identificación con la empresa, lo que aumenta la reputación corporativa y el boca-a-boca. Por lo tanto, el uso de los canales interactivos para comunicar sobre la RSC puede mejorar la reputación de la empresa en relación al grado en que las actividades de RSC se adaptan de forma lógica al negocio principal de la empresa (Eberle, 2013).

*Captology*⁵

El argumento de que el uso de los medios sociales como una herramienta de difusión de información sobre la RSC podría aumentar la eficacia del proceso de información también puede encontrar algún apoyo en *Captology*, que viene de “Computers as a Persuasive

⁵ A lo largo de este documento se utilizará la expresión en Inglés. Su traducción en español será "Computadores como una Tecnología Persuasiva".

Technology”. Este campo de estudio se centra en la interrelación entre los ordenadores (sitios web, teléfonos móviles, entornos inteligentes, realidad virtual, los dispositivos especializados) y persuasión (cambio de comportamiento, cambio de actitud, de motivación, el cambio en la concepción del mundo, de conformidad). Fue presentado por primera vez por BJ Fogg en 1997. Desde entonces, una serie de estudios han explorado el poder persuasivo de la tecnología y su impacto en el comportamiento humano.

Este mundo tecnológico, que es más instrumentado, interconectado e inteligente que nunca antes, permite a las personas y las organizaciones hacer frente a los retos de negocios y sociales de una manera más eficiente. Las comunicaciones online ahora representan el vehículo principal de información de muchos comunicadores. Por lo tanto, se puede apreciar una posible interacción entre los informes sobre la RSC que emplean redes sociales (que representa a la tecnología) y la *Captology* (que representa a la tecnología persuasiva).

El Modelo de Comportamiento de Fogg (*FBM*⁶) (Fogg, 2011) se puede utilizar para explicar por qué la presentación de informes sobre la sostenibilidad que emplean redes sociales pueden ser más eficaces que los canales tradicionales como el informe de sostenibilidad. *FBM* sugiere que tres elementos deben converger para que se produzca un comportamiento: la motivación, la capacidad, y el detonante. Cuando no se produce un comportamiento, al menos uno de estos tres elementos falta. Este concepto se puede utilizar para comprender un cambio de actitud, tales como las percepciones de los *stakeholders* sobre la responsabilidad de una empresa. Presentando informes sobre cuestiones de sostenibilidad a través de, e.j. YouTube (como un ejemplo de canal de redes sociales) permite a los tres elementos que converjan. Hay un detonante cuando un video con contenido social o medioambiental se publica. También existe la capacidad, ya que es fácil hacer clic en el vídeo y verlo cuando tiene llega una notificación con un enlace. La motivación también está presente ya que los abonados a un canal en particular son presumiblemente interesados en la actividad de una empresa, de lo contrario no seguirían a la empresa (Fogg, 2011).

FBM afirma que el cumplimiento de las tres condiciones de motivación, capacidad, y el detonante, hace más probable que suceda un comportamiento objetivo (por ejemplo, un cambio de actitud). Por lo tanto, el mensaje enviado por la compañía a sus *stakeholders* puede ser más persuasivo y eficaz.

⁶ A lo largo de este documento se utilizarán las abreviaturas en Inglés.

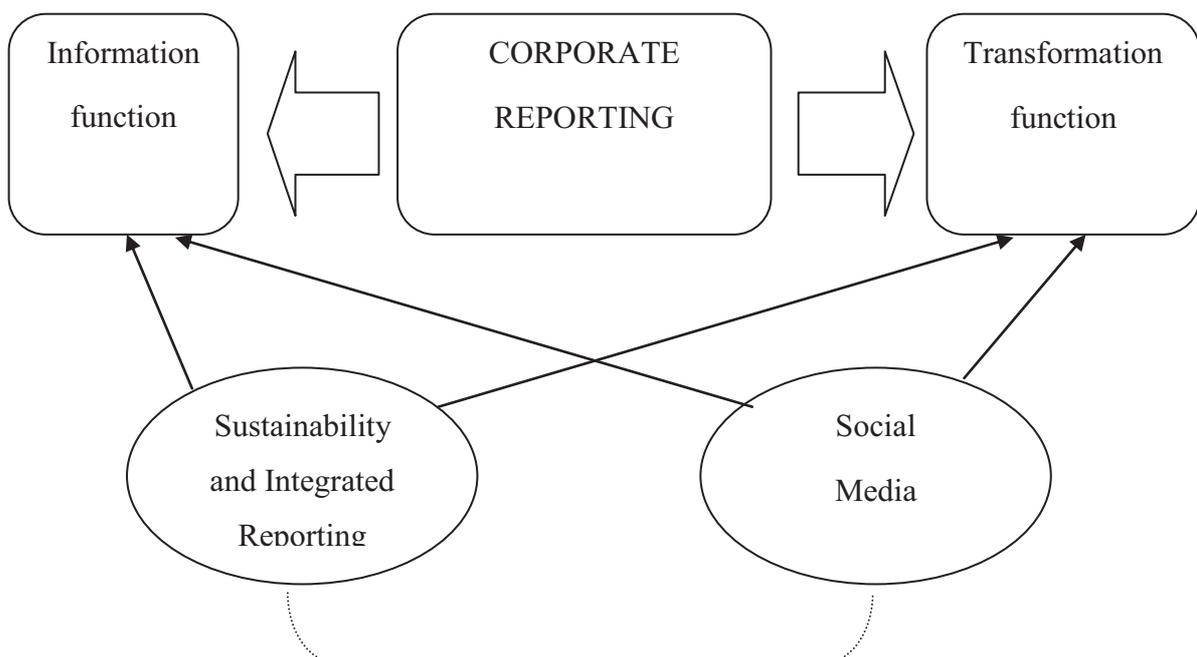
Funciones principales de los informes corporativos

Según Eccles y Serafeim (2014), hay dos principales funciones de los informes corporativos (información y transformación). En cuanto a la función de información, los interesados tratan de obtener información acerca de la empresa con el fin de tomar decisiones fundamentadas y hacer negocios con una empresa. La función de transformación se basa en el compromiso con los *stakeholders*, que reciben, evalúan, y proporcionan una retroalimentación sobre la información corporativa. Este compromiso permite a una empresa transformar sus actividades.

A medida que la economía se basa cada vez más en el conocimiento y la información, y los negocios se vuelven más complejos, al informar sobre los aspectos financieros únicamente se realizan estas funciones de forma incompleta (Eccles y Serafeim, 2014).

Nuestra interpretación del papel de los medios sociales en los Informes Corporativos se presenta en la Figura 1. Se basa en la relación entre Informes integrados y ambas funciones anteriormente descritas por Eccles y Serafeim (2014). Sin embargo, sostenemos que la evolución de la Web 2.0 y el rápido aumento de los medios de comunicación social permiten a las empresas involucrarse con sus *stakeholders* más interactivamente, comunicar la sostenibilidad de la empresa y sus esfuerzos en RSC y de este modo tener un mejor desempeño de ambas funciones de información y de transformación.

Figura 1: The role of Social Media in Corporate Reporting



Planteamiento del Problema y la Pregunta Principal de la Investigación

Una considerable cantidad de literatura ha sido publicada sobre la RSC (Young y Marais, 2012). Sin embargo, nuestro estudio ofrece una nueva vía de investigación, ya que es el primero en explorar las prácticas en la presentación de informes de RSC de las empresas de la Eurozona mediante la aplicación de la serie de indicadores (*KPIs*⁷) de AECA.

En cuanto a la investigación sobre los medios de comunicación social, hay un número limitado de estudios de divulgación de LinkedIn (Bonson y Bednárová, 2013) y la investigación previa ha examinado el uso de YouTube en la comercialización y contextos de relaciones públicas (Towner y Dulio 2012, Wright y Hinson 2010), pero a nuestro entender, ningún estudio ha examinado su uso para la divulgación de la RSC.

Para completar la ausencia que todavía permanece en la literatura académica abrimos nuestra pregunta de investigación principal (RQ): ¿Cuáles son las prácticas de divulgación sobre RSC de las empresas de la Eurozona? Además, cada uno de los cuatro capítulos previstos en esta disertación ofrece preguntas de investigación adicionales para complementar a la principal.

Antecedentes teóricos

Numerosas teorías han sido aplicadas por los académicos que pretenden dar un sentido a la existencia de la divulgación de información financiera y no financiera (RSC) de las empresas. Gran parte de la investigación empírica ha utilizado teorías sociopolíticas como la Teoría de la Legitimidad, la Teoría Institucional y la Teoría de los *Stakeholders* o teorías económicas como la Teoría de la Agencia para estudiar informes de RSC (Deegan, 2002). Por lo tanto, para los fines de nuestra investigación hemos decidido respaldar nuestras preguntas de investigación mediante la aplicación de estas teorías. Adicionalmente, se aplicó también la Teoría Dialógica. El planteamiento de la combinación de estas teorías ha sido ya aplicado en los estudios anteriores, ya que se considera que aquellas teorías son complementarias en lugar de competitivas entre sí. Cada una de ellas va a ser explicada y detallada en los capítulos correspondientes.

⁷ Siguiendo la práctica internacional sobre la terminología "key performance indicators (KPIs)" a lo largo de este documento se utilizará la expresión en Inglés. Su traducción en español es "los indicadores principales del rendimiento".

Diseño del estudio

Como esta tesis consta de cuatro artículos, cada artículo se puede considerar una unidad de investigación independiente. Sin embargo, estas unidades de investigación son coherentes también.

El primer capítulo está dedicado a las prácticas de presentación de informes de RSC de las empresas de la Zona Euro. El segundo y tercer capítulo tratan sobre el uso de las redes sociales, LinkedIn y YouTube, en de la Eurozona. El último capítulo está dedicado a YouTube como un canal alternativo para la divulgación de la RSC.

Para estudiar las prácticas de presentación de informes de RSC de las empresas de la Eurozona, se ha usado el modelo de los indicadores de AECA. La *Integrated Scorecard*⁸(IS) de AECA es un marco para informar sobre cuatro grupos de indicadores: económicos, sociales, medioambientales y de gobierno corporativo. Proporciona un conjunto bastante amplio de indicadores que respondan a las necesidades de los informes integrados (con un número razonable de indicadores) y pertenece a las taxonomías aceptadas reconocidas por *XBRL Internacional*, como que cumplen con la Especificación *XBRL* (XBRL, 2013).

Aplicando la IS de AECA como punto de referencia, proporcionamos una visión general de las prácticas de información de la RSC en la Eurozona. Además, la consecuencia práctica de este estudio fue también la confirmación de la taxonomía de la AECA a nivel de la Eurozona, proporcionando nuevas perspectivas para el desarrollo futuro de esta taxonomía, que está en camino a ganar mayor aceptación internacional.

En este capítulo se pretende dar respuesta a las siguientes preguntas de investigación: (1) ¿En qué medida informan las empresas de la Eurozona con indicadores de RSC proporcionados por la *Integrated Scorecard* de AECA? (2) ¿En qué medida se informa sobre los indicadores medioambientales, sociales, y de gobierno corporativo? (3) ¿Qué factores influyen en la divulgación de RSC de las empresas de la Eurozona?

El segundo y tercer capítulo ofrece una visión general conceptual de cómo las empresas de la Eurozona utilizan el canal LinkedIn y YouTube para relacionarse con sus *stakeholders* y los factores que influyen en su uso. Como este es el primer estudio que proporciona una visión

⁸ (IS) A lo largo de este documento se utilizarán las abreviaturas en Inglés.

general de este tipo, los académicos y los profesionales pueden beneficiarse de esta investigación.

Las principales preguntas de investigación en el capítulo dos, son: (1) ¿En qué medida las empresas de la Eurozona mantienen una cuenta oficial LinkedIn corporativa? (2) ¿Cómo gestionan sus prácticas online? (3) ¿Cuál es su audiencia típica? (4) ¿Cuáles son los factores potenciales que influyen tanto en la extensión en el uso de LinkedIn como en la audiencia?

El capítulo tres trata sobre las siguientes preguntas de investigación: (1) ¿En qué medida las empresas de la Eurozona mantienen un canal oficial corporativo de YouTube? (2) ¿Cuál es el contenido empresarial creado en este canal? (3) ¿Qué factores influyen en la actividad de la empresa, el público, y la interacción de las partes interesadas en YouTube?

En el cuarto capítulo exploramos el potencial de YouTube como canal de comunicación y participación en temas de sostenibilidad con el objetivo principal de proporcionar una evaluación inicial de las prácticas de presentación de informes de sostenibilidad corporativa en esta plataforma. Estudiamos si la divulgación sostenibilidad utilizando YouTube sigue los mismos patrones que otros informes de RSC y los factores que influyen en ella.

El cuarto capítulo tiene como objetivo responder a las siguientes preguntas de investigación: (1) ¿En qué medida las empresas de la Eurozona utilizan YouTube como canal de comunicación y participación sobre cuestiones sociales y medioambientales? (2) ¿Qué importancia tienen el contenido social y medioambiental en relación a otro tipo de contenidos? (3) ¿Qué factores influyen en los informes de sostenibilidad de YouTube en países de la Eurozona?

Discusión de resultados

Para responder a nuestra pregunta de investigación principal, (RQ): ¿Cuáles son las prácticas de divulgación sobre RSC de las empresas de la Eurozona? Hemos analizado los informes anuales, los informes de RSC, los informes integrados y también las particulares redes sociales corporativas como LinkedIn y YouTube. Para esta tarea fueron recolectados y analizados datos sobre 306 compañías de la Eurozona que cotizan en Europe STOXX 600 index. Esta tesis está compuesta por cuatro artículos, que han sido publicados (o aceptados para la publicación) en revistas académicas internacionales como Spanish Accounting Review (CSR Reporting Practices of Eurozone Companies, 2014), Online Information Review (Corporate LinkedIn Practices of Eurozone Companies, 2013; Corporate YouTube Practices

of Eurozone Companies, 2014), y *Journal of Information Systems* (YouTube Sustainability Reporting: Empirical Evidence of Eurozone-Listed Companies, under final revision). Cada capítulo de esta tesis corresponde a un artículo con el objetivo de evidenciar y apoyar a la pregunta principal de la investigación.

Hallazgos empíricos

En cuanto a las prácticas de presentación de informes de RSC de las empresas de la Eurozona que utilizan el marco de AECA como punto de referencia, los resultados revelaron un uso intensivo de los indicadores de gobierno corporativo una divulgación moderada de KPIs medioambientales y un uso mínimo de los indicadores sociales. Además, se encontró que hay una influencia del sector, y la cotización en DJSI en la extensión del informe. Por lo que, las empresas en los sectores medioambientalmente críticos, y compañías pertenecientes al DJSI son más propicias a divulgar informes de RSC.

Nuestros resultados también revelaron que el 79% de las mayores compañías de la Eurozona tiene una cuenta oficial en LinkedIn centrándose sobre todo en un grupo particular de interesados: empleados actuales y potenciales. La audiencia de un canal corporativo de LinkedIn está influenciada por su actividad en la plataforma y por el tamaño de la empresa. Por lo tanto, el ser activo conlleva un más alto número de seguidores – y un aumento de la visibilidad de la compañía, que es el primer paso hacia la interacción con los *stakeholders*.

En relación al YouTube corporativo, el 44% de las empresas mantienen un canal oficial de YouTube, que se utiliza principalmente para fines promocionales. Se encontró que el tamaño de la empresa, el sector, y el país de origen determinan la actividad del canal YouTube, y que el aumento de la actividad conduce a un mayor número de suscriptores.

El capítulo 4 ofrece una visión interna sobre cómo YouTube está siendo utilizado para la divulgación sobre la RSC. Según nuestros resultados, el uso de YouTube como herramienta de divulgación de asuntos sobre sostenibilidad está todavía en sus comienzos, a pesar de su potencial.

Los factores principales que influyen la extensión de la divulgación sobre la RSC a través de YouTube son el sector, el número de los directores independientes, y el tamaño de la empresa. Por lo tanto, las empresas grandes, que operan en un sector medioambientalmente crítico, y

las empresas con más directores independientes son más propicias a divulgar información sobre RSC a través de YouTube que otras empresas.

Aportes (Implicaciones)

Hasta la fecha, no se le ha dado la suficiente importancia a explorar las prácticas en los medios de comunicación social de las empresas de la Eurozona. Esta tesis es el primer estudio que ofrece una visión general sobre las prácticas de las empresas de la Eurozona que usan plataformas como LinkedIn and YouTube. La aportación de esta tesis es proporcionar una visión general conceptual de cómo las empresas de la Eurozona utilizan los canales LinkedIn y YouTube, y los factores que influyen en su uso. Por lo tanto los hallazgos de esa tesis podrían contribuir significativamente a la literatura, sobre todo en el entorno de medios sociales.

Probablemente, la contribución más importante a nivel teórico y práctico de este estudio es proporcionar una visión general del alcance de los informes de RSC entre las empresas de la Eurozona y también una confirmación de los indicadores de AECA a nivel europeo que proporciona nuevas percepciones para un mayor desarrollo de la taxonomía del IS, que está en vías de ser aceptada internacionamente de una manera más amplia.

Creemos que nuestra investigación tiene también una importante contribución teórica tan sólo se sabe acerca de lo que motiva a las empresas a revelar información de RSC a través de los medios de comunicación social. Dado que este es el primer estudio que explora el potencial de YouTube como canal de comunicación para la divulgación de sostenibilidad, los resultados pueden contribuir al desarrollo de la teoría respecto a la divulgación de RSC a través de los medios de comunicación social. Más concretamente, nuestro estudio (Capítulo 4) evidencia que la propensión de las empresas a difundir RSC por medio de Youtube puede estar explicada por la Teoría de la Legitimidad y la Teoría de los Stakeholders.

Creemos también que nuestros hallazgos, pueden ayudar a los gerentes a considerar el uso de los medios de comunicación social cuando diseñen la estrategia de comunicación de las empresas.

Antes de finalizar, se representan en la Figura 2 algunas recomendaciones prácticas para un mayor desarrollo de la divulgación sobre la RSC. En ella se propone el cambio de un modelo tradicional de divulgación hacia los nuevos tipos de informes, donde los informes integrados se consideran la última tendencia.

El marco de *Integrated Reporting*⁹ también fomenta a las empresas a conectar sus informes con las redes sociales corporativas. Por lo tanto, lo mismo se puede aplicar al *Integrated Scorecard* de AECA respecto a las conexiones con otros recursos de información (ej: medios de comunicación sociales) que proporcionan más detalles. En nuestra opinión, esta conexión se puede hacer creando algún tipo de carta de navegación de *Integrated Reporting* (figura 2), que combine elementos de *XBRL* proporcionando hipervínculos a todos los objetos digitales relacionados, como los archivos pdf (que contienen los informes financieros o de RSC), los vídeos de YouTube y otros medios de comunicación sociales, que proporcionan un contexto más amplio de la información comunicada. De esta manera, los datos de *XBRL* estandarizados podrían conectar efectivamente las explicaciones narrativas al respecto del rendimiento financiero, mediambiental, social y de gobierno corporativo, con los indicadores (KPIs) que representan los datos cuantitativos. Por lo tanto, aplicando la taxonomía *XBRL* permite una mejor comparación e intercambio de los datos corporativos y también posibilita a conocer la evolución y los posibles impactos de estos mismos datos en un contexto de sostenibilidad más amplio. Contando solamente con los indicadores cuantitativos no es suficiente para explicar el modelo del negocio de la empresa y cómo la estrategia corporativa afecta al rendimiento y al valor de la compañía. Por consiguiente, esta carta de navegación permitiría la conexión de la información en un conjunto coherente e integrado, que es uno de los atributos más importantes de *Integrated Reporting*.

⁹ Siguiendo la práctica internacional sobre la terminología "Integrated Reporting" a lo largo de este documento se utilizará la expresión en Inglés. Su traducción en español es "el Informe Integrado".

Limitaciones y recomendaciones para futuras investigaciones

El presente estudio se encuentra con un cierto número de limitaciones, las cuales están reconocidas particularmente en cada capítulo. Sin embargo, se podrían destacar aquí algunas limitaciones generales junto con el futuro esquema de investigación. Por lo tanto, una línea interesante de la investigación futura podría ser el seguimiento de la evolución del uso de LinkedIn y YouTube en las empresas de Eurozona con énfasis en la divulgación de la sostenibilidad a través de estos canales. Otra vía de investigación para ampliar este estudio podría examinar la divulgación sobre RSC a través de los medios de comunicación social en otros países. Incluso se podrían añadir más variables y usar un esquema de codificación más refinado. Adicionalmente, debido a las características interactivas de los medios de comunicación social y de la participación aumentada de los usuarios, que crean *users generated content*¹⁰(UGC), los estudios futuros podrían dedicarse a la investigación sobre UGC como la respuesta de los usuarios a la divulgación de las empresas sobre sus actividades.

Conclusiones

En la última década se ha producido un rápido aumento en el número de empresas que utilizan los medios de comunicación social, así como las empresas comprometidas que tratan sobre problemas de sostenibilidad a través de estos medios. Este incremento ha llevado a la apertura de nuevas vías de investigación. Una mejor comprensión del papel que juegan los medios sociales en la comunicación de asuntos de sostenibilidad de las empresas, nos puede ayudar a entender cómo las empresas tratan de relacionarse con sus *stakeholders* y se presentan a sí mismas ante su público. El uso de las redes sociales puede aumentar el conocimiento sobre la empresa, proteger y desarrollar su reputación, y crear interacción con sus *stakeholders*, ya que permite un diálogo abierto entre la empresa y las partes interesadas, teniendo en cuenta que los stakeholders quieren ser escuchados. Por lo tanto, la adopción de los medios de comunicación social para la divulgación sobre sostenibilidad puede ser más efectiva, ya que ofrece una comunicación bidireccional y verdaderamente permite que los interesados tengan voz al contrario que los informes de RSC tradicionales (comunicación unidireccional). El uso de canales alternativos como YouTube para divulgar información medioambiental y social podría ser aún más eficiente debido a la riqueza de este medio.

¹⁰ (UGC) A lo largo de este documento se utilizarán las abreviaturas en Inglés.

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This work has been carried out within the research group: New Technologies in Accounting and Business Administration, whose director is Dr. Enrique Bonsón Ponte, professor of financial economics and accounting at the University of Huelva. The research group has its origins in 1995 when (within the framework of the Andalusian Research Plan) it obtained its recognition with the SEJ290 code. This dissertation was elaborated within the project entitled a microsimulation analysis of the causes and consequences of corporate digital information disclosure: towards the optimization of public policy with the code: ECO2011-28267 (ECON-FEDER).

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Corporate Social Responsibility (CSR) reporting is gaining momentum on the global level and in the last few decades we are witnessing a shift from traditional reporting models focused mostly on financial and historical data to new ways of reporting, which adopt the triple-bottom line approach (including financial, environmental, and social data). Therefore, sustainability reporting is dedicated to a broader set of stakeholders, not just shareholders (Ballou et al., 2006).

The main aim of our research is to examine CSR reporting practices of Eurozone companies, to explore social media dissemination channels for such a disclosure, and to identify factors influencing them.

Background

The importance of reporting beyond the income statement bottom line arose in response to many corporate scandals, financial crisis, climate change, the commitment to a lower-carbon future, concerns about labor rights, product safety, poverty reduction, supply chain threats, etc. (Noronha et al., 2012). Hence, companies have recently struggled with increased pressure from internal and external stakeholders to report not only on financial but also on their environmental and social performance.

Socially responsible investors

From investors' perspective, CSR reports enable them to have a clearer picture of a company's activities and its real value, and to make more accurate projections of a company's future financial performance (Eccles and Krzus, 2010). Recently, there is a broad focus on sustainable responsible performance and a term, socially responsible investor, is being used with more frequency. Socially responsible investors are aware that the dearth of care of society and the environment can cost them via taxes to repair damages caused by companies which are focused on short-term benefits (Abeysekera, 2012). Scott (2011) claimed that CSR reporting is a necessary tool for sustainable development, pointing out that capital should be invested in businesses that are the best at creating long-term value in a sustainable manner.

CSR standards, Integrated Reporting – latest trend

Over the last years, various standards were promoted and elaborated to report on CSR issues (Lingteringen and Zadek, 2004) encouraging companies to report on their environmental and social performance. Marimon et al. (2012) provide a brief classification of CSR reporting

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standards including UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, GRI, ISO 26000, AA1000, ISO 14001, and SA88000. Global Reporting Initiative (GRI) Standards founded in 1997 are the most dominant in sustainability reporting at the present time (Ballou et al., 2006; Roca and Searcy, 2012). In 2012, GRI reports comprised 40% of all corporate sustainability reports worldwide (Marimon et al. 2012), and Europe had the highest number of certifications in the GRI. In 2013, the Americas (with 76% of companies reporting on CSR) overtook Europe (with 73% of companies reporting on CSR) as the leading CSR reporting region, largely due to an increased number of CSR reports in Latin America (KPMG, 2013). However, European largest companies achieved the highest average quality score for their CSR reports (KPMG, 2013).

The International Integrated Reporting Council (IIRC) has introduced a new approach to reporting that aims to combine the different strands of reporting into a coherent, integrated whole and it is considered to be the latest trend in corporate reporting. Prof. Mervyn King, a chairman of IIRC, claims that we are entering a new era in corporate reporting in which the old form of annual report focusing primarily on financial information and short-term horizons is no longer adequate to meet the the information needs of investors and other stakeholders of 21st century (IIRC, 2013). There is a demand for greater transparency regarding what the company is doing and why in order to enable stakeholders to gain a complete understanding of a company's performance. The most recent version of the International Integrated Reporting Framework was launched in 2013.

Regulations

Although the CSR reporting is mostly voluntarily based, there is an increased number of countries with regulations making such a disclosure mandatory. Governments and stock exchanges are responsible for promoting and issuing relevant legislation regarding the disclosure on CSR issues. In November 2000, a European-level campaign regarding the CSR was launched in order to encourage European companies to report on their CSR performance, inviting all publicly operating companies with more than 500 employees to report on their environmental and social performance in their annual reports (EBNSC, 2000). Hence, many European countries such as the UK, Sweden, Norway, Finland, Denmark, Germany, France, Spain, Italy have already issued some specific regulations mostly for large listed companies to report on non-financial information.

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However, regulations as well as frameworks to report on CSR issues differ from country to country. Therefore, a need for an internationally recognized and generally accepted framework that would enable uniform CSR reporting is needed. Seeking congruence of the latest version of GRI standards (G4) with the Integrated Reporting Framework might be considered a pursuit of such a standardization.

Using Social Media to communicate CSR

The rapidly changing business environment is forcing companies to adapt quickly and consider the most effective ways of reporting. The Internet offers more flexibility in reporting than traditional media do and enables companies to reach wider audiences and various groups of stakeholders (Cormier, 2009). Moreover, corporate reporting using the Internet is cost saving and facilitates timely information disclosure, which are the core attributes (Koreto, 1997; Jones et al. 1998).

The evolution of Web 2.0 has brought even more flexibility and facilities for companies seeking the transparency and stakeholder engagement especially due to the massive spread of social media. The disclosure literature stresses the importance of the medium, with which the information is presented and considers the traditional print media and text alone disclosure to be obsolete and no longer adequate to articulate the corporate information. Daft and Lengel (1986) pointed out that communication media vary in their degree of richness and that different communication media might have different effects. More recent evidence (Cho et al., 2009) highlights the importance of visual imagery such as graphics, photos, and pictures, stressing that they are more powerful communication tools. According to Davison (2007), having simple pictures in annual reports affects the perception of richness and potency of the message. Therefore, recent sophisticated technologies enable companies to enhance their corporate disclosures and their web appearance especially using different social networking sites, which allow multiple cues for disseminating corporate information (graphics, pictures, videos) and might therefore represent interesting tools for effective CSR reporting.

Cormier (2009) claims that social media enable companies to reach different groups of stakeholders and to make the relationship between a company and its stakeholders more direct, dynamic, and potentially interactive. Eberle et al. (2013) found that increase in perceived interactivity leads to higher message credibility and stronger feeling of identification with the company, which boosts corporate reputation and word-of-mouth. Therefore, using interactive channels to communicate about CSR can improve corporate

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reputation with the respect of the degree to which the CSR activities are a logical fit with the company's core business (Eberle, 2013).

Captology

The argument that using social media as a dissemination tool for CSR information might increase the effectiveness of the reporting process can also find some support in Captology. Captology stands for "Computers as a Persuasive Technology". This field of study focuses on the interface between computers (web sites, mobile phones, smart environments, virtual reality, specialized devices) and persuasion (behavior change, attitude change, motivation, change in worldview, compliance). This field of study was first introduced by B. J. Fogg in 1997. Since then, a number of studies have explored the persuasive power of technology and its impact on human behavior.

The technology-enabled world, which is more instrumented, interconnected, and intelligent than ever before, enables people and organizations to tackle business and societal challenges. Online communications now represent the primary reporting vehicle for many reporters. Thus a possible interface between CSR reporting using social media (representing technology) and captology (representing persuasive technology) can be seen.

Fogg's Behavioral Model (FBM) (Fogg, 2011) can be used to explain why reporting on sustainability using social media can be more effective than traditional channels such as sustainability report. FBM suggests that three elements must converge for a behavior to occur: motivation, ability, and trigger. When a behavior does not occur, at least one of these three elements is missing. This concept can be used to understand a change of attitude, such as stakeholders' perceptions about a company's responsibility. Reporting on sustainability issues through e. g. YouTube (as an example of social media channel) enables all three elements to converge. There is a trigger when a video with social or environmental content is posted. There is also ability because it is easy to click on the video and watch it when a notification with a link occurs. Motivation is also present since subscribers to a particular channel are presumably interested in a company's activity, otherwise they would not follow the company (Fogg, 2011).

FBM claims that fulfilling the three conditions of motivation, ability, and trigger makes a target behavior (e.g. attitude change) more likely to happen. Therefore, the message sent by company to its stakeholders can be more persuasive and effective.

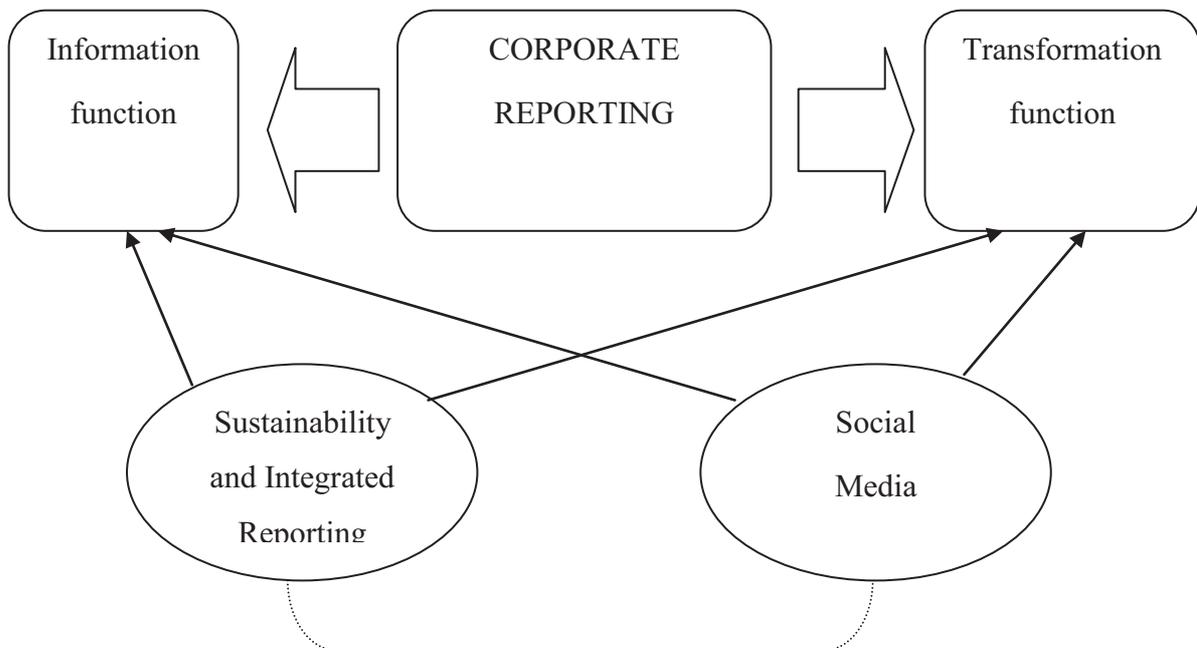
Primary functions of corporate reporting

According to Eccles and Serafeim (2014), there are two primary functions of corporate reporting (information and transformation). In terms of information function, stakeholders seek to obtain information about the company in order to make informed decisions and transact with a company. Transformation function is based on the engagement with stakeholders, who receive, evaluate, and provide a feedback on the corporate information. This engagement enables a company to transform their activities.

As the economy is becoming more knowledge/information-based and the business more complex, reporting on solely financial aspects performs these functions incompletely (Eccles and Serafeim, 2014).

Our interpretation of the role of Social Media in Corporate Reporting is presented in Figure 1. It is based on the relationship between Integrated Reporting and both functions previously outlined by Eccles and Serafeim (2014). Nevertheless, we argue that the evolution of Web 2.0 and the rapid increase of social media enable companies to engage with their stakeholders more interactively, communicating company’s sustainability and CSR efforts and thus to perform both information and transformation functions better.

Figure 1: The role of Social Media in Corporate Reporting



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Problem Statement and Primary Research Question

A considerable amount of literature has been published on CSR (Young and Marais, 2012). Nevertheless, our study offers a new avenue for research since it is the first to explore CSR reporting practices of Eurozone companies by applying the set of AECA's KPIs.

Regarding the research on social media, there is a limited number of studies on LinkedIn disclosure (Bonsón and Bednárová, 2013) and prior research has examined the use of YouTube in marketing and public relations contexts (Towner and Dulio, 2012; Wright and Hinson, 2010), but to our best knowledge, no study has examined its use for CSR disclosure.

To fill the gap, which still remains in the academic literature we set up our primary research question (RQ): *What are the CSR reporting practices of Eurozone companies?* Additionally, each of the four chapters provided in this dissertation offers additional research questions to support the main one.

Theoretical background

Numerous theories have been applied by academics intending to give meaning to the existence of corporate disclosure of financial and non-financial (CSR) information. Much empirical research has used *socio-political theories* such as legitimacy, institutional, and stakeholder theory or *economic theories* such as agency theory to study CSR reporting (Deegan, 2002). Therefore, for the purposes of our research we decided to back up our research questions by applying these theories. Additionally, as dealings with stakeholder engagement on social media, a dialogical theory was applied as well. The approach of combination of those theories has been already applied in previous studies as those theories were considered to be complementary rather than competing.

Research design

As this dissertation consists of four articles, each article can be considered an independent research unit. However, these research units are coherent as well.

First chapter is dedicated to CSR reporting practices of Eurozone companies. Second and third chapter deal with the usage of social networks, LinkedIn and YouTube, in Eurozone. The last chapter is dedicated to YouTube as an alternative channel for CSR disclosure.

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To explore CSR reporting practices of Eurozone companies, AECA's Integrated Scorecard has been applied. AECA's IS is a framework to report on four groups of indicators: economic, social, environmental, and corporate governance. It provides quite a comprehensive set of indicators responding to the needs of integrated reporting (with a reasonable number of indicators) and belongs to the acknowledged taxonomies recognized by XBRL International as being in compliance with the XBRL Specification (XBRL, 2013).

Applying AECA's IS as a benchmark we provided an overview of CSR reporting practices in the Eurozone. Additionally, practical implication in this study was also a validation of AECA's taxonomy at the Eurozone level providing new insights for further development of this taxonomy, which is on its way to gaining wider international acceptance.

This chapter aims to answer the following research questions: (1) To what extent do Eurozone companies report on CSR indicators provided by AECA's Integrated Scorecard? (2) How prevalent are environmental, social, and corporate governance indicators? (3) What factors influence CSR reporting for Eurozone companies?

Second and third chapter provide a conceptual overview of how Eurozone companies use the LinkedIn and YouTube channel to engage with their stakeholders and the factors influencing its usage. As this is the first study providing such an overview, both academics and professionals can benefit from this research.

The main research questions in chapter two are: (1) To what extent do Eurozone companies maintain an official corporate LinkedIn account? (2) How do they manage their online practices? (3) Which is their typical audience? (4) Which are the potential factors influencing both extent of LinkedIn usage and audience?

Chapter three deals with the following research questions: (1) To what extent do Eurozone companies maintain an official corporate YouTube channel? (2) What is the corporate-generated-content on this channel? (3) What factors influence the company's activity, audience, and stakeholder engagement on YouTube?

In fourth chapter we explored the potential of YouTube as a communication and engagement channel for sustainability issues with the main objective to provide an initial assessment of corporate sustainability reporting practices on this platform. We studied whether sustainability disclosure using YouTube follows the same patterns as other CSR reporting and the factors influencing it.

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The fourth chapter aims to answer the following research questions: (1) To what extent do Eurozone companies use YouTube as a communication and engagement channel for social and environmental issues? (2) How prevalent are social and environmental content relative to other types of content? (3) What factors influence YouTube sustainability reporting for Eurozone countries?

Main findings and contribution

Regarding the CSR reporting practices of Eurozone companies using AECA's framework as a benchmark, the results revealed an intensive use of corporate governance indicators, a moderate disclosure of environmental KPIs and a low use of social indicators. Additionally, we found that there is an influence of sector, and the listing in DJSI on the extent of reporting.

Our results also revealed that 79% of the largest Eurozone companies have an official LinkedIn account focusing mostly on a particular group of stakeholders: current and potential employees. The audience of a corporate LinkedIn channel is influenced by the activity on the platform and by the size of the company.

In regards of corporate YouTube, 44% of companies maintain an official YouTube channel, which is mostly used for promotional purposes. It was found that the size of the company, the sector, and the country of origin determine YouTube channel activity, and that higher activity leads to a higher number of subscribers.

Additionally, it has been found that in spite of YouTube potential, sustainability reporting using this channel still has a long way to go. The main factors influencing the extent of CSR disclosure on YouTube were the sector, number of independent directors, and size of the company.

Contributions

Practical implication in this study is providing an overview of the extent of CSR reporting among Eurozone companies and also a validation of AECA's indicators at the Eurozone level providing new insights for further development of the IS taxonomy. Another contribution of this dissertation is providing a conceptual overview of how Eurozone companies use the LinkedIn and YouTube channel and the factors influencing their usage.

We believe that our research also has an important theoretical contribution as little is known about what motivates firms to make CSR disclosures through social media. Given that this is

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the first study exploring the potential of YouTube as a communication channel for sustainability disclosures, the results can contribute to theory development regarding CSR disclosure via social media.

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CHAPTER 1
CSR REPORTING PRACTICES
OF EUROZONE COMPANIES

Abstract

For most of the world's largest companies, reporting on non-financial information appears to be a continuing trend.

Communication of social and environmental dimensions of the company plays a key role in the sustainable development of organizations and therefore should be investigated more in depth.

The aim of this chapter is to analyse the extent to which Eurozone companies report on CSR indicators, according to the Spanish Accounting and Business Association's (AECA) Integrated Scorecard Taxonomy, and the factors that can influence its use.

A content analysis of the annual sustainability reports on the websites of 306 Eurozone companies listed in the STOXX Europe 600 was conducted.

The results revealed an intensive use of corporate governance indicators, a moderate disclosure of environmental KPIs and a low use of social indicators. Our study also showed that there is an influence of sector, and the listing in DJSI on the extent of sustainability reporting.

Keywords: CSR reporting, Key performance indicators, AECA, IS taxonomy, Eurozone

1.1 INTRODUCTION

We are currently witnessing a shift from traditional reporting models focused mostly on financial and historical data to new forms of reporting, which adopt the triple bottom line approach and thus also include corporate social responsibility disclosure. Companies have recently struggled with increased pressure from internal and external stakeholders to report not only on financial but also on their social and environmental performance. Triple bottom line reporting refers to corporate sustainability reporting, which includes non-financial key performance indicators (environmental, social). Therefore, it is dedicated to a broader set of stakeholders, not just shareholders (Ballou et al., 2006). Sustainability reports serve as a tool to change external perceptions, to instigate dialogue with stakeholders and to play an important role in communication and relationship building between the organisations and stakeholders. Hence, examining the reasons and methods of companies' corporate social responsibility (CSR) reporting appears a promising field of research, and sustainability reporting becomes the subject of increased attention from the business as well as the academic community.

Due to the pressure from different stakeholders to be more transparent about company's dealings, large listed companies have been forced to report beyond the obligatory income statement and disclose more information about their activities and their social and environmental impacts on society. The aim of this study is to analyse the response of Eurozone companies to the challenge of CSR reporting by adopting the framework developed by the Spanish Accounting and Business Association (AECA). This study also offers a validation of AECA's indicators at the Eurozone level providing new insights for further development of the Integrated Scorecard (IS) taxonomy, which is on its way to gaining wider international acceptance. Additionally, we aimed to identify the factors that can influence the level of CSR reporting. The results revealed an intensive use of corporate governance

indicators, a moderate disclosure of environmental key performance indicators (KPIs) and a low use of social indicators. Our study also showed that there is an influence of sector, and the listing in the Dow Jones Sustainability Index (DJSI) on the extent of sustainability reporting.

A considerable amount of literature has been published on CSR. The first serious discussions of that topic emerged during the 1950s, when Bowen introduced the idea of social responsibility of a businessman in a wider sphere than pure profit-seeking. Hence it is a product of 20th century (Carroll, 1991). More recently, the importance of CSR behaviour of companies and the need for CSR reporting arose as a response to many corporate scandals, financial crises, climate change, the commitment to a lower-carbon future and concern about labour rights, product safety, poverty reduction, etc. (Noronha et al. 2012). In other words, it became a necessary tool in order to seek sustainable development and should be more than just an effective public relations tool adopted by a company to increase corporate profitability (Tinker and Neimark, 1987).

CSR reporting is mostly voluntarily based, but there are some countries with regulations making disclosure on CSR mandatory. Regarding the non-financial reporting regulations, governments and stock exchanges play an important role in promoting it. They are responsible for issuing relevant legislation and standards concerning the mandatory disclosures on CSR issues (Noronha et al. 2012). In Europe, there are already some regulations regarding the CSR disclosure in countries like Sweden, Norway, Finland, Denmark, Germany, France, United Kingdom, Switzerland, and France.

Over the last decade, various standards were promoted and elaborated at a global level. Marimon et al. (2012) provide a brief classification of corporate responsibility standards including UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, GRI, ISO 26000, AA1000, ISO 14001 and SA88000. However, a need for an internationally

recognised and generally accepted framework to achieve the uniformity in CSR reporting still persists.

Global Reporting Initiative (GRI) guidelines, developed in 1997, deserve a particular attention as they are today the most widely used (Ballou et al., 2006; Roca and Searcy, 2012). GRI reports currently approach forty percent of all corporate responsibility reports worldwide (Marimon et al., 2012) and according to results reported by Welford (2004) and Rowe (2006), Europe has the highest number of certifications in the GRI. Outtes-Wanderley et al. (2008) stressed that the reason behind this could be that developed nations such as Eurozone countries implement practical actions that stimulate CSR development. GRI disclosure is based on triple bottom line including three sets of indicators (economic, environmental and social). Even though GRI reporting has spread around the world, there is still criticism relating to the large number of indicators proposed (84 indicators), and the fact that it is quite expensive for companies to prepare the report in accordance with GRI standards, which might be the reasons for the ongoing reluctance of some companies to adopt this framework.

The Spanish Accounting and Business Association (AECA, Asociación Española de Contabilidad y Administración de Empresas) has developed an XBRL taxonomy for Integrated Reporting (Integrated Scorecard, IS), proposing a set of KPIs for the financial, social, environmental and corporate governance behaviour of companies. The use of the taxonomy is intended to promote comparability among companies, to increase corporate transparency and research in the field of CSR, in accordance with the requirements and proposals of the International Integrated Reporting Committee (IIRC). Among the proposed KPIs, there is a set of indicators for CSR and corporate governance (CG) that can be used to assess current reporting practices in that field. AECA's project should solve, for example, the lack of balance among the indicators in many frameworks and move from abstract to concrete indicators (e.g. GRI reports provide only a narrative part for corporate governance and no

concrete indicators). In the Appendix 1, the main differences between AECA's Integrated Scorecard and GRI framework (version G3.1) are highlighted.

Although the current shape of AECA's Integrated Scorecard is quite new and might be seen as only nationally valid, it belongs to the acknowledged taxonomies recognised by XBRL International as being in compliance with the XBRL Specification. This taxonomy was first internationally recognised in December 2007, and was known as RSC Taxonomy for Corporate Social Responsibility. The updated version known as RSC – CCI Scoreboard for Corporate Social Responsibility Taxonomy gained XBRL approval in June 2010 and the current version, IS-FESG Integrated Scoreboard Taxonomy, was approved in April 2013. This acknowledgement gives the AECA's IS international merit (XBRL, 2013).

As AECA's IS provides quite a comprehensive set of indicators responding to the needs of integrated reporting (with a reasonable number of indicators) which belong to the international XBRL standards, we decided to use it as a benchmark for the purposes of our study.

1.2 LITERATURE REVIEW AND HYPOTHESES

1.2.1 Previous studies on CSR reporting

Movement towards sustainable development resulted in increased pressure from different stakeholder groups to report on ESG (environmental, social governance indicators). Consequently, over the past decade, companies have been asked to improve transparency in reporting on their CSR performance (Arvidsson, 2010; Dando and Swift, 2003). According to the survey conducted by KPMG (2011), 95% of the 250 largest global companies currently report on CSR issues. Hence, the area of reporting practices of companies appears to be a promising field of research for academics.

The study of Young and Marais (2012) can be considered a contribution to this field by conducting a content analysis of a number of studies regarding a company's CSR and providing an organised set of reasons why companies report on CSR. We organised this set of reasons into table 1.1.

Reasons to report on CSR	Reference
<ul style="list-style-type: none"> to display its responsibility towards a wide range of stakeholders 	Deegan and Samkin (2006)
<ul style="list-style-type: none"> to respond to stakeholders' expectations and contribute to society well-being 	Morsing and Shultz (2006)
<ul style="list-style-type: none"> to manage their own legitimacy 	Archel, Husillos, Larrinaga and Spence (2009), Castello and Lozano (2009), Makela and Nasi (2010), Reverte (2009), Yongwanich and Guthrie (2007)
<ul style="list-style-type: none"> to guard a company's reputation and identity by engaging with stakeholders 	Reynolds and Yuthas (2008)
<ul style="list-style-type: none"> long-term profitability by reducing information asymmetries and improving stakeholder decision making 	Merkl-Davies and Brennan (2007), Du, Bhattacharya and Sen (2010)
<ul style="list-style-type: none"> to diverse institutional pressure 	Young and Marais (2012)

Table 1.1 CSR reporting reasons

There is rich evidence and diverse studies conducted on the topic of CSR and reporting. However, our focus was on the literature which is the most relevant and connected to our study. Previous studies have used different measures to gauge CSR information disclosure varying from simple methods such as word, or page count of CSR reports to the level of

standardized information in terms of the GRI guidelines or other internationally recognized guidelines (Ferrero et al., 2013).

The study of Font et al (2012) focused on testing the gap between CSR claims and actual practices, benchmarking the practices of the companies operating in the European leisure market. Based on his findings, corporate reporting is not necessarily reflective of actual operations. Moreover, he points out an inward looking socio-economic policies with a little attention of impacts on the destination as well as a limited customer engagement approach.

The relation between corporate social responsibility reporting and controversial industry sectors has been previously examined as well. A further study by Weber et al. (2012) analysed the performance of the financial sector with respect to CSR and sustainability and made a comparison between the financial sector and other sectors. Their findings suggest that financial sector performance is relatively low regarding CSR in general and sustainability reporting in contrast to critical sector affecting the environment and society by direct emissions or the use of resources. Similar conclusions were reported by Frynas (2010), Reverte (2012), Snider et al. (2003), and Young and Marais (2012).

Tewari and Dave (2012) analysed the CSR communication of companies through their sustainability reports; the sample included Indian Companies and Multinational Companies operating in the Information and Technology sector in India. For the purposes of their study, GRI was taken as a measure of comparison to gauge the standardization of the sustainability reports. According to their findings, sustainability reports as a medium of CSR communication are quite ignored and only a few companies publish the sustainability report. However, the quality of the reports was on a high level.

Other studies attempted to understand the link between CSR disclosures financial/stock performance. In fact, there is rich evidence suggesting that CSR disclosure is value-relevant

(Al-Tuwaijri et al., 2004; Graham et al., 2005; Margolis and Walsh, 2001) and that there is a link between CSR transparency and the financial performance of the company (Graves and Waddock, 2000; Orlitzky et al., 2003; Van de Velde et al., 2005). They argue that the loyalty of stakeholders, which is based on CSR communication-measured stakeholder engagement, in turn leads to higher company performance. However, there are still problems in measuring CSR and financial performance and there are also those who claim that CSR affects a company's performance adversely (Henderson, 2005; Jensen, 2001).

According to the survey conducted by KPMG (2011), Spain is the world's leading country for CSR reporting (Sierra et al., 2012). This is why AECA's Integrated Scoreboard provides an interesting context for our study. According to the GRI report from 2009, Spain is the country with the highest number of published GRI reports and President Obama highlighted Spain as an example of a leading country with renewable energies (Reverte, 2012).

Our study can be considered to be a new avenue for research as we are the first to explore the CSR reporting practices of Eurozone companies against AECA's Integrated Scorecard, which gained international recognition from XBRL standards in 2013 (XBRL, 2013). The contribution of our study is to provide an overview of CSR reporting practices in the Eurozone.

1.2.2 Socio-political Theories

Numerous theories have been applied by academics intending to give meaning to the existence of corporate disclosure of financial and non-financial (CSR) information. One of the issues is the idea of the information asymmetry between the different stakeholders, which was developed by Agency Theory. According to this theory, companies use the disclosure of different information related to a company's performance in order to decrease these asymmetries (Cormier et al., 2005). Much empirical research has used legitimacy and stakeholder theory to study CSR reporting (Deegan, 2002). Both theories point out that CSR

disclosure is a way of information asymmetry reduction and can be therefore an effective tool to legitimize the company's activities among the wide range of its stakeholders. Thus, these theories overcome the limitation of Agency theory, which is mostly focused on monetary considerations (Ferrero et al., 2013).

Regarding the legitimacy theory, many authors concluded that insights into CSR disclosure stem particularly from this theoretical framework (Branco and Rodriguez, 2006; Deegan, 2002; Gray et al., 1995). According to legitimacy theory, companies are allowed to operate as an entity when they adopt the practices which are in compliance with societal norms, expectations and values (Suchman, 1995). When it comes to CSR, it also implies that a company can gain legitimacy by voluntarily disclosing environmental and social information (Deegan, 2002). Van Staden and Hooks (2007) pointed out that a company can adopt either reactive or proactive approach towards achieving legitimacy. Reactive approach refers to the CSR communication of the company as a reaction to some negative or critical events. Proactive approach means that a company tries to prevent legitimacy concerns from arising.

Over the years, a number of proxies were used to test legitimacy theory. A study conducted by Ratanajongkol et al. (2006) noted a positive relationship between the industry and the extent of CSR disclosure. The result of this study was also supported by other authors such as Gray et al. (1995) and Amran and Devi (2008), who stated that companies operating in more environmentally sensitive sectors disclose more CSR information than those operating in less sensitive sectors. Hoffman (1999) stressed that companies operating within the same sector and country share many stakeholders who are interested in their practices. Thus, they create some kind of institutional context in which they benchmark each other in order to gain societal acceptance of their activities and legitimise their practices. Similarly, Gray et al. (1995) suggests that the reporting practices are related to industry and country effects highlighting the consistency with the legitimacy theory. Additionally, Castelló and Lozano

(2009) claimed that belonging to the DJSI is an example of moral legitimacy. Thus, a membership in the DJSI is basically like spreading the message that the actions of the company are in compliance with the expectations of the society, and this could be considered a direct reflection of the corporate legitimacy. Campbell (2000), based on the observations emerging from his study, stated that a company discloses non-financial information such as those related to environmental or social issues, as a strategy to manage its legitimacy by showing that its activity is in keeping with social norms and beliefs and that it is acting in an environmentally responsible way.

Other authors adopted the stakeholder approach based upon the Stakeholder Theory (Longo et al., 2005; Papsolomou et al., 2005; Uhlaner et al., 2004). Stakeholder theory was first introduced in 1984 by Freeman and the core of this theory holds that companies have a social responsibility, meaning that they are obligated to consider the interests of all stakeholders groups affected by their actions. Therefore, not only shareholders but also other stakeholders of the company such as suppliers, customers, employees, etc. should be considered relevant in the decision-making process of the company. A company should seek to provide a balance between the interests of its diverse stakeholders and CSR reporting might be an effective tool to satisfy their information needs and minimize the information asymmetry. According to Freeman (1984) companies try to achieve higher transparency in order to gain the approval of its diverse stakeholders. CSR reporting is therefore used to engage with different stakeholders groups that are deemed essential for the viability of the company (Ullman, 1985; Roberts, 1992). Additionally, stakeholder theory is considered to be easy to grasp by practitioners. The AECA's Integrated Scorecard is consistent with this theory in a sense that it provides information to all stakeholders by grouping the key performance indicators into four subcategories: economic, social, governance and environmental.

1.2.3 Hypotheses

Previous studies on CSR reporting have shown that there is a strong country effect influencing the level of sustainability reporting (Cormier and Magnan, 2007; Waddock, 2008; Outtes-Wanderley, 2008; Young and Marais, 2012) well-grounded in the legitimacy theory. The country represents an institutional context in which the company has to legitimize its activities. Its effect may embed different aspects such as governance system and regulation (Delbard, 2008), employment protection and labour conditions (Crossland, 2007), environmental protection regulations (Antal and Sobczak, 2007) and others. As in recent years in Europe, where the issue of a public debt as a % of GDP has arisen, contribution to the debate on the country effect may be to explore whether the country's public debt can explain some differences in CSR reporting. Therefore, we divided the Eurozone countries into two groups: countries with a public debt below EU average (Austria, Finland, Germany, Luxembourg, the Netherlands, Spain), and countries above EU average (Belgium, France, Greece, Ireland, Italy and Portugal) (US Central Intelligence Agency, 2013). This led us to formulate our first hypothesis:

H₁ There is a relationship between the CSR disclosure and the country where the company is headquartered.

Many studies found a link between industry where the company operates and its CSR reporting practices (Azim et al., 2009; Outtes-Wanderlay, 2008). The previous research conducted by Azim (2009) and Ogrizek (2002) revealed that financial services represent the leading sector. The study of Frynas (2010) stressed the high rank in terms of CSR reporting by the oil and gas sector. Wanderlay (2008) came to the conclusion that the energy sector, banking and telecommunications report the most on sustainability. Hence, these studies are contradictory to the approach adopted by Young and Marais (2012), who distinguish the industry type in terms of high/low risk. Reverte (2012) also divided the industries based on

their environmental sensitiveness. Similarly, Snider et al. (2003) stressed that companies operating in an industry with higher social and environmental impacts face stronger stakeholder demands for greater transparency. Facing this scrutiny, these companies are required to legitimize their actions more than companies operating in low risk sectors. As communication plays an important role in the legitimacy process, CSR disclosure might be a very effective tool to manage the perception and reputation of the company (Cho et al., 2010). Thus, based on the previous research, legitimacy theory, and stakeholder theory, in the present study two groups of industry sectors were created based on their critical/non-critical impact on the environment. Our second hypothesis was established:

H₂ There is a relationship between the CSR disclosure and the industry which the company operates in.

Over the past decade, CSR has gained even higher importance. The companies have been subjected to stricter financial scrutiny, and the growing expectations of different stakeholder groups led to pressure to address not only financial information, but also the information about environmental and social behavior reflecting the sustainability aspects of the company (Arvidsson, 2010; Skouloudis and Evangelines, 2009). In 1999, the Dow Jones Sustainability Index was launched and currently is the world's most reliable benchmark for sustainability. The study of Castelló and Lozano (2009) stressed that belonging to the DJSI is an example of moral legitimacy. The DJSI family indexes comprise five different indexes from different economic zones. Listing considers a number of factors like business economics, corporate and risk management, branding, labour policies, social and environmental performance, etc. Therefore, being a member of the DJSI is a signal of CSR leadership showing that the activities of the company are congruent with the expectations of society, which represents a direct reflection of a company's legitimacy (Fowler and Hope 2007; Cho et al. 2012). It is therefore likely that a connection exists between the extent of reporting on AECA's CSR

indicators and the fact that the company is listed in DJSI. Assuming that companies striving for the legitimacy intent to protect their membership in the index, they are more likely to disclose CSR information. According to this, our third hypothesis was formulated:

H₃ The extent of reporting on CSR indicators is associated with whether the company is listed in DJSI.

1.3 METHODOLOGY

1.3.1 Sample and Data

To examine the extent to which Eurozone companies report on CSR, a sample of 306 companies listed in the STOXX Europe 600 index (companies headquartered in the country with Euro currency) was explored. The sample included 19 subsectors and 12 countries. A content analysis of the annual reports (or separated sustainability reports) published on the official websites was conducted. The data were collected in 2012.

1.3.2 Dependent Variables

To measure the extent of reporting, an index was developed, which was constructed by applying the AECA's indicators (Table 1.2). The index was calculated on a scale from 0 to 26, depending on the information which was or was not included in the sustainability report. A point has been assigned for each of the concrete indicators presented in the sustainability report of the company. Thus, the index consists of 26 indicators divided into three groups (environmental, social, and corporate governance indicators). Subsequently, three subindexes were created, an environmental reporting index (0-5), social reporting index (0-13), and corporate governance reporting index (0-8).

Environmental Indicators (5)	Energy efficiency	Energy consumption	1	
		Water consumption	2	
	Pollution reduction	Polluting emissions	3	
		Waste reduction	Waste generation	4
			Waste processed	5
Social Indicators (13)	Increase in Human Capital	Employees	6	
		Gender diversity of employees	7	
		Gender diversity of top employees	8	
		Job stability	9	
		Accidents and diseases at workplace	10	
		Absentee	11	
		Employee turnover	12	
		Seniority	13	
		Employees training	14	
	Increase in Social Capital	Non-compliance with legal regulation concerning customers	15	
		Locally-based suppliers	16	
		CSR certified suppliers	17	
		Payment period to suppliers	18	
Corporate Governance Indicators (8)	Fair corporate governance	Board members	19	
		Independent board members	20	
		Executive Committee	21	
		Audit Committee	22	
		Nominations Committee	23	
		Meetings of the Board	24	
		Total remuneration of the Board	25	
		Gender diversity at Management Board	26	

Table 1.2 Indicators of the AECA's Integrated Scorecard

1.3.3 Independent variables

With regard to legitimacy and stakeholder theory, a number of independent variables (predictors) widely applied in previous studies were used (Bazley et al., 1985; Larran and Giner, 2002; Utama, 2012; Wagenhofer, 1990). Respectively, we aimed to determine whether the country of origin (H1), industry (H2), and listing in DJSI (H3) are predictors of the level of CSR disclosure measured by the designed index.

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For the purposes of our study, Eurozone countries were divided into two groups: countries with a public debt below EU average (Austria, Finland, Germany, Luxembourg, the Netherlands, Spain), and countries above EU average (Belgium, France, Greece, Ireland, Italy and Portugal) (US Central Intelligence Agency, 2013). Coding schema was designed as follows: “1” for countries with a public debt below EU average and “0” otherwise.

Regarding the industry, our sample includes 19 supersectors which were further divided into two groups, critical and non-critical sectors (coding: “1” for critical and “0” otherwise), adopting a similar approach to Cho et al. (2010), and Cho and Patten (2007) who were using a dichotomous one/zero coding scheme to separate companies that operate in an environmentally sensitive/non-sensitive sector.

Furthermore, we distinguished companies based on whether they are listed on the DJSI. Subsequently, two groups of companies were created, those which were listed on the DJSI (1) and those which were not (0). Similar approach was applied by Castelló and Lozano (2009), Fowler and Hope (2007), and Cho et al. (2012).

1.3.4 Control variables

Additionally, we tested two control variables, profitability and the size of the company, and their relationship with CSR disclosure.

According to Tagesson et al. (2009), most studies have reported a positive relationship between the size of the company and the extent of CSR disclosure. The size of the company was used as a control variable in many previous studies regarding its influence on the level of sustainability reporting (Gallo and Christensen, 2011; Levy et al., 2010; Moroney et al., 2011; Simnett et. al, 2009). There is an assumption that larger companies are subject to greater pressure in terms of responding to stakeholder demands and that is why they tend to report more on their CSR practices in order to legitimize their activities (Burke et. al., 1986). The

size was usually measured by the number of employees (Sharma, 2002) or the natural logarithm of total assets as a proxy for the company size (Clarkson et al. 2008; Trotman and Bradley, 1981). In our case, the size of the company was measured by the logarithmically transformed market capitalization. Accordingly, we expect that the extent of CSR reporting is positively associated with the company size.

Based on the literature, most applications of value relevance of CSR disclosure focused on accounting variables (Brammer and Pavelin, 2008; Holthausen and Watts, 2001; Ohlson, 1995). Previous studies analysing the relationship between sustainability reporting and a company's financial performance using profitability as a financial variable were, for example, conducted by Clarkson et al. (2008) and Sierra et al. (2012). Nevertheless, the researchers reached opposing conclusions. Studies conducted by Al-Tuwaijri et al. (2004), Graves and Waddock (2000), Margolis and Walsh (2001), McWilliams et al. (2006), Orlitzky et al. (2003), Shadewitz and Niskala (2010), and Van de Velde et al. (2005) found a positive relationship between the sustainability disclosure and the company's financial performance. On the other hand, Carnevale et al. (2012), Henderson (2005), Jensen (2001), and Levy et al. (2010) came to the contradictory results. Seeking to contribute to this debate, we tried to measure the relationship between the CSR reporting and the financial performance of the company. To measure profitability for the purposes of the present study, we used the net profit margin. We assume, that there is a positive relationship between the profitability of the company and CSR reporting.

1.3.5 Independent and control variables testing

For variables testing, different statistical methods were applied. On the univariable level, Mann-Whitney test and Spearman coefficient were used for non-parametric dependent variables, while T-test and Pearson correlation coefficient were applied for parametric

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dependent variables. Regarding the multivariate statistics, the ordinary least squares (OLS) model as well as the cluster analysis was conducted.

With regards to the ordinary least squares (OLS), the association between the CSR index and the proposed variables such as country, industry, listing in DJSI, size, and profitability was evaluated by estimating the following OLS regression:

$$\text{CSRR}_i = \beta_0 + \beta_1(\text{country}_i) + \beta_2(\text{industry}_i) + \beta_3(\text{DJSI}_i) + \beta_4(\text{size}_i) + \beta_5(\text{profitability}_i) + \varepsilon_i$$

Where:

CSRR_i = Corporate Social Responsibility Reporting Index (reporting on environmental, social, and corporate governance indicators) of the company i

country_i = dummy variable: 1 is given when the company is headquartered in the country with the public dept below the European average and 0 otherwise.

industry_i = dummy variable: 1 is given when the company operates in critical sector and 0 otherwise.

DJSI_i = dummy variable: 1 is given when the company is included in DJSI and 0 otherwise.

size_i = size of the company i measured by market capitalization.

profitability_i = profitability of the company i measured by net profit.

ε_i = residual term of the company i

β_0 is a constant, β_1 to β_5 are the coefficients.

1.4 RESULTS

1.4.1 Descriptive statistics

The extent to which Eurozone companies report on CSR and CG according to the AECA's framework is shown in tables 1.3 (average index per country) and 1.4 (average index per super-sector). The average disclosure index was 11,45 (44% of the 26 KPIs to be reported). The average sub-indexes were 2,39 (47,8%) for environmental disclosure, 3,94 (30,3%) for social KPIs and 5,12 (64%) for corporate governance indicators.

Countries with the highest average index were: Spain 14,73 (56,7%), Finland 14,65 (56,3%), Greece 13,33 (51,3%), Portugal 12,43 (47,8%) and Belgium 12 (46,2%). The lowest rate was detected in Luxembourg 8,33 (32%), Ireland 8,89 (34,2 %), Italy 9,30 (35,8%) and Austria 10,10 (38,8%). The highest average sub-indexes, 70% and above, were: Finland (70%) for environmental disclosure and Finland (79,4%), Belgium (71,1%) and Luxembourg (70,9%) for corporate governance indicators. No country was found to report on social KPIs beyond 50%.

Country	Environmental (5)	%	Social (13)	%	CG (8)	%	Index (26)	%
Austria	1,90	38,0	3,10	23,8	5,10	63,8	10,10	38,8
Belgium	2,63	52,6	3,69	28,4	5,69	71,1	12,00	46,2
Finland	3,50	70,0	4,80	36,9	6,35	79,4	14,65	56,3
France	2,05	41,0	3,81	29,3	5,20	65,0	11,06	42,5
Germany	2,31	46,2	3,91	30,1	4,64	58,0	10,85	41,7
Greece	3,22	64,4	4,78	36,8	5,33	66,6	13,33	51,3
Ireland	1,78	35,6	2,00	15,4	5,11	63,9	8,89	34,2
Italy	1,89	37,8	3,00	23,1	4,41	55,1	9,30	35,8
Luxembourg	0,67	13,4	2,00	15,4	5,67	70,9	8,33	32,0
Netherlands	2,38	47,6	3,46	26,6	5,04	63,0	10,88	41,8
Portugal	2,71	54,2	4,86	37,4	4,86	60,8	12,43	47,8
Spain	3,38	67,6	6,00	46,2	5,35	66,9	14,73	56,7
Average	2,39	47,8	3,94	30,3	5,12	64,0	11,45	44,0

Table 1.3 Average index per country

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The highest average index was detected in the super-sectors: Telecommunications 14,55 (56%), Personal and Household Goods 14 (53,8%), Utilities 13,76 (52,9%) and Automobiles and Parts 13,15 (50,6%). The lowest were: Healthcare 8,62 (33,2%), Travel and Leisure 8,63 (33,2%), Financial Services 9 (34,6%), Media 9,19 (35,3%) and Technology 9,47 (36,4%).

The highest average sub-indexes, 70% and above, were: Telecommunications (80%) and Utilities (70,4%) for environmental disclosure and Personal and Household Goods (81,9%), Basic Resources (78,6%), Telecommunications (76,1%) and Real Estate (72,3%) for corporate governance indicators. No super-sector was found to report on social KPIs beyond 50%.

Supersector	Environmental		Social		CG		Index	
	(5)	%	(13)	%	(8)	%	(26)	%
Automobiles & Parts	3,38	67,6	4,54	34,9	5,23	65,4	13,15	50,6
Banks	2,36	47,2	3,95	30,4	4,64	58,0	10,95	42,1
Basic Resources	2,29	45,8	3,64	28,0	6,29	78,6	12,21	47,0
Construction & Materials	1,53	30,6	4,65	35,8	4,94	61,8	11,12	42,8
Financial Services	1,89	37,8	2,89	22,2	4,22	52,8	9,00	34,6
Food & Beverages	2,67	53,4	3,13	24,1	4,73	59,1	10,53	40,5
Healthcare	1,31	26,2	2,54	19,5	4,77	59,6	8,62	33,2
Chemicals	3,29	65,8	3,07	23,6	5,07	63,4	11,43	44,0
Industrial Goods & Services	2,15	43,0	4,18	32,2	5,40	67,5	11,73	45,1
Insurance	2,47	49,4	4,87	37,5	5,47	68,4	12,80	49,2
Media	1,81	36,2	3,06	23,5	4,31	53,9	9,19	35,3
Oil & Gas	2,20	44,0	4,00	30,8	5,53	69,1	11,73	45,1
Personal & Household Goods	2,91	58,2	4,55	35,0	6,55	81,9	14,00	53,8
Real Estate	1,67	33,4	4,11	31,6	5,78	72,3	11,56	44,5
Retail	2,27	45,4	3,36	25,8	5,55	69,4	11,18	43,0
Technology	2,20	44,0	3,13	24,1	4,13	51,6	9,47	36,4
Telecommunications	4,00	80,0	4,45	34,2	6,09	76,1	14,55	56,0
Travel & Leisure	1,13	22,6	3,13	24,1	4,38	54,8	8,63	33,2
Utilities	3,52	70,4	5,67	43,6	4,57	57,1	13,76	52,9
Average	2,39	47,8	3,94	30,3	5,12	64,0	11,45	44,0

Table 1.4 Average index per super-sector

Regarding KPIs' acceptance/usage (Table 1.5): the highest reporting activity was detected on indicators such as Board members (94,81%), number of employees (94,12%), Audit Committee (77,51) or Executive Committee (76,12). More than 50% of companies were reporting on energy and water consumption, polluting emissions, gender diversity of employees and top employees, independent board members, meetings of the board and gender diversity at management board. Finally, the representation of social KPIs other than human capital indicators was extremely low, i.e. non-compliance with legal regulation concerning customers (1,38%), CSR certified suppliers (3,11%), payment period to suppliers (3,11%) or locally based suppliers (7,61%).

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KPI	Total number	% of 289
Environmental (5)		
Energy consumption	170	58,82
Water consumption	162	56,06
Polluting emissions	150	51,90
Waste generation	135	46,71
Waste processed	74	25,61
Social (13)		
Employees	272	94,12
Gender diversity of employees	167	57,79
Gender diversity of top employees	147	50,87
Job stability	78	26,99
Accidents and diseases at workplace	97	33,56
Absenteeism	72	24,91
Employee turnover	92	31,83
Seniority	52	17,99
Employees training	120	41,52
Non-compliance with legal regulation concerning customers	4	1,38
Locally-based suppliers	22	7,61
CSR certified suppliers	9	3,11
Payment period to suppliers	9	3,11
Corporate Governance (8)		
Board members	274	94,81
Independent board members	174	60,21
Executive Committee	220	76,12
Audit Committee	224	77,51
Nominations Committee	138	47,75
Meetings of the Board	166	57,44
Total remuneration of the Board	128	44,29
Gender diversity at Management Board	155	53,63

Table 1.5 Reporting on AECA`s non-financial (KPIs) indicators by Eurozone companies

1.4.2 Statistical analysis and hypotheses testing

The set of hypotheses analysed the impact of three independent variables (country, sector, listing in DJSI) and two control variables (size and profitability) on the extent of CSR reporting against AECA's framework. As a dependent variable (CSR reporting index) implies a normal distribution (mean=11.45, median = 12.00, mode = 10.00), parametric alternatives of correlation index and tests were applied to measure the relationship between the variables.

To measure the median variances between the dependent variable – CSR reporting index and binary variables such as country (0 = country with the public debt above the European average, 1 = country with the public debt below the European average), sector (0 = non-critical sector, 1 = critical or environmentally sensitive sector) and the listing in DJSI (0 = not listed, 1 = listed), the T-test was applied. For the scale variable, size of the company (based on the market capitalisation) and net profit, Pearson correlation coefficient was applied. The results are presented in table 1.6.

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	Environmental	Social	Corporate Gov.	CSR index
1. Country H1)	Mann Whitney	Mann Whitney	t-test	t-test
	9253.500*	8682.500**	F=1.658	F=2.699**
	(0.089)	(0.013)	(0.736)	(0.022)
2.Sector (H2)	Mann Whitney	Mann Whitney	t-test	t-test
	9458.500	8489.000***	F=0.003	F=0.000**
	(0.179)	(0.007)	(0.217)	(0.012)
3.DJSI (H3)	Mann Whitney	Mann Whitney	t-test	t-test
	7704.500***	6608.000***	F=2.055*	F=0.664***
	(0.005)	(0.000)	(0.076)	(0.000)
4.Net Profit	Spearman	Spearman	Pearson	Pearson
	-0.057	-0.004	-0.106*	-0.067
	(0.351)	(0.946)	(0.084)	(0.271)
5.Size	Spearman	Spearman	Pearson	Pearson
	-0.039	0.071	0.049	-0.026
	(0.510)	(0.229)	(0.407)	(0.658)

***Significant at the 1-percent level; **Significant at the 5-percent level; *Significant at the 10-percent level

Table 1.6 Hypotheses and control variables testing

This implies that companies listed in DJSI have higher CSR reporting index compared with those not listed. There was also a relationship found between the companies operating in an environmentally sensitive sector and their tendency to report more on CSR practices. Another finding which emerged from this study was that the companies headquartered in countries with public debt lower than the European average tend to have higher sustainability disclosure as well.

These hypotheses were confirmed on the probability level $p < 0.05$ (H_1 and H_2) and $p < 0.01$ (H_3). Hence, it can be concluded that the results support the hypotheses H_1 , H_2 and H_3 .

Based on the result of Pearson's correlation coefficient, it can be concluded that there is no correlation between the CSR disclosure level and the size or profitability of the company. Thus, the size and profitability of the company do not affect the CSR reporting practices as the p-value was higher than 0.05 in both cases. Hence, the control variables analysed in this study were not supported.

Furthermore, we examined the impact of chosen factors (country, sector, DJSI, net profit, size) on the partial disclosure indexes (social, environmental and corporate governance). As environmental and social index do not show a normal distribution, non-parametric test (Mann-Whitney) and correlation coefficient (Spearman) were applied. There was a normal distribution found for corporate governance indicator and, therefore, the parametric alternatives such as t-test and Pearson correlation coefficient were applied. These results can also be seen in table 1.6.

According to the results in our study, there was a sector effect detected on the social and total CSR index. A country effect was detected on the environmental, social, and total CSR index. Furthermore, DJSI listing effect on the environmental, social, corporate governance, and total

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CSR index was found as well. Regarding the profitability, a very low negative correlation was found between the net profit and corporate governance reporting index.

1.4.3 Multivariate statistics – The ordinary least square (OLS) method

In order to examine in depth the factors influencing a CSR index, the multivariate statistics was applied as can be seen in table 1.7. To measure the impact of all tested variables on the extent of CSR reporting, the least squares method was applied, the model has been explained previously.

Dependent variable	CSR Reporting Index (OLS Model)				
Model summary	R	R Square	Adjusted R Square	F-Statistic	
	0,328	0,107	0,09	6,238***	
Independent variables	Coef.	t test	Sig.	Collinearity Statistics	
				Tolerance	VIF
(Constant)	9,863	21,062	0,000		
Country	0,850	1,596	0,176	0,948	1,055
Sector	1,301	2,488***	0,008	0,985	1,016
DJSI	2,271	4,117***	0,000	0,982	1,019
Net Profit	0,000	-1,304	0,142	0,987	1,014
Size	-1,33E-	-0,965	0,793	0,974	1,027
Dependent variable	Environmental Reporting Index (OLS Model)				
Model summary	R	R Square	Adjusted R Square	F-Statistic	
	0,208	0,043	0,025	2,364**	
Independent variables	Coef.	t test	Sig.	Collinearity Statistics	
				Tolerance	VIF
(Constant)	1,959	9,359	0,000		
Country	0,305	0,240	0,206	0,944	1,059
Sector	0,172	0,236	0,466	0,982	1,018
DJSI	0,680	2,736***	0,007	0,979	1,022
Net Profit	8,460E-	0,668	0,505	0,986	1,014
Size	-3,682E-	-0,594	0,553	0,973	1,027
Dependent variable	Social Reporting Index (OLS Model)				
Model summary	R	R Square	Adjusted R Square	F-Statistic	
	0,302	0,091	0,074	5,273***	

Independent variables	Coef.	t test	Sig.	Collinearity Statistics	
				Tolerance	VIF
(Constant)	3,046	12,037	0,000		
Country	0,383	1,319	0,188	0,944	1,059
Sector	0,759	2,664***	0,008	0,982	1,018
DJSI	1,055	3,507***	0,001	0,979	1,022
Net Profit	0,000	-1,459	0,146	0,986	1,014
Size	-1,162E-	-0,155	0,877	0,973	1,027
Dependent variable	Corporate Governance Reporting Index (OLS Model)				
Model summary	R	R Square	Adjusted R Square	F-Statistic	
	0,201	0,041	0,022	2,217*	
Independent variables	Coef.	t test	Sig.	Collinearity Statistics	
				Tolerance	VIF
(Constant)	4,928	24,363	0,000		
Country	0,103	0,445	0,657	0,944	1,059
Sector	0,308	1,351	0,178	0,982	1,018
DJSI	0,466	1,937*	0,054	0,979	1,022
Net Profit	0,000	-1,832*	0,068	0,986	1,014
Size	-7,970E-	-1,330	0,185	0,973	1,027

***Significant at the 1-percent level; **Significant at the 5-percent level; *Significant at the 10-percent level

Table 1.7 OLS Model Summary

According to the results shown in table 1.7, based on the least squares method (R-squared = 0.107, significance = 0.000), we reached the conclusion that the CSR reporting index depends simultaneously on the sector where the company operates and its listing in DJSI. Even though the univariable analysis suggested a country effect, the multivariate statistics rejected this assumption based on the high significance level (for the CSR reporting index and all sub-indexes respectively). Very low negative correlation between the net profit and the corporate governance reporting index was detected as well as on the univariable level. The assumption that a multicollinearity might cause the exclusion of country in multivariate statistics was rejected because VIF factors are low (about 1) in all cases.

1.4.4 Cluster analysis

To complete the statistics and confirm the results of the OLS, a cluster analysis with the three inputs: CSR reporting index, listing in DJSI, and sector was conducted. Model summary is provided in table 1.8. The index measuring the cohesion and separation was above 0,5 which suggests a good cluster quality. Similarly, the ratio of sizes was under the acceptable level (1,33).

Model Summary	
Algorithm	TwoStep
Inputs	3
Clusters	3
Cluster quality	above 0,5
Size of Smallest Cluster	80
Size of Largest Cluster	106
Ratio of sizes	1,33

Table 1.8 Model summary of the cluster analysis

As the output of the cluster analysis, three clusters were obtained (Table 1.9). The first cluster represents 35,6% of the sample and refers to the group with the high extent of reporting (CSR reporting index mean: 13,03). This cluster includes the companies listed in DJSI and operating mainly in the critical sector. The second cluster consists of 27,7% companies from the sample and represents a group with the medium extent of CSR reporting (CSR reporting index mean: 11,51). This cluster includes only critical sector, but none of the companies were listed in DJSI. The third cluster includes 36,7% of the companies with the lowest extent of CSR reporting (CSR reporting index: 9,86). In this cluster all companies were from non critical sector and none of them was included in DJSI.

Reporting Cluster		Cluster details	
Cluster 1	High	Size	35,6% (103)
		DJSI	Most frequented value: 1 included (100%)
		CSRRI	Mean: 13,03
		Inputs	Sector Most frequented value: 1 critical (52,4%)
Cluster 2	Medium	Size	27,7% (80)
		sector	Most frequented value: 1 critical (100%)
		DJSI	Most frequented value: 0 not included (100%)
		Inputs	CSRRI Mean: 11,51
Cluster 3	Low	Size	36,7% (106)
		sector	Most frequented value: 0 non critical (100%)
		DJSI	Most frequented value: 0 not included (100%)
		Inputs	CSRRI Mean: 9,86

Table 1.9 Clusters

1.5 DISCUSSION

Firstly, we analysed the extent to which Eurozone companies report on CSR indicators according to the Spanish Accounting and Business Association's (AECA) framework. Secondly, we tried to find the factors influencing the extent of CSR reporting and explain the reasons for the low presence of social indicators.

According to our findings, the extent of Eurozone companies' reporting practices on AECA's KPIs can be described as follows: an intensive use of corporate governance indicators, a moderate disclosure of environmental KPIs and a low use of social indicators. It should be highlighted that within the latter, the use of human capital indicators is also moderate, while other social indicators have an extremely low presence. The logic behind these findings is that regulated/compulsory information like corporate governance has to be disclosed more intensively than voluntary information like environmental or social information. Consequently, representativeness of AECA's KPIs for Eurozone companies can be considered

high for corporate governance indicators, medium for environmental and social (human capital) KPIs and very low for social (other than human capital) indicators.

Secondly, we analysed different factors that can influence the extent of reporting. Size of the company has been used in a number of studies as a control variable that has an influence on the CSR disclosure (Burke et al., 1986; Tagesson et al., 2009). Haniffa and Cooke (2005, p. 395) and Branco and Rodrigues (2006) stated that large companies are socially more visible and, therefore, also more exposed to public scrutiny. Their studies show that there is a relationship between the size of the company and the extent of CSR disclosure. However, the results of our study are in contradiction to those authors as there was no significant correlation found.

A number of studies focused on analysing whether the financial performance has an impact on the CSR practices. However, their findings are often contradictory. In our study, we measured the relationship between the extent of CSR disclosure and the financial variables related to the profitability of the company (net profit). The study conducted by Sharma (2002) revealed that there is a relationship between the CSR practices and corporate financial performance. On the other hand, Carnevale et al. (2012) did not find any significant correlation between those variables. The results of our study also suggest that there is no significant correlation between the level of CSR disclosure and corporate financial performance.

Most studies also found that the sector where the company operates may have an impact on its disclosure practices. Research conducted by Gray (1995), Amran and Devi (2008), Branco and Rodrigues (2008) and many others pointed out that disclosure practices and the extent of CSR disclosure differ significantly across industries. Thus, companies operating in more environmentally sensitive sectors disclose more in comparison with other sectors. Regarding

the results which emerged from our study, sector effect was confirmed on the univariable as well as on the multivariate level adopting the OLS method. Additionally, the results of the cluster analysis revealed that companies operating in critical sector belong to the clusters of companies with the higher rates of CSR disclosure. These results are in line with legitimacy theory.

Based on the univariable statistics results of our study, the country where the company operates has also an impact on the extent of reporting. This finding is also explained and supported by legitimacy theory. However, our multivariate statistics using the least square method rejected a country effect.

There was, nevertheless, a positive relationship found between the extent of disclosure and listing in DJSI confirmed also by cluster analysis, where companies listed in DJSI belonged to the clusters of companies reporting more extensively on their CSR information.

1.6 CONCLUSION

Although the reporting on non-financial performance is not compulsory in most of the countries, there is an increased number of different groups of stakeholders that are demanding this disclosure in order to make informed decisions. Over time, a number of frameworks and standards have been proposed in relation to how to report on nonfinancial information but there is still an ongoing need for a systematic, standardized, and unified format of a CSR reporting framework.

AECA's Integrated Scorecard represents a set of concrete, measurable indicators based on various nationally and internationally accepted frameworks such as AA 1000, Caux Round Table Principles, DOMINI 400, EIRIS, EMAS, Ethical Trading Initiative, FTSE4 Good Index, Global Compact, GRI, ISO 9000 and 14001, SA8000.

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An XBRL taxonomy was created based on the proposed Integrated Scorecard including not only financial, but also social, environmental, and corporate governance KPIs aiming to facilitate comparability and interchange of data. In June 2010, the taxonomy was for the first time officially acknowledged by XBRL, which gives AECA's IS international merit. The updated version, which also includes corporate governance indicators, IS-FESG Integrated Scoreboard Taxonomy, was approved by XBRL International in April 2013.

Using this framework we examined the CSR reporting practices in the Eurozone countries. Additionally, we tested a number of factors, which are well-grounded by legitimacy and stakeholder theory to identify their possible effects on the extent of CSR disclosure finding that sector and DJSI membership are the strongest factors influencing the level of non-financial disclosure.

Practical implication in this study is also a validation of AECA's indicators at the Eurozone level providing new insights for further development of the IS taxonomy, which is on its way to gaining wider international acceptance. Our first recommendation refers to the consideration of new key performance indicators based on the fourth version of GRI guidelines, G4, which was launched in May 2013. Although the GRI still recognize reports based on G3, G3.1 versions, reports published after 31 December 2015 should be prepared in accordance with G4 guidelines. Among the objectives of the new version is, for example, the harmonisation with other reporting standards. Thus, G4 offers guidance on how to link sustainability reporting and integrated reporting, aligned with the IIRC. Furthermore, there are new and revised disclosures related to supply chain (disclosure including practice, screening, assessment and remediation) together with the value-chain materiality assessment describing the company's impact throughout the entire value chain. Stricter governance and remuneration disclosure is also required through new indicators such as: the ratio of executive

compensation to median compensation, the ratio of executive compensation to lowest compensation, or the ratio of executive compensation increase to median compensation. Other new disclosure requirements refer to ethics and integrity, anti-corruption and public policy, and emissions and energy.

The current version and intention of IIRC and its effort regarding the harmonisation with other reporting standards (such as GRI) is already a big step forward for sustainability reporting. However, the product of IIRC, IR itself, has indeed much bigger potential. Although the narrative explanation on how a company creates and sustains value is important, it should be connected to quantitative disclosure as well.

Regarding the comparability, the integrated report will clearly vary from one company to another as each company will describe its own unique value creation story differently. But to enhance comparability, data disclosed in IR could be provided in a standardized digital file (XBRL) based on electronic tags for each individual item of data. Additionally, these specific XBRL tags should be embedded into the IR. This way, an automated processing of KPIs by computer software will be enabled (helping also to decrease the complexity of information) and narrative explanation of a quantitative item will be provided within the text in IR.

Our second recommendation refers to build some kind of Integrated Reporting navigation chart combining already existing XBRL elements with hyperlinks to all digital objects such as pdf files containing financial and sustainability reports, Youtube videos and social media channels providing details and a wider context of reported information. This way, the standardized XBRL data could effectively connect narrative explanation regarding the environmental, social, and governance performance with the quantitative data. Thus, applying the embedded XBRL taxonomy would enable better comparison and interchange of corporate data as well as seeing the evolution and possible impacts of reported KPIs in a wider context

of sustainability. The navigation chart would also allow the connection of information into a coherent and integrated whole, which is one of the most important principles of IR. Having only quantitative KPIs does not completely explain the business model of the company and how corporate strategy affects corporate performance and corporate value.

Another practical implication is highlighting the scarcity of reporting on social indicators by Eurozone companies due to the lack of regulations in this area, which might be the reason why companies are less willing to report on them in comparison with environmental and governance indicators. Based on the existing regulation already adopted by some of the Eurozone countries on governance and environmental issues, we can have quite a good picture about companies' actions in these areas. However, due to the lack of regulation regarding the reporting on social indicators such as non-compliance with legal regulations concerning customers, locally-based suppliers, certified suppliers, and payment period to suppliers, we are omitting an extremely important part, a social aspect, in terms of sustainable development of our society. Hence, offering the results of our study, we would like to highlight the importance of regulation in the area of reporting on social indicators related not only to employees, but also to customers and suppliers.

Our results open up new avenues for future research. We analysed the extent of CSR reporting on the international level focusing on Eurozone companies. Therefore, further study might be extended to consider also the other economic areas. An interesting line of research could be to map the evolution of the CSR disclosure in those countries. Additionally, further study might check other factors that could have an impact on the extent of reporting (ROA, ROE, free float, etc.), while adopting more advanced statistical method. Even though more studies have examined whether investors attribute a significant value to the information provided in CSR reports, Wahba (2008) concludes that the value of CSR disclosure has not

yet been investigated properly, and it is not clear how the reporting on CSR issues affects the firm value (measuring the stock price or price to book ratio). Therefore, we believe that it is important to analyse whether the efforts made by companies to report on their CSR practices are appreciated by investors or not.

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CHAPTER 2
CORPORATE LINKEDIN PRACTICES
OF EUROZONE COMPANIES

Abstract

The aim of this chapter is to analyse the extent to which Eurozone companies use the social network LinkedIn, how they manage their online practices, which is their typical audience, and which are the potential factors influencing both extent and audience.

To achieve that goal, examining how the stakeholder engagement is managed by using LinkedIn, a sample of 306 companies listed in the STOXX Europe 600 index, including 19 subsectors and 12 countries, is analysed. To measure the extent of LinkedIn usage, an index was defined calculated on a scale from 0 – 5.

In spite of the fact that the majority of the companies (79%) do use LinkedIn, they mainly focus on a particular group of stakeholders: current and potential employees. Their focus is thus mostly related to professional purposes like providing information about employees and career opportunities. Just a few of them engage in blogging or updating statuses. Only a very small number of companies are detected using this platform for marketing or other purposes. Our findings also show that the audience of a corporate LinkedIn channel is influenced by the extent of usage of that channel as well as by the size of the company.

This study is the first one trying to fill the gap by providing the overview of Eurozone companies' practices on LinkedIn. Hence, both academics and professionals, can benefit from this research.

Keywords: LinkedIn, Social media platform, Eurozone companies, Stakeholder engagement

2.1 INTRODUCTION

Many companies have already realized the importance of actively creating, developing, and sustaining relationships with their stakeholders (employees, shareholders, customers, suppliers, and others). Stakeholder engagement can be understood as a crucial aspect of business. Over time the approaches have changed from short-term to long-term relationship-building; moreover, new approaches and forms of engagement are evolving at the present time (Bughin, Chui, & Miller, 2009; Kaplan & Haenlein, 2010).

According to Gandia (2003), over the last decade we are witnessing a significant change in the business model, which is mainly influenced by technology. This shift to a technology-based society has created new opportunities (and threats) for companies (Faber, 2007) and led to fundamental changes in business communication. Paretti and McNair (2010) also point out the importance of professional communication using technology in globally networked environments. Eurozone countries are increasingly influenced by the globalization process and it is considered immensely valuable to create global partnerships in order to develop cross-cultural communication, which can be beneficial in jointly solving various problems with similar traits rather than solving them separately (Herrington, 2010).

The turbulent and rapid growth of Web 2.0 and social media technology are providing new possibilities for companies' stakeholder management. According to Eisenfeld and Fluss (2009), Web 2.0 is considered a powerful tool and companies can now take advantage of more opportunities offered by this web evolution by using new platforms in order to build long-term relationships with particular groups of stakeholders (Waters, Burnett, Lamm, & Lucas, 2009). This means that with the evolution of Web 2.0 users can become creators and content curators. Web 2.0 has also resulted in a higher rate of information sharing and an immense spread of tools, such as blogs, wikis, and social networks. The most common applications of Web 2.0 can be found in social network technologies (Facebook, Twitter,

LinkedIn, Google+), blogs (Blogger, Wordpress), online communities (Yahoo Groups, Del.icio.us, Google groups), and wikis (Wikipedia, WikiWikiWeb, WebPaint). The new generation of these applications is also referred to as Rich Internet Applications (RIA), which have been created by using various sophisticated technologies. In conclusion, Web 2.0 has actually generated an explosion and massive spread of information through the Internet, new applications, and a new way of building relationships among “always online” users. It has also facilitated an improvement of communication between companies and their stakeholders. Even though Parise, Guinan, and Weinberg (2008) point out the main advantage of Web 2.0 for marketing purposes, the impact of its usage on the other groups of stakeholders should not be underestimated. In particular, LinkedIn seems to be an interesting platform for a group of stakeholders: employees, both current and potential.

New web pages, enable their users to have increased interactivity with the web page content. Nowadays, the focus of web page creators is mostly on creating and designing the web pages to match the particular needs of their users. Hence, the recently developed networking technologies have created new processes of cultural engagement and we are witnessing a shift in media production from traditional methods to the open-production methods that have come to define social media (Karaganis, 2007).

2.1.1 LinkedIn

LinkedIn is the world’s largest professional network, with more than 135 million members, and operates in over 200 countries and territories. It is one of the fastest-growing social communities. LinkedIn became a public company in May 2011. It was founded in 2003 by Reid Hoffman and the main headquarters is based in Mountain View, California (Hoffman, 2010; LinkedIn Press Center, 2011). Through this company’s platform, members are able to create, manage and share their professional identity online, build and engage with their professional network. On the other hand the company is able to reach active and passive job

seekers. An active candidate is looking for a new employment and his interest level is high, while a passive candidate is currently not searching a new job. With this evolution of Web 2.0, a significant change has also appeared in the human resources (HR) area in recent years as social media have started to be used as a recruitment tool. The use of social media as a recruitment tool is thus already an integral part of the recruiting strategy for some companies and is becoming increasingly popular (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Politt, 2011).

The Internet offers low-cost solutions for companies (Lybaert, 2002), which is one of the reasons why companies started to use LinkedIn for recruitment. In recent years HR professionals have been facing reduced budgets and that is why recruiting through social media is more important than ever.

The advantages of using LinkedIn as a recruitment tool include the chance for companies to speak directly to candidates. Moreover, prospective and potential candidates are currently engaging more with social media and LinkedIn can help to find and contact hidden candidates, who cannot be addressed through the traditional channels. It is also used by headhunters as one of the primary tools to find new talents and enables them to reach a higher number of potential qualified candidates from all over the world (Osterlund, 2008).

The development of LinkedIn, and new information systems in general, has also produced a shift in human resource practices from paper-based to electronic systems (Osterlund, 2008). This new approach involves changes to the existing mix of technologies and enables companies to reach a wider scope of potential employees as the use of the Internet continues to spread around the world (Danet & Herring, 2007)

By using LinkedIn, a company is able in particular to reach employees (potential and current) as a group of stakeholders via the Internet. In spite of LinkedIn mainly being focused on

engaging potential or current employees, it is not used exclusively for this purpose (Unnikrishnan & Wall, 2010).

Currently more than the half of LinkedIn's users (59%) are outside the United States. Among the top countries using LinkedIn are the U.S.A., India, the U.K., and Brazil. In Europe the highest rate of LinkedIn usage is in the Netherlands, France, and Italy. The three most represented industries are hi-tech, finance, and manufacturing (Qualman, 2011).

2.2 THEORETICAL BACKGROUND

Trying to examine the drivers of audience (number of followers) and the transparency of the company on LinkedIn, represented by calculated LinkedIn Index (LI) referring to extent of usage, we focused on different theoretical frameworks.

Different theories tried to explain why transparency, in our case represented by extent of usage, is that important. Our approach includes socio-political (e. g., institutional, legitimacy, and stakeholder) and economic (e. g. agency) theories. The approach of combination of those theories has been already applied in previous studies as those theories were considered to be complementary rather than competing.

According to agency theory increased transparency and accountability reduces information asymmetry between stakeholders of the company and its managers, thus it can minimise potential agency problems. However, the relevance of agency theory to explain the transparency is limited as it focuses mostly on opportunistic financial agents (Gray et al., 1995; Abraham and Cox, 2007).

Legitimacy and institutional theory claim that a company's right to exist is legitimised if its value system is consistent with that of the larger society (Suchman, 1995). Similarly, according to institutional theory, companies tried to incorporate external norms and rules

from society where they operate, into their structures in order to gain legitimacy (Aerts et. al., 2006; DiMaggio and Powell, 1983). Thus, it can be argued that companies can gain social acceptance and legitimise their actions by engaging in higher transparency. But these theories are also hindered by a number of weaknesses e.g. prioritising financial stakeholders, as well (Gray et al., 1995).

According to Stakeholder theory, companies try to achieve a higher transparency in order to gain approval of particular stakeholders (Freeman, 1984). This theory, developed by Freeman (1984), defines stakeholders as “any group of individuals which can affect or be affected by achievement of the organization’s objectives“. Hence, in compliance with this theory, the integration of the interests of all stakeholders is crucial for the company’s survival and significantly influences its profits (Foster and Jonker, 2005; Phillips et al., 2003). In this case, stakeholder theory overlaps agency theory, legitimacy theory and institutional theory by giving the importance, not only to financial stakeholders. That is why it is considered to be the most relevant in our case and enables us to provide the basis and appropriate understanding within LinkedIn usage context. Stakeholders approval (mostly current and potential employees) can be represented by the number of followers in a social networks context. Thus, higher transparency (extent of LinkedIn usage) should lead to higher number of followers.

To date little attention has been paid to exploring the online social media practices of European companies. No previous in-depth study explores the extent of usage of LinkedIn by those companies. Hence, this study tries to fill that gap by providing the first overview of Eurozone companies’ practices on LinkedIn.

Most studies in this area have only been carried out concerning the impact or effect of LinkedIn tools mostly related to users`profile (Breibarth, 2012; Guillory and Hancock, 2012)

or the comparison of LinkedIn with other social networks (Archambault, A. and Grudin, 2012; Picard, 2011). Moreover, the research to date has tended to focus on providing statistics about LinkedIn worldwide (Socialbakers, 2011) or exploring the usage of LinkedIn nationally, rather than exploring the topic from a European point of view, for example. A study has been carried out in Belgium to explore the usage of three social networks – Facebook, LinkedIn, and ASmallWorld – in the country (Papacharissi, 2009); additionally, one study focuses on LinkedIn and Facebook but only from the recruitment and selection perspective (Caers & Castelyns, 2010). Other nationally focused studies have been carried out in Norway (Olsen, 2008) and on social media usage in America (Ganim, 2010). No research has been found that surveys the extent of LinkedIn usage by Eurozone companies.

LinkedIn provides a number of tools for companies, groups, and individuals. In this study we mainly focus on corporate profiles, exploring LinkedIn practices from a company's perspective. The main aim is to examine the extent to which Eurozone companies use LinkedIn. The other objectives are to determine the main purposes and thus to define the current trends of Eurozone companies' use of LinkedIn while also trying to identify the factors that influence the audience. Analysing literature and identifying a gap in it was also covered with this study. A detailed summary of the methodology and findings related to this study are provided in following paragraphs.

2.3 METHODOLOGY

Each company was counted as having a LinkedIn account if it had a corporate profile on this platform (with its official name and the corresponding link to its web page).

To explore the extent to which companies use LinkedIn, different sections of a corporate profile, such as Careers (job openings, interaction with job seekers), Products and Services, Blogs (chronological links to corporate news), and Status Updates (a feature allowing the

company to share various posts) were analysed. Additionally, the number of followers was collected in order to assess the audience.

To determine the extent of usage of LinkedIn by the companies, an index was established. The index was calculated on a scale from 0 (no corporate LinkedIn account) to 5 (an account with all four sections: Careers, Product and Services, Blogs, Status Updates). The company was scored as 1 when it has created a LinkedIn profile but with no active section. For each active section, one point was added to the index. Based on that index, a set of descriptive statistics related to the usage of LinkedIn by industry and country is provided below.

In addition, we focused on identifying the factors that influence the extent of usage and the audience of corporate LinkedIn accounts. This led us to formulate two groups of hypotheses as discussed below. The dependent variables are the previously calculated index and the number of followers of the corporate LinkedIn account. The independent variables are the size of the company and the industry in the first case and the size of the company, the extent of usage, the availability of a Careers section, and the number of employees on LinkedIn in the second case.

2.3.1 Hypotheses

Following the literature on empirical studies, the company size is considered as one of the most frequently used variables to explain the disclosure of information (Bonson & Flores, 2009; Gallego, Garcia, & Rodriguez, 2009). In general, large companies disclose more information on the Internet than small ones, as concluded by several studies (Bonson & Escobar, 2002; Depoers, 2000; Larran & Giner, 2002). In fact, if a company reaches a certain size, then it tends to formulate a web development strategy, which currently also includes a social network strategy (Bonson, Escobar, & Flores, 2008). This leads us to the first hypothesis:

H11: The extent of usage of LinkedIn is positively associated with the company size.

The size of the company was measured by its market capitalization.

Because of the nature of their activities, the LinkedIn practices of the companies operating in different industries may also differ. The industry type was used to explain the amount of voluntarily disclosed information provided by companies (Bazley, Brown, & Izan, 1985; Wagenhofer, 1990). Accordingly, it can be stated that companies belonging to the same industrial type tend to have similar information disclosure practices and social network practices. This leads us to our second hypothesis:

H12: The extent of usage of LinkedIn is associated with the industry in which the company operates.

To measure this association, a statistical method ANOVA was applied. In order to apply this statistical method, we grouped 19 subsectors into 4 categories of sectors (primary, secondary, tertiary, quaternary).

Social media have become a major influential factor in stakeholders' behaviour. In particular, increasing the awareness of the company's name by sharing information through various social media channels has become a crucial aspect of social media strategies. As stated before, companies use LinkedIn to engage with a particular group of stakeholders: current and potential employees. Assuming that a higher number of followers indicates an increased brand awareness and thus also a higher level of popularity, we ascertained the factors that could influence the audience. We focused on the size of the company, the extent of usage, the availability of a Careers section, and the number of employees on LinkedIn.

It seems that the larger the company is, the higher is the number of followers. One of the more likely explanations for this factor could be that bigger companies usually have a higher

number of employees. For this reason there are more possibilities to be hired, which can lead to a higher number of followers, representing the group of potential employees who are interested in working for a particular company. The other reason for the bigger audience is that a bigger company has more current employees, who become its followers in order to obtain information about career possibilities or job promotions posted by the company as well as to be informed about new hirings or changing positions of their colleagues. All these factors increase the possibility of becoming a follower of the company. This leads us to our third hypothesis:

H21: The number of followers is positively associated with the company size.

The number of followers could be an important indicator of the effectiveness of a company's social media strategy on LinkedIn. To examine the effectiveness of the extent of LinkedIn usage, we use the proposed index. Based also upon the observations that emerged from this study, we assume that a relation between the extent of usage of LinkedIn and the number of followers may exist and that the more active the company is, the higher is the popularity of the corporate LinkedIn channel. Accordingly, the following hypothesis was formulated:

H22: The number of followers is positively associated with the extent of usage of LinkedIn.

The results of the descriptive statistics showing that the majority of companies using LinkedIn focus mainly on a particular group of stakeholders, current and potential employees, lead us to the assumption that a positive relationship may exist between the number of followers and the availability of a Careers section providing information about career opportunities.

H23: The number of followers is positively associated with the availability of a Careers section.

As stated above (H₁₁, H₂₁), the company size is considered as one of the variables used to explain the level of the audience. Taking into account that bigger companies also have a higher number of employees, this can be an important indicator of the number of followers of the company. Bigger companies with a higher number of employees also tend to have a more developed web development strategy and social network strategy. The employees who work for those companies tend to follow them on particular social networks. Accordingly, our sixth hypothesis was formulated:

H₂₄: The number of followers is positively associated with the number of employees on LinkedIn.

2.3.2 Sample and Data Collection

The surveyed sample consisted of 306 companies listed in the STOXX Europe 600 index, which represents large, mid and small capitalisation companies across 18 countries of the European region (Stoxx, 2011). As we were focused on Eurozone we had to exclude companies from 6 countries (United Kingdom, Switzerland, Sweden, Norway, Iceland and Denmark). The sample of chosen companies was considered appropriate and sufficient because it includes 19 subsectors across 12 Eurozone countries.

Due to the hugely influential role that these companies play in European business, with a strong effect on world business as well, studying the usage of social media practices of these companies can offer an interesting insight into the future of commerce relating to trends of social media platform use.

All the official corporate web pages were examined for links to, or a mention of, a corporate LinkedIn account. If there was no link to the LinkedIn account on the company's official web page, which is generally considered a common practice, the name of the company was searched through the LinkedIn platform and evaluated according to the established criteria

(the official name of the company, a link to its web page). The data were collected in November 2011.

2.4 RESULTS

2.4.1 *LinkedIn and STOXX Europe 600*

Although 243 companies (79.4%) use LinkedIn, the extent of usage of the available sections is quite low, as can be seen in table 2.1.

Section	%	No. of companies (243)
No sections	29.63	72
Careers	32.51	79
Products and Services	13.17	32
Blogs	11.93	29
Status Updates	9.88	24
All sections	2.88	7

Table 2.1 Usage of LinkedIn sections

Of the 243 companies with a corporate LinkedIn profile, just over 32.51% (79) use a “Careers” list to post jobs or provide general information about particular positions or career opportunities. The number of companies using the “Products and Services” list is even smaller: just over 13.17% (32) of them use this list to provide various kinds of information relating to their products and services. Likewise, the links to the recent blog posts are used only by a small number of companies. Only 11.93% of the analysed sample (29 companies) provide links to the blogs from their LinkedIn account. A LinkedIn account also enables the use of status updates, which can be shared and commented on by subscribers to the channel. Of the 243 corporate LinkedIn accounts, only 24 of them (9.88%) use this tool and actively post status updates. A minority of them (7 companies: Accor, Alcatel Lucent, Dassault System, Gemalto, Nokia, Philips Electronics, and SAP) are considered to have a highly

extended LinkedIn account, using all the tools mentioned above. Table 2.2 shows the percentage of companies according to the extent of usage measured by the index.

Index	%	No. of companies (306)
0	20.26	62
1	46.41	142
2	20.59	63
3	7.84	24
4	2.61	8
5	2.29	7

Table 2.2 Usage of LinkedIn according to index

The top 5 companies according to the number of followers are Philips Electronics, Siemens, and Unilever NV with more than 100,000 followers and Alcatel Lucent and SAP with more than 90,000. They have 11 or 12 times more followers than the average of 8,167.

2.4.2 LinkedIn by industry

Table 2.3 provides an overview of LinkedIn usage by industry. The first column includes information about the percentage of LinkedIn usage in a particular subsector. This indicates how many companies (%) from the sample belonging to one of 19 subsectors have a corporate LinkedIn account. The second column provides the average number of followers calculated by industry and the third column deals with the average scoring. According to the percentage of LinkedIn usage by industry, the highest level of activity was detected in the technology and telecommunications industries, as could have been expected. Companies from the travel and leisure industry and the oil and gas industry are also very active considering that more than 90% of them have a LinkedIn account.

Industry	Companies with a corporate LinkedIn account (%)	Average number of followers	Average scoring
Technology	93.33	23,696.86	2.1
Telecommunications	90.91	7,474.10	2.1
Travel & Leisure	100	7,732.88	2
Healthcare	61.54	18,892.00	1.88
Personal & Household Goods	75	26,697.89	1.75
Industrial Goods & Services	85.37	10,332.09	1.74
Automobiles & Parts	84.62	9,639.18	1.64
Chemicals	87.5	7,104.50	1.64
Food & Beverages	80	16,713.50	1.58
Retail	63.64	7,726.00	1.57
Construction & Materials	76.47	3,017.08	1.54
Financial Services	66.67	243.83	1.5
Banks	60	9,756.78	1.48
Insurance	80	3,437.17	1.46
Media	87.5	1,990.14	1.36
Oil & Gas	93.33	6,369.21	1.36
Utilities	80.95	3,017.29	1.24
Real Estate	77.78	301.86	1.14
Basic Resources	78.57	2,891.91	1

Table 2.3 LinkedIn by industry

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The average number of followers varied by industry type. As can be seen in table 2.3, the highest average number of followers was detected in the following industries: personal and household goods (26,698), technology (23,697), healthcare (18,892), and food and beverages (16,714). In the personal and household goods industry the company Philips Electronics operates with more than 124,000 followers and the company L'Oréal with over 54,000 followers. Among those companies with a significant number of followers within the mentioned industries are also Alcatel Lucent and SAP from the technology industry with more than 90,000 followers, representing the healthcare industry is the company Merck with more than 75,000 followers, and the Dutch company Unilever NV with over 120,000 followers operating in the food and beverage industry.

Considering the extent of usage of LinkedIn calculated by the index, the highest score was detected in the technology (2.1), telecommunications (2.1), and travel and leisure (2) industries. Quite a significant score can also be seen in industries such as healthcare (1.8) and personal and household goods (1.75). On the other hand, companies operating in real estate, utilities, and basic resources attained the lowest score among the examined industries. All the companies from the basic resources industry that have a corporate LinkedIn account do not use any of the features provided by this platform, which means that their presence there is considered passive. Taking into account all the factors, such as the percentage of usage of LinkedIn, the extent of usage, and the number of followers, technology can be considered the most representative industry.

2.4.3 LinkedIn by country

The study was carried out across 12 European countries: Austria, Belgium, Germany, Finland, Spain, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, and Portugal. Table 2.4 shows the countries with the highest rate of LinkedIn usage and score. The table provides

detailed information about the percentage of companies with a corporate LinkedIn account, the average scoring by country, and the average number of followers by country.

Country	Companies with a corporate LinkedIn account (%)	Average number of followers	Average scoring
Belgium	76.47	3,680.69	2.15
Netherlands	80.77	17,019.86	1.8
Germany	74.14	13,863.74	1.76
Finland	90	2,549.33	1.65
Ireland	88.89	1,639.38	1.63
France	87.65	11,321.93	1.51
Italy	69.7	4,73	1.43
Spain	61.29	4,985.16	1.42
Luxembourg	100	7,007.33	1.33
Austria	90	2,720	1.22
Portugal	77.78	2,036.29	1.14
Greece	88.89	1,737.63	1

Table 2.4 LinkedIn by country

It is worth mentioning the significant activity of French companies. More than 87% of them have a LinkedIn account. Moreover, 4 out of the 7 companies marked as “active companies on LinkedIn” are from France.

The practices of German companies are also considered quite developed. Of the 5 companies with the highest number of followers, 2 are German. Moreover, it is worth mentioning that Germany’s average usage index is the third highest.

The appearance of Dutch companies on the top lists considering LinkedIn practices might be expected, taking into account that the highest traffic on LinkedIn was detected in the Netherlands (Valkenburg, 2011). Our findings also support this statement; as can be seen in

table 2.4, the Netherlands attained the second-highest average score (1.8). The highest average number of followers was detected in the Netherlands (17,019.86), Germany (13,863.74), and France (11,321.93). The average audience per company in the Netherlands is thus more than twice as high as the average calculated for all the companies in the sample.

Except for the two countries already mentioned (Germany and the Netherlands), the highest average scoring by country was detected in Belgium (2.15). Finland and Ireland have an average score higher than 1.6. On the other hand, the lowest average score was found in Greece (1).

2.4.4 Status updates

Further analysis of the LinkedIn accounts of the companies showed that only 9.88% of the analysed companies employ status updates and in this way use the platform to open a corporate dialogue with their stakeholders. The content of the status updates differs from company to company. The majority of the analysed status updates refer to social and marketing information and information related to the company's business in general, business awards received, or the aims and plans of the company in the future. Concerning status updates with social content, they mostly deal with announcements about various social events or conferences related to the business area in which the company operates.

Nevertheless, the level of activity of status updates is very low and cannot be compared with the activity of the companies on other social networks like Facebook or Twitter (Potts & Jones, 2011). Of 24 companies updating statuses, only 5 are considered quite active with activity higher than 0.3 Status updates/day. Active LinkedIn users include Alcatel Lucent (0.38 SU/day), BASF (0.6 SU/day), Nokia (0.33 SU/day), and SAP (0.41 SU/day). The highest activity was detected in Portugal Telecom, the Portuguese company operating in the telecommunications sector, and it is definitely worth highlighting its activity rate (3.43 SU/day), which is approximately 6 times higher than that of the other surveyed companies.

Companies mentioning environmental issues include Outotec, Ferrovial, Enel, and Alcatel Lucent. Status updates providing financial information are not very widespread on this social platform. Outotec has also mentioned corporate responsibility in its status updates, while the greatest variety of status updates' content was detected for the German company BASF, the Belgian company Belgacom, and the earlier-mentioned company Outotec.

Three of the five most active companies using status updates operate in the technology subsector and one company in telecommunications; this result supports the idea mentioned earlier (usage of LinkedIn by industry – technology: 93.33%; telecommunications: 90.91%) concluding that the technology and telecommunications sectors can be considered the most active industries using this social media platform among the industries in the surveyed sample.

2.4.5 Statistical Analysis and Hypothesis Testing

To determine whether there is any relationship between the variables formulated by the hypotheses, statistical methods such as Pearson correlation coefficient and ANOVA or their non-parametric alternatives were used.

H₁₁ Company size and the extent of usage. The result was positive but not statistically significant (Pearson correlation coefficient = 0.195). Pearson correlation coefficient was used as the dependent variable (extent of usage) has a normal distribution and the relationship between the size of the company and the extent of LinkedIn usage is linear. The absence of statistical significance might be explained by the way of measuring the size of the company chosen in our study (market capitalization).

H₁₂: Industry and the extent of usage. This result was statistically significant. Upon the observation that emerged from this study that industries such as technology and telecommunications, seem to be more active in comparison with industries from other sectors,

ANOVA was adopted in order to measure whether the fact the company belongs to a particular sector (primary, secondary, tertiary, quaternary) has an influence on the extent of LinkedIn usage. ANOVA was used as all conditions were fulfilled such as normal distribution of dependent variable, and homogeneity of variances according to Levene statistics was significant. The value of F-test = 11.01. From the post hoc tests we applied Scheffe, which showed that the quaternary sector (which typically includes services such as information technology, research and education, and knowledge-based services) differs from the others and the companies belonging to this sector (companies operating in technology and telecommunications) tend to have higher extent of LinkedIn usage.

Based upon these results, it may be concluded that the LinkedIn usage depends on the industry where the company operates while the size of the company was not considered to be an influencing factor as the correlation coefficient showed only a low correlation.

As the number of followers represented in our sample does not have a normal distribution, in the following section of hypotheses, non-parametric alternatives of correlation coefficients (Spearman) and tests (Mann-Whitney U-test) were applied.

H21: Size and the number of followers. This result was statistically significant (Spearman = 0.514). Thus, it supports our assumption that there is a significant association between the company size and the number of followers. This result actually means that bigger companies tend to have more followers than smaller ones.

H22: Extent of usage and the number of followers. This result was also statistically significant (Spearman = 0.681). Accordingly, it may be concluded that this study also brings some practical implications for the companies using LinkedIn. If a company wants to increase its visibility on this social network and achieve a higher number of followers, it is possible to do so through increasing the extent of its usage by employing the available components such as

Career, Product and Service, Blog, and Status Updates. According to this result, the companies with a higher level of usage of these components tend to have more followers than the companies with a lower extent of usage.

H23: Availability of a Careers section and the number of followers. Having applied the Mann-Whitney U-test to ascertain whether there is a relationship between the number of followers and the availability of a Careers section, we achieved the result of U-test = 2727.000 at the significance level 0.000 which means that the availability of a Careers section on a corporate LinkedIn profile may lead to a higher number of followers.

H24: The number of employees on LinkedIn and the number of followers. This result was the most statistically significant (Spearman = 0.929). It actually means that there is a high correlation between the number of followers and the number of employees on LinkedIn. In spite of the significance of this result on the univariable level, we did not include it in the multivariate statistics in order to avoid multicollinearity with the size of the company.

2.4.6 Multivariate statistics – The least square method

Due to the fact that no significant correlation was detected relating to the impact of the company size on the extent of usage, we applied the multivariate statistics only on the second group of hypotheses to measure the influence of the extent of usage, the company size, and the availability of a Careers section on the audience. For these purposes, the least squares method was used to determine whether the number of followers (audience) depends on these three variables. We did not include the number of employees on LinkedIn in the factors influencing the audience even though the univariable analysis suggests a significant impact (Spearman = 0.929) due to the high correlation between the size of the company and the number of employees on LinkedIn (Spearman = 0.514) in order to avoid multicollinearity. The size of the company was measured by market capitalization.

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Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-8138.087	2082.546		-3.908	0.000
LinkedIn index	5996.467	1409.118	0.311	4.255	0.000
Careers	926.407	3027.127	0.023	0.306	0.760
Size	0.479	0.051	0.496	9.460	0.000

Model	1
R	0.657 ^a
R ²	0.432
Adjusted R ²	0.424
Std. Error of the Estimate	14625.52583

Notes: ^aPredictors: (Constant), size, LinkedIn index, careers; ^bDependent Variable: No.of.followers

Table 2.5 Least squares method

According to the results shown in table 2.5 based on the least squares method (adjusted R-squared = 0.424), we reached the conclusion that the number of followers on LinkedIn depends simultaneously on the extent of usage measured by the index and the size of the company defined by market capitalization. Moreover, the value of the R-squared indicates quite a significant correlation.

2.5 DISCUSSION AND CONCLUSION

In recent years we have been witnessing impressive growth in the use of the Internet. Many companies use different social media platforms for the dissemination of business information and engaging particular stakeholders of the company. We may conclude that this modern information technology is creating new forms of corporate communication. Social networks as part of Web 2.0 have created more opportunities and improved the cooperation between companies and their stakeholders. Users have become the creators of the web content and companies can now take advantage of the feedback provided by different groups of stakeholders in order to increase their sustainability. It is obvious that by using different social media platforms the different stakeholder groups are targeted. In this study our attention was focused on a particular social media platform – LinkedIn. As LinkedIn defines itself as a community for professionals and executives it can be considered an effective communication channel in helping to attract active and passive job seekers and at the same time it enables interaction with potential and current employees.

Our study provides a new contribution to the debate about the current corporate LinkedIn practices of the companies in the Eurozone as, to date, only little attention has been paid to exploring the online social media practices of those companies.

There is no previous in-depth study exploring the extent of usage of LinkedIn in Eurozone. Hence, our results provide an overview of how the largest companies use this particular social network to engage with their stakeholders. The main contribution of this paper is to provide such evidence. In this paper, the concept of LinkedIn usage is focused predominantly on one group of stakeholders, employees, current and potential.

The contribution for academics lays in the fact that it is the first paper investigating companies' profile on a professionals' social network.

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Additionally, our study brings some practical implications for the companies using LinkedIn as well. The professionals could benefit from this study as it offers practical ideas for creating a social media strategy for their businesses. The crucial aspect of all social media strategies should be to increase the awareness of the company. Therefore, if a company wants to increase its visibility using this particular social network and achieve a higher number of followers, it is possible to do so through increasing the extent of its usage by employing the available components such as Career, Product and Service, Blog, and Status Updates.

The majority of the surveyed Eurozone companies use this platform and have an official LinkedIn account. According to the results that emerged from this study, it may be concluded that even though LinkedIn currently offers different sections for the companies, such as Careers, Products and Services, Blogs, and Status Updates, in order to reach more groups of stakeholders, this platform is currently mostly used for recruitment and selection purposes. Just a few of them engaged in blogging or updating statuses and only a very small amount of the companies were detected using this platform for marketing or other purposes. It can generally be concluded that the practices of Eurozone companies using LinkedIn are focused on reaching a particular group of stakeholders – employees, potential as well as current.

Our empirical survey has evidenced the existence of a significant positive association between the size of the company, the extent of usage, and the number of followers. It means that the higher the extent of usage of LinkedIn and the bigger the company is, the more followers the company has. This finding is expected and explainable from stakeholder theory.

The other result which emerged from this study was that the industry where the company operates has an impact on the extent of LinkedIn usage. Particularly the companies from the quaternary sector operating in technology and telecommunications tend to have a higher extent

of LinkedIn usage than those operating in other sectors. This finding is expected and explainable from legitimacy and institutional theory.

Before closing, a number of limitations in this research must be acknowledged. In our opinion, an interesting line of research could be to map the evolution of the extent of LinkedIn usage by Eurozone companies. Equally, it would be useful to investigate the LinkedIn practices of companies by using some advanced metrics. Our data collection is limited to Eurozone companies, therefore future studies can adopt our approach and apply it within a worldwide context, which may arguably improve the generalisability of the results. Furthermore, future studies are encouraged to look deeper into the different variables that may be involved. In addition, future research could also examine in depth the impact of the usage of LinkedIn components on particular stakeholder groups, as well as the interrelationship between LinkedIn and other social networks in the context of a social media strategy.

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CHAPTER 3
CORPORATE YOUTUBE PRACTICES
OF EUROZONE COMPANIES

Abstract

The current chapter extends the investigation into online relationship building by examining how Eurozone companies belonging to the EURO STOXX 600 index use the popular video platform YouTube to facilitate dialogic communication with their stakeholders.

The aim of this chapter is to analyse the extent and main purposes of the channel's usage; the companies' activity and online practices; as well as the factors on this platform influencing the channel's activity; the audience and the stakeholder's engagement.

To achieve this goal, a sample of 306 Eurozone companies listed in the STOXX Europe 600 index, including 19 subsectors and 12 countries, has been analysed. Stakeholder and dialogic theory were applied as a theoretical background for this study.

Results indicated that 44% of companies studied have an official YouTube channel, which is mostly used for promotional purposes. It was found that the size of the company; the sector and its country of origin determine YouTube channel activity, and that higher activity leads to a higher number of subscribers, thus fostering an initial step to better stakeholder engagement.

Given that this is the first study of its kind to provide this type of analysis, the resulting unique contributions may provide value to the information systems area and also contribute to the advancement of information systems research.

Keywords: YouTube, Social media platform, Eurozone companies, Stakeholder engagement, Communication.

3.1 INTRODUCTION

The evolution of the Web has led companies to consider other strategies of communication; ones more flexible than traditional media, and which enable them to reach wider audiences and different groups of stakeholders (Cormier et al., 2009).

Due to the evolution of Web 2.0, we are witnessing a higher rate of information sharing, and an increased spread of tools such as blogs, wikis, social networks, and media platforms. The new generation of these applications is often known as rich Internet applications (RIA), and they are created by using sophisticated technologies such as Macromedia Flash, Flex, and AJAX (Asynchronous JavaScript and XML). Web 2.0 currently plays a significant role in stakeholder engagement, generating an explosion and massive spread of information through the Internet and new applications, formulating new ways of building relationships among “always online” users. It offers a set of dynamic tools allowing open dialogue, participation, co-creation, crowdsourcing, etc., thus facilitating improved communication between companies and their stakeholders. Social media offer numerous opportunities to interact with a wide range of stakeholders, and some companies have taken advantage of this by encouraging their customers, suppliers, and other interested parties to comment, suggest, or provide critiques through different social networks. Hence, Web 2.0 offers to increase productivity, cooperation, and innovation in a cost-effective manner and that is why it has been adopted by companies worldwide over the last decade (Lykourantzou et al., 2012).

Additionally, there is a current trend to establish a brand community in social media. Laroche et al. (2013) stressed that brand communities in social media positively affect brand loyalty. Muniz and O’Guinn (2001) describes brand communities as the entities consisting of the members and their relationships based on the sharing of different content. We believe that brand loyalty has a key role in stakeholder engagement. Thus, fostering it will lead to the enhancement of the company’s relationships.

People have various incentives to join social media. The strongest one, from a psychological point of view, is to feel socially connected (Sarason, 1974; Gangadharbhatla; 2008). Research shows that the average user spends almost one third of his time on social media (Laroche et al., 2013). Therefore, being present in social media might help to create a community around a company’s brand. Researchers have been encouraging companies to establish those brand communities in social media due to these reasons (Kaplan and Haenlein, 2010). Among others, it allows sharing of necessary information, it represents an opportunity to be in touch

with devoted stakeholders, it enables them to communicate and obtain valuable information from each other, which might therefore influence the perception of the company (Laroche et al., 2013).

According to a study conducted by Wright and Hinson (2010), most public relations professionals stress the importance of social media tools for their organizations. More concretely, 77% of respondents felt Facebook and LinkedIn were important; 65% of respondents reported microblogging sites like Twitter as important; while 65% felt video sharing platforms such as YouTube were important.

The disclosure literature highlights the importance of the medium with which the information is presented. Communication media vary in their degree of richness; therefore, different communication media might have different effects (Daft and Lengel 1986).

Cho et al. (2009) claims that recent sophisticated technologies enable companies to enhance their corporate communication and their online appearance by emotionally engaging with the users. Hence, products of Web 2.0, especially social media, which allow multiple cues for disseminating company information (graphics, pictures, videos), might represent interesting tools for effective business communication.

From all these tools, we focused on YouTube for two reasons: first, it seems to be an interesting platform for corporate communication, as it deals with social video; and, second, it is the world's largest video sharing platform. From a psychological point of view, video is a very powerful form of media because it combines sight, sound, motion, and emotion to reach our senses and our psyche. For that reason, video can be more engaging than other media types, and that is why its use in business communication makes it an interesting field for research.

Current statistics show that YouTube attracts one billion unique visitors and over six billion views per month. Therefore, organizations cannot ignore this phenomenon, nor the fact that brands can take advantage of it. If the company doesn't include a YouTube channel in its communication strategy, it's definitely missing a cost-effective opportunity to engage with its fans and consumers (Socialbakers, 2013).

Previous studies have investigated different aspects of YouTube, such as user-generated content (Liu-Thomkins and Rogerson, 2012; Smith et al., 2012; Susarla et al., 2012), metrics (Hovden, 2013), engagement (Carim and Warwick, 2013; Towner and Dulio, 2012; Zhang et

al., 2013), content (Cha et al., 2007; Kousha et al., 2012; Kruitbosch and Nack, 2008; Ridout et al., 2010; Waters and Jones, 2011), and user behaviour (Canali et al., 2010; Chatzopoulou et al., 2010; Knautz and Stock, 2011; Lee et al., 2010; Madden et al., 2013; Paolillo et al., 2008; Potthast, 2009; Potthast and Becker, 2010; Siersdorfer et al., 2010; Thelwall et al., 2011).

Regarding the user generated content (UGC), Liu-Thomkins and Rogerson (2012) identified three groups of factors influencing diffusion outcomes: network structure, content characteristics, and author characteristics. Smith et al. (2012) focused on UGC differences across Facebook, YouTube, and Twitter providing an overview of what users can expect to find in those sources. The study conducted by Susarla et al. (2012) focused on social interactions and social influence on the success of videos suggesting that the magnitude of video diffusion is impacted by social interactions on YouTube.

With regards to metrics, Hovden (2013), suggested the use of h-index and g-index to measure productivity and impact of YouTube channels.

Concerning the engagement, Zhang et al. (2013) analysed the influence of different social networks, including YouTube, on political campaigns. A similar approach was previously adopted by Towner and Dulio (2012) who analysed YouTube's influence on political perception during the US presidential election. Paek et al. (2011) analysed the influence of YouTube in public service advertising. Carim and Warwick (2013) who used quantitative surveying and focus groups to analyse how companies build dialogue with their stakeholders through different social networks including YouTube. Their study revealed that although most of the companies from their sample adopted social media channels for corporate communication purposes, a one-way broadcasting of information approach is still more prevalent than two-way communication (open dialogue). Additionally, they pointed out the lack of communication performance monitoring.

Related to content analysis, Kousha et al. (2012) provide a particularly good overview of the investigations using YouTube video datasets in the fields of marketing, medicine, management and political science, Ridout et al. (2010) examined online video advertisements for political purposes, and Waters and Jones (2011) analysed nonprofit organization videos.

Other researchers concentrated on the users behaviour and their comments. While Madden et al. (2013) provided a classification scheme for content analysis of video comments, other

authors (Canali et al., 2010; Chatzopoulou et al., 2010; Paolillo et al., 2008) investigated user interaction patterns, which can be of particular interest for marketers. Studies conducted by Lee et al. (2010), Potthast (2009), Potthast and Becker (2010) focused on commenting behaviour by mining the content of comments to measure e. g. video popularity. A prototype application called “Opinion Cloud” was developed to measure positive/negative responses by summarising them in tag clouds without having to go through large numbers of comments (Potthast, 2009, Potthast and Becker, 2010). Other studies which focused on characterising commenting patterns, were conducted by Knautz and Stock (2011), Siersdorfer et al. (2010), and Thelwall et al. (2011).

Despite the number of studies described above, a gap still remains; the effect of being active and disseminating a particular content through this channel on the audience and stakeholder engagement has been omitted. To fill this gap we focused on corporate-generated-content of Eurozone companies analyzing the effect of video content on stakeholder engagement while also offering an overview of corporate YouTube practices in the Eurozone.

3.2 THEORETICAL BACKGROUND

As YouTube is a powerful platform for enabling the creation of dialogue between a company and its stakeholders, companies can benefit from its features through using an appropriate communication strategy to create and maintain stakeholder loyalty. As such, a conjunction of stakeholder and dialogic (symmetrical communication) theory has been chosen as the theoretical framework for our research.

Stakeholder theory has been applied in previous studies about stakeholder engagement and corporate transparency (An *et al.*, 2011; Michelin and Parbonetti, 2010). According to this theory – developed by Freeman (1984) – companies try to achieve more transparency in order to gain the approval of particular stakeholders. According to Foster and Jonker (2005) and Phillips (2003), it is not just the integration of the shareholders’ interests that is crucial for the company (and which may significantly improve its profits as well), but that of all stakeholders in the company. Considering this approach, we try to find out how transparent the companies are, how they communicate with their stakeholders through this platform, and to which group of stakeholders the shared content is primarily addressed.

According to *dialogic theory*, attention is focused on the process of communication rather than the particular outcome of it (Health *et al.*, 2006; Pettigrew and Reber, 2010). Various

authors (Habermas, 1990; Pearson, 1989; Roper, 2005) argue that communication should be dialogical and symmetrical rather than monological (which is asymmetrical), and that a cooperative open dialogue can be a powerful tool for the company.

Kent and Taylor (1998) described dialogic communication as a negotiated exchange of ideas and opinions. From this perspective, the role of communication in relationship building is to create and maintain healthy relationships between the company and its stakeholders (Ledingham, 2003), whereby organizations can facilitate dialogue by establishing appropriate channels and strategies for dialogic communication. Kent and Taylor (1998) also stressed that online communication through social media represents an ideal avenue for fostering dialogue.

With regards to this theory, YouTube seems to be an interesting platform to foster corporate dialogic communication, as it provides the ability to express users' opinions about the particular video through like/dislike buttons, and the possibility to post comments on the shared videos. When this is adopted alongside a relevant online communication strategy, this can lead to open communication, and help to maintain a healthy relationship with the public.

Several studies have been conducted to investigate the dialogic potential of online communication for maintaining relationships with stakeholders (e.g. Kent *et al.*, 2003; Park and Reber, 2008; Rybalko and Seltzer; 2010; Seltzer and Mitrook, 2007).

Research conducted by Kent *et al.* (2003), Taylor *et al.* (2001), Seltzer and Mitrook (2007), and Bortree and Seltzer (2009) focused on how organizations use online communication to interact with their stakeholders by examining traditional websites, weblogs, and social networking sites. They came to the consensus that, from the point of view of dialogic theory, companies use technical and design cluster principles (which include usefulness of information, ease of use, and conservation of visitors) regularly, but did not utilize the dialogic cluster (including generation of return visits and dialogic loops) that much (Rybalko and Seltzer, 2010).

In our study, we extend the investigation into online relationship building by examining the YouTube profiles of Eurozone companies in order to understand the extent to and ways in which companies use the popular video platform to facilitate dialogic communication with their stakeholders, as well as factors influencing the company's activity and their audience on this channel.

3.3 OBJECTIVES AND RESEARCH QUESTIONS

3.3.1 Objectives

In order to determine the purposes of its usage, this study aims to examine the extent to which major companies in the Eurozone (European Union countries using the euro as a national currency) use YouTube, and to identify some factors that may influence the company's activity; their audience and the stakeholders' engagement on this platform.

This study provides useful insights into companies' use of YouTube, and could assist in conducting related information systems research. Given that this is the first study of its kind to provide this type of analysis, the resulting unique contributions may provide value to the information systems area, and also contribute to the advancement of information systems research.

3.3.2 Research Questions

For the purposes of our study, five research questions were formulated. The first three research questions are related to YouTube activity, and based on the stakeholder theory assumption that the company tries to achieve a higher transparency to gain external approval from its stakeholders (Freeman, 1984). In our case, a higher activity on YouTube can be seen as a proxy for transparency. We also aimed to find out which factors determine the company's willingness to be active on this channel.

These research questions consider a set of independent variables that were adopted in a number of previous studies explaining the Web disclosure practices of companies, as well as the extent of social network usage. These are: company size, country, and industry in which the company operates.

According to previous empirical studies, such as those by Gallego *et al.* (2009), Larran and Giner (2002), Mallin and Ow-Yong (2012), and Utama (2012), the size of the company is considered to be one of the most frequently used variables to explain the level of information disclosure. These studies also suggest that if a company reaches a certain size, it tends to formulate a web development strategy, which currently also includes a social network strategy (Bonson *et al.*, 2008; Rodríguez *et al.*, 2012). Hence, it can be stated that large companies disclose more information on the Internet than small ones. Based on that, our first research question was created:

RQ1: Does company size influence corporate activity on its YouTube channels?

The region where the company operates was used as an explanatory variable in many previous studies regarding Internet disclosure practices, due to historical, cultural, social, and economic factors which differ from country to country (Fifka and Drable, 2012). Economic differences between Eurozone companies deepened as a result of the crisis. Therefore, for the purposes of this study, we distinguish two groups of countries based on differences in GDP per capita compared to the European average. The countries with a GDP above the European average were: Austria, Belgium, Germany, Luxembourg, Netherlands, Ireland, Finland, and France. The countries below the European GDP average were: Portugal, Italy, Greece, and Spain. Based on this, we assume that companies headquartered in the countries with a higher GDP per capita are more likely to incorporate technologies such as YouTube into their communication strategies. We therefore took into account the possible influence of differences in disclosure practices on social media platforms. Accordingly, our second research question was:

RQ2: Does the region where the company is headquartered determine the company's activity on its YouTube channel?

Companies within the same industry might show some similarities regarding information disclosure practices and, considering the evolution of Web 2.0, social network practices, too (Bazley *et al.*, 1985; Wagenhofer, 1990). Hence, based upon the nature of their activities, the various companies' YouTube practices may also differ between industries.

In our study, a classification based upon the Global Industry Classification Standards (GICS) was applied, which distinguished 20 categories (Global Industry Classification Standard). This leads us to our third research question:

RQ3: Does corporate activity on YouTube channels depend on the sector in which the company operates?

According to Deegan and Samkin (2009), the loyalty of stakeholders (based on good relationships and reflecting good stakeholder engagement) can have an important impact on the company's performance, and can therefore be beneficial. The first step in stakeholder engagement is to make the company visible. Thus, we aimed to find out whether there is a statistically significant correlation between activity on the YouTube channel (considering both the number of total uploaded videos and the number of uploaded videos per month) and the number of subscribers. Based on that, our fourth research question was formulated:

RQ4: Does higher YouTube channel activity lead to a higher number of subscribers?

However, the number of subscribers (proxy for visibility) is not enough to evaluate the stakeholder engagement. Therefore we aimed to find out if proxies for stakeholder engagement such as the number of video views, likes, dislikes, comments and shares depend on particular video content based on five categories defined in the methodology part. Thus, we tried to identify a video content that might lead to a higher stakeholder engagement (measured by number of video views, likes, dislikes, comments and shares).

RQ5: Does the video content influence the stakeholder engagement on the YouTube channel ?

3.4 METHODOLOGY

3.4.1 Sample

The analysed sample included all (306) Eurozone companies listed in the STOXX Europe 600 index (only the companies headquartered in countries with a euro currency were considered). Companies in the sample represent 12 Eurozone countries and 19 supersectors. Table 3.1 and table 3.2 provide detailed information about how many companies from each Eurozone country and super sector were represented in our sample.

Country	Number of companies
(AT) Austria	10
(BE) Belgium	17
(DE) Germany	58
(ES) Spain	31
(FI) Finland	20
(FR) France	81
(GR) Greece	9
(IE) Ireland	9
(IT) Italy	33
(LU) Luxembourg	3
(NL) The Netherlands	26
(PT) Portugal	9
Sum	306

Table 3.1 Country descriptive statistics

Supersector	Number of companies
Automobiles & Parts	13
Banks	35
Basic Resources	14
Construction & Materials	17
Financial Services	9
Food & Beverages	15
Healthcare	13
Chemicals	16
Industrial Goods & Services	41
Insurance	15
Media	16
Oil & Gas	15
Personal & Household Goods	12
Real Estate	9
Retail	11
Technology	15
Telecommunications	11
Travel & Leisure	8
Utilities	21
Sum	306

Table 3.2 Supersector descriptive statistics

3.4.2 Data Collection

Authors adopted a manual collection process starting with identifying YouTube channels for organizations. A company was considered as having a YouTube channel only if it had a company's profile on YouTube. From the sample of 306 companies, 134 companies were identified as having a corporate YouTube channel.

The activity level of the channel was measured by the number of uploaded videos collected manually. To assess a channel's popularity, the number of subscribers and video views were collected. This data collection was done in October 2012 for each corporate YouTube profile.

This study also aims to answer the question whether a particular video content leads to a higher stakeholder engagement. Therefore, a necessary step in this process was to conduct a content analysis of the uploaded videos.

3.4.3 Content Analysis

Holsti (1969) defines content analysis as a multipurpose research method to investigate a broad spectrum of problems by systematically and objectively identifying special characteristics of messages. Thus, it is a standard method for systematically comparing the content of communications and it has been used in a number of previous studies focusing on examining communication such as advertisements, media stories, web sites, and UGC on different social networks (Kolbe and Burnett, 199; Smith et al., 2012; Yun et al., 2008). We consider content analysis to be appropriate for our study to respond to our fifth RQ as it offers a systematic, complex, and objective way to compare content for a large sample of videos.

The whole process of content analysis conducted in this study consists of four steps: (1) sampling, (2) coding, (3) watching and analyzing the videos, (4) consolidating the results.

Sampling. In order to keep sampling scope manageable, but able to reflect a representative sample of corporate videos, a restricted time frame was established. Based on this, only the videos uploaded on the corporate's YouTube channel between August 1, 2012 and October 30, 2012 were sampled. If the number of videos per channel did not exceed 30, we analysed all the videos. Otherwise, we analysed the 30 most recent videos.

Coding. Before coding was established, operational definitions and categories were developed for content of the videos and an initial research framework for content analysis was created. Video content was classified by the authors according to the following categories: promotional/marketing; environmental; social; financial; and others.

To test the classification scheme and clarity of the descriptions, three independent research assistants cooperated on the research. The independent coders were given an explanation of the content analysis framework and video categories and were asked, together with one of the authors, to classify an initial portion of the sample in order to approve the suggested classification scheme. During this stage, the areas of confusion were identified and changes were made to the classification descriptions. These changes were then incorporated into the content analysis framework and final coding was established.

Content was coded "marketing/promotional" if a video focused on promoting a product/service offered by the company, or introduced a new product and its features. Content was coded "social/events" if a video included interviews with companies' leaders, managers, employees, and partners. In interviews, people talk about the company, revealing corporate

vision, enterprise goals, and the business environment; the video can also introduce an event, a charity project, a sponsorship, or another social campaign. Content was coded “environmental“ if a video described enterprises’ actions regarding the environment, or introduces companies’ environmentally friendly behaviour/projects that they have initiated with the aim of making substantial changes worldwide in pursuit of a move toward sustainable development (these videos focus, for example, on innovations in transportation, recycling, or social benefits). Content was coded “financial“ if a video described the financial and economical side of the company, such as income, turnover, market size, number of clients, financial targets, etc. Some videos with financial content focused on explaining the effects of a crisis, a financial growth or loss, or presenting a new acquisition.

Content was coded “other” if a video included educational short films about the industry, surveys conducted by enterprises, as well as videos which are not made by the company, but by sponsored organizations such as sport teams, schools, or universities. This category may also include different speeches or interviews which are not about the company itself, but that may have an impact on it, such as industry expert forecasts.

Watching and analyzing. After establishing the coding, every video was carefully watched by each author, category frequencies were tabulated, mutually compared, discussed and adjusted if necessary.

Consolidating the results. As a final step, the results obtained during the whole process were consolidated and statistical differences were assessed.

To shed light upon the conducted video content analysis, the language issue should be mentioned as one of the most pertinent. However, most of the videos were in English or English subtitles were provided.

3.5 RESULTS

3.5.1 Descriptive statistics

Among the Eurozone companies, almost 44% of them (134 companies) have an official YouTube channel. In spite of the popularity of YouTube (being as it is the world’s largest video sharing platform), and considering its engaging power, its active usage by companies is still low in comparison to other social networks such as Facebook, Twitter, or LinkedIn. (Bonsón and Bednárová, 2013; Jarrahi and Sawyer, 2012). The results regarding activity and the popularity of the channels are shown in Table 3.3. They include an average of 95

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uploaded videos, 1,632 subscribers, and over 2,190,000 video views. However, big differences exist between the channels: for example, the number of uploaded videos varies from 2 to 1,927; the number of subscribers range from 1 to 48,885; and the number of video views ranges from 182 to 75,080,168. Therefore, it is quite difficult to obtain a clear picture of an average corporate YouTube channel's attributes.

	Activity	Popularity	
	Uploaded videos	Subscribers	Video views
Average	94,98	1632,12	2194068,27
Median	37,50	65,50	38455,00
Std. Deviation	202,34	7109,96	9828139,22
Minimum	2	1	182
Maximum	1927	48885	75080168

Table 3.3 Activity and Popularity of the Channels

Regarding video content, it was found that it is mainly promotional (60% of videos), as shown in Table 3.4. Furthermore, some companies (7%) provided videos with environmental content, normally showing good practices and environmentally friendly behaviour. Social content was detected in 12% of the videos, and financial content appeared in 5% of them. This trend, prevalent promotional content, might also be seen on the other social media platforms, although they are multi-stakeholders in nature (Brown, 2011; Wright and Hinson, 2010).

Video content	%
Promotional, marketing	60
Environmental	7
Financial	5
Social	12
Others	16

Table 3.4 Video content

3.5.2 Statistical analysis

To apply an appropriate statistical method for analysing the potential correlations, we first checked the distribution of the dependent variables in both groups of research questions. As the distribution appeared to be abnormal in both cases, the non-parametrical alternatives of statistical testing were applied.

Our first group of research questions relates to activity on YouTube channels (measured by the number of total uploaded videos) and aims to examine whether it depends on the size of the company (RQ₁), the region (RQ₂), or the sector (RQ₃). The results are shown in Table 3.5.

Dependent variable	Independent variable	Method and value
		<i>Sig. (2-tailed)</i>
Activity (measured by number of uploaded videos)	Size	Spearman's correlation coefficient = 0.281*** <i>Sig. 0.000</i>
	Region	Mann-Whitney <i>Sig. 0.026**</i>
	Sector	Kruskal-Wallis <i>Sig. 0.029**</i>

***Significant at the 1-percent level; **Significant at the 5-percent level; *Significant at the 10-percent level

Table 3.5 Factors influencing corporate activity on YouTube channels

RQ1: Does company size influence corporate activity on its YouTube channels?

The result was statistically significant at a 0.01 level (sig. 0.000), and the Spearman's correlation coefficient was 0.281, which refers to a low–medium correlation. This implies that the size of the company might have some influence on YouTube channel activity.

RQ2: Does the region where the company is headquartered determine the company's activity on YouTube channel?

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Based on the significance level of the Mann-Whitney test (0.026), a null hypothesis may be rejected, and we can therefore assume that there is a relationship between YouTube activity and the region where the company is headquartered.

RQ3: Does corporate activity on YouTube channels depend on the sector in which the company operates?

According to the significance level of the Kruskal-Wallis test (which was 0.029) we may conclude that YouTube activity is also influenced by the sector in which the company operates.

Additionally, we tried to explore whether a high activity on a company’s YouTube channel leads to a higher number of subscribers. Table 3.6 shows the statistical results.

Dependent variable	Independent variable	Spearman’s correlation coefficient
		<i>Sig. (2-tailed)</i>
Popularity/Visibility (measured by no. of subscribers)	Activity	
	No. of uploaded videos	0.756*** <i>Sig. 0.000</i>
	No. of videos/month	0.639*** <i>Sig. 0.000</i>

***Significant at the 1-percent level; **Significant at the 5-percent level; *Significant at the 10-percent level

Table 3.6 Activity influencing the visibility

RQ4: Does higher YouTube channel activity lead to a higher number of subscribers?

It can be assumed that higher activity by the company on their YouTube channel leads to a higher number of subscribers (due to the high value of Spearman’s correlation coefficient = 0.756 at the significance level 0.000 for total number of uploaded videos and 0.639 at the significance level 0.000 for the average number of videos uploaded per month), and thus increases the brand’s visibility. However, quantity (number of uploaded videos) does not necessarily go hand in hand with stakeholder appreciation. This is just an initial step in the

process of an effective online communication strategy, and in building a relationship with stakeholders.

RQ5: Does the video content influence the stakeholder engagement on the YouTube channel ?

Based on the results of the non parametric test – Kruskal Wallis, it can be assumed that the video content does influence the stakeholder engagement on YouTube channel. P-value for all variables such as the number of video views, likes/dislikes, comments and shares was within the acceptable level (see Table 3.7). From the five categories, marketing and social videos were more likely viewed, liked/disliked, commented and shared than the other video categories. Thus, it might be concluded that the videos with promotional and social content tend to achieve a higher stakeholder engagement.

	Views	Likes	Dislikes	Comments	Shares
Chi-cuadrado	127.017	70.985	65.820	35.578	50.422
Sig.	0.000	0.000	0.000	0.000	0.000

Table 3.7 Stakeholder engagement and video content (Kruskal-Wallis)

3.6 DISCUSSION

In this paper, we aimed to analyse whether Eurozone companies use YouTube, the main purposes of its usage, the company's activity and online practices, as well as the factors influencing the channel's activity, the audience, and how video content influences stakeholder engagement on this platform.

As YouTube is the world's most popular online video community, it can act as a highly effective business tool for increasing the popularity of a company – starting by making it more visible. Using this social platform as a communicating tool can also significantly improve the company's stakeholder engagement by offering open dialogue between the two parties. Using this channel, the company is able to show off its expertise, share knowledge, to promote their products and connect with their customers.

3.6.1 Implications of the study

As there is no previous in-depth study exploring the extent of YouTube usage in the Eurozone, our study provides a new contribution to the debate about companies' current corporate YouTube practices, and can assist in conducting related information systems

research. Therefore, the results of this study can contribute to the advancement of information system research, while additionally bring some practical implications for the professionals using a YouTube channel in order to increase the company's awareness and build a stakeholder engagement.

From the perspective of dialogic theory regarding online relationship building, we examined the YouTube profiles of Eurozone companies to understand the extent and ways in which these companies use this popular video platform to facilitate dialogic communication with their stakeholders.

According to the results of this study, almost 44% of the studied companies have an official YouTube channel; through an examination of the content of these channels' videos, we realized that it is mostly used for promotional and marketing purposes, despite videos with social, environmental, and financial content appearing as well.

Additionally, in analysing the factors influencing activity on YouTube channel, we found that size, sector, and region, were positively correlated with the activity. Based on the results which emerged from our study, PR professionals in larger companies tended to embrace the social platform YouTube more than smaller companies. It has also been found that the companies whose headquarters are in the countries with a GDP above the European average such as: Austria, Belgium, Germany, Luxembourg, Netherlands, Ireland, Finland, and France were more likely to engage their stakeholders on this platform than the companies based in the countries with a GDP below the European average.

Another insight emerged from our study was that the videos with marketing and social content had a higher number of views, comments, likes/dislikes, shares (proxies for stakeholder engagement). Thus, there arises another interesting implication for public relations practitioners.

Companies use communication to create, maintain, nurture, and bolster relationships with different stakeholder groups (Bruning and Ledingham, 2000). Some authors (Kim and Rader, 2010; Solomon, 2002) defined this process of relationship building as relationship marketing. Kim and Rader (2010) stressed that there are two main types of associations in relationship marketing: corporate ability associations and corporate social responsibility associations. Corporate ability associations refer to a company's expertise in product and service quality. On the other hand, corporate social responsibility associations relate to consumers'

perceptions about the company's responsible performance. For example, if a company disseminate the information about its CSR activities, it employs a corporate social responsibility (CSR) focused communication strategy. Another approach might be a hybrid strategy that employs a combination of both corporate ability and corporate social responsibility communication.

Therefore, after a company's decision to incorporate YouTube into its communication strategy, the very next step should be a clear identification of a communication strategy on this channel. Based on the results of our research, a "hybrid" strategy combining promotional/marketing videos reflecting corporate ability and social videos reflecting corporate social responsibility appears to be the most effective approach in order to foster stakeholder engagement.

Once an online communication strategy is clearly defined, being active by uploading videos and promoting dialogue with stakeholders, this would lead to an effective communication on YouTube and consequently maximize the benefits of its usage.

The study revealed that higher activity on the channel leads to a higher number of subscribers, which for the purposes of our study was used as a proxy for visibility/popularity, which can be considered an initial step in the process of an effective online communication strategy, and in building a relationship with stakeholders. Thus, from the stakeholder theory perspective, active companies are more transparent, and a higher number of subscribers can foster stronger relationships with stakeholders in comparison to companies which are not using this channel.

As Laroche et al. (2013) suggests that online communities lead to higher trust and loyalty of customers, we argue that, similarly, enhanced relationship with stakeholders through YouTube increases the brand trust and loyalty which has a key role in stakeholder engagement.

Additionally, the loyalty of stakeholders (based on good relationships) can have an important impact on the company's performance, and therefore companies can benefit from using this technology (Deegan and Samkin, 2009).

3.7 CONCLUSION

We are currently witnessing the rapid growth of Web 2.0 and social media technology, which has brought about a significant change to business models; this shift has led to fundamental

changes in business communication, too. In addition to the other facilitations of Web 2.0, its evolution includes a massive spread of social networks, enabling new ways for companies to build relationships with their “always online” users.

Social media giant, YouTube, is a growing phenomenon. Public relations professionals have largely embraced this social media and use them to launch a constant dialogue between an organization and its audiences. A better understanding of the role that they play in companies’ communication can help us to understand how firms seek to open dialogue with their stakeholders and present themselves to the public.

Our study shows that 44% of Eurozone companies have an official YouTube channel. Despite presence that may create the illusion of value, when it comes to social media, having only a presence is simply not enough. Voss and Kumar (2013) states that social media presence should be utilized in a way that is mutually beneficial for both the entity and its audience and a company should be actively working on sending their stakeholders presumably interesting and relevant content.

The results emerged from this study showed that companies that are actively uploading videos and adopt “hybrid” social media communication strategy tend to have a higher number of subscribers and stronger stakeholder engagement. Therefore it might be concluded that having a corporate YouTube channel without utilizing its features and engaging with stakeholders is a missed opportunity.

Thus, this study offers two main contributions. First, it provides a conceptual overview of how Eurozone companies use the YouTube channel and the factors influencing its usage. Second, it provides some recommendations on how companies could use this platform for maximum benefits.

3.7.1 Limitations and future research

Before closing, a number of limitations leading to future research should be acknowledged. Firstly, an interesting line of research could be to map the evolution of YouTube channel activity in the Eurozone. Secondly, in order to examine companies’ YouTube practices, a set of advanced metrics could be used, and future studies are encouraged to look more closely at the different variables that may be involved in order to identify factors influencing stakeholder engagement on this platform. Furthermore, an interesting approach of future research could be an in-depth examination of the impact of YouTube channels on particular

groups of companies' stakeholders. Additionally, as our study is limited to Eurozone companies only, future studies could adopt our approach and apply it within a worldwide context, which might arguably improve the generalisability of the results.

Another interesting stream of research might be conducting more in-depth content analysis in order to describe CSR reporting practices on this platform and to identify correlations, specifically whether sustainability reporting on YouTube follows the same patterns as CSR reporting in general. This is going to be addressed in chapter 4.

Additionally, as user generated content offers an interesting area of research, especially on video platform YouTube, future research might also analyze user generated content on this channel as a stakeholders' response to a company's activity and online communication strategy.

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CHAPTER 4

YOUTUBE SUSTAINABILITY REPORTING: EMPIRICAL EVIDENCE FROM EUROZONE-LISTED COMPANIES

Abstract

CSR reporting is gaining momentum among Eurozone companies. The objective of this chapter is to provide evidence of those companies using YouTube as a communication and engagement channel for sustainability issues. Data on 306 Eurozone companies listed on the STOXX Euro 600 index were collected to describe these practices and to identify correlations, specifically whether sustainability reporting on YouTube follows the same patterns as CSR reporting in general. The main findings indicate that in spite of its potential, sustainability reporting using YouTube is still in an early stage and that the main factors influencing its usage are the sector in which the company operates, number of independent directors, and size of the company. Legitimacy theory and stakeholder theory are applied as a theoretical background for this study.

Keywords: CSR disclosure, Eurozone companies, YouTube, Legitimacy theory, Stakeholder theory

4.1 INTRODUCTION

A majority of Eurozone companies now engage in some form of CSR reporting (European Commission, 2011; KPMG, 2013). Companies are not only disclosing CSR information on the Internet in static formats (Web 1.0), but they are increasingly embracing social media, or interactive, Web 2.0 technologies for these disclosures (Eberle et al., 2013; Lee et al., 2013). Social media proposes an attractive solution for CSR communication and provides companies with immediate stakeholders' reactions (Lee et al., 2013). Little is known about CSR disclosure via YouTube, therefore, it is worthwhile to extend the earlier Web 2.0 CSR disclosure research to examine this phenomena.

This paper aims to answer the following research questions: (1) To what extent do Eurozone companies use YouTube as a communication and engagement channel for social and environmental issues? (2) How prevalent are social and environmental content relative to other types of content? (3) What factors influence YouTube sustainability reporting for Eurozone countries?

Sustainability reporting is currently a subject of great interest both to the business community and to academics. The importance of reporting beyond the income statement bottom line by using a triple bottom line approach (financial, environmental, and social data) arose in response to many corporate scandals, financial crises, climate change, concerns about labor rights, and poverty reduction (Noronha et al., 2012). Arvidsson (2010) argues that the main purpose of CSR communication is to achieve or protect company's legitimacy. From investors' point of view, proponents have argued that CSR reporting also enables investors and analysts to make more accurate projections of a company's future financial performance and to have a clearer picture of a company's activities and its real value (Eccles and Krzus, 2010). Scott (2011) claimed that CSR is a necessary tool for sustainable development, stressing that capital should be invested in businesses that are the best at creating long-term value in a sustainable manner. By implementing practical actions that stimulate CSR development, Eurozone countries can be considered to be leaders in CSR activity and reporting (Outtes-Wanderlay et al., 2008).

The rapidly changing business environment is forcing companies to adapt quickly and consider the most effective ways of reporting. Thus, many companies have started to use the Internet to report on their financial as well as non-financial performance. Corporate reporting using the Internet is cost saving and it allows for richer, more interactive displays than

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traditional print media. Moreover, it facilitates timely information disclosure, which are the most important attributes, thus making it a valuable tool for increasing corporate transparency and accountability on environmental and social issues (Jones et al., 1998; Koreto, 1997).

The disclosure literature highlights the importance of the medium with which the information is presented. Communication media vary in their degree of richness; therefore, different communication media might have different effects (Daft and Lengel, 1986). Palmer (2002) claimed that media can range from text-based to multimedia. The web is considered to be a richer communication medium than traditional print media as it offers multiple cues for disseminating information (text, graphics, pictures) (Cho et al., 2009).

Evidence from different authors (Cho et al., 2009; Davison, 2007; Warren, 2002) suggest that text disclosure alone is no longer adequate to articulate information and they point out the importance of visual imagery such as graphics, photos, and pictures, stressing that they are more powerful communication tools and might enhance CSR disclosure, too. Davison (2007) claimed that having simple pictures in annual reports affects the perception of richness and potency of the message. Hence, the opportunity to make disclosures through a richer medium is apparently one of the most important features that motivates companies to use the Internet for CSR disclosure.

The evolution of Web 2.0 has resulted in a higher rate of information sharing and an immense spread of tools such as blogs, wikis, and social networks. As mentioned in the second chapter, the most common applications of Web 2.0 can be found in social network technologies (Facebook, Twitter, LinkedIn, Google+), social media platforms (YouTube), blogs (Blogger, Wordpress), online communities (Yahoo Groups, Del.icio.us, Google groups), and wikis (Wikipedia, WikiWikiWeb, WebPaint). CSR disclosure serves as a tool to change external perceptions about a company and to instigate dialogue with stakeholders. The evolution of Web 2.0 enables companies to report on their CSR activity through different platforms such as social networks. Thus, the emergence and increasing popularity of social media introduces a new way for companies to build relationships with their “always online” users. Social media offer numerous opportunities to interact with a wide range of stakeholders (DiStaso et al., 2011). The growing popularity of social media has led companies to consider other disclosure strategies that offer more flexibility than traditional media do. Social media also enable firms to reach a wider audience and different groups of stakeholders, and they can make the relationship between a company and its stakeholders more direct, dynamic, and potentially interactive (Cormier et al., 2009).

The International Integrated Reporting Council (IIRC) has introduced a new approach to reporting that aims to combine the different strands of reporting into a coherent, integrated whole. In its reporting framework, the IIRC encourages companies to include links to other reports and communications such as various social networks (IIRC, 2013). Thus, the IIRC supports the idea that social networks and platforms can be potential future CSR disclosure tools.

Given that social media allow multiple cues for disseminating corporate information such as graphics, pictures, videos, and enable companies to engage more interactively with users, they might represent interesting tools for effective CSR disclosure.

CSR communication through interactive online media can improve corporate reputation and word-of-mouth (Eberle et al., 2013). Previous studies found that when CSR message is perceived as interactive it leads to higher message credibility and to increased stakeholders' feelings of identification with the company (Eberle et al., 2013; Thorson and Rodgers, 2006). Analyzing Fortune 500's Twitter profiles, it has been found that responsible companies are more likely to be early adopters of social media and the CSR rating of the company has a positive effect on the message virality. Moreover, companies with high CSR rating may harvest proactive stakeholders' participation in communication, which is user-driven without investing more resources into company-driven communication (Lee et al., 2013).

According to Cho et al. (2009), visual communication itself may affect the effectiveness of a particular disclosure. Therefore, YouTube might be an interesting platform for corporate communication since it deals with social video. From a psychological point of view, video is a powerful medium because of its combination of sight, sound, motion, and emotion reaching our senses and psyche. Considering the added layer of richness the medium of video provides in comparison to traditional reporting tools, it can be more engaging than other media types, making its use for business disclosure an interesting field for research.

This study examined YouTube disclosures from 306 companies to find out whether Eurozone companies incorporate YouTube into their communication strategies to articulate CSR information. Our findings suggest that despite its potential, YouTube CSR disclosure is still in an early stage and that the promotional video content is the most prevalent. Furthermore, we also analyze whether YouTube CSR disclosure follows the same patterns as traditional CSR disclosure. Our findings suggest a positive relationship between the environmental disclosure

via YouTube and the sector in which the company operates, the number of independent directors, and the size of the company.

We believe that our paper has both practical and research implications. It provides evidence that companies' propensity to make CSR disclosure via YouTube can be explained both by legitimacy (companies operating in environmentally sensitive industries make more disclosure) and stakeholder theory (companies with more independent directors on the board make more disclosure).

Moreover, the insights of our study might have important practical implications for investors. It is important for them to know that companies operating in environmentally sensitive industries may be using YouTube environmental disclosures as a legitimating strategy, and that companies with more independent directors may be using such a disclosure as a means to appeal to a broader range of stakeholders

Regarding the theoretical contribution, little is known about what motivates firms to make CSR disclosures through social media. This is the first study exploring the potential of YouTube as a communication and engagement channel for sustainability issues. Therefore, the results can contribute to the advancement of theory in this area.

4.2 BACKGROUND, THEORY, AND HYPOTHESES

4.2.1 Background

YouTube is the world's largest video sharing platform. Table 4.1 provides the statistics about the leading online video properties conducted in January 2013, ranked by the number of unique viewers (Statista, 2014). Current statistics show that YouTube attracts one billion unique visitors and over six billion views per month.

Online video property	Number of unique viewers (in millions)
YouTube	755.00
Facebook	296.00
VEVO	255.80
Viacom Digital	161.10
Brightroll Video Network	152.80
Youku	144.80
Tencent	126.00
Liverail	120.40
Adap TV	117.90
Yahoo!	117.30
Specific Media	116.14
Dailymotion	116.12

Source: Statista (2014)

Table 4.1 Leading online video properties worldwide in January 2013

Prior research has examined the use of YouTube in marketing and public relations contexts (Towner and Dulio, 2012; Wright and Hinson, 2010), but to our best knowledge, no study has examined its use for CSR disclosure. Hence, our study offers a new avenue for research since it is the first to explore CSR reporting practices on YouTube.

4.2.2 Theoretical background

Legitimacy Theory

The framework of legitimacy theory has been used as a background for several studies related to CSR disclosure (Branco and Rodrigues, 2006; Deegan, 2002; Gray et al., 1995). According to legitimacy theory, companies strive to be perceived as “good citizens” in order to legitimize their activities and prove that they adopt practices that comply with societal norms,

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values, and expectations (Suchman, 1995). Organizational legitimacy itself has no material form. It is an abstract concept referring to some kind of social contract with society based on the congruence between the social values implied by the company's activities and the norms of the larger social system (Mathews, 1993). Kaplan and Ruland (1991) claim that a company seeks approval (or perhaps avoidance of sanction) from different groups of society through the legitimization process. Certain actions may increase or decrease the legitimacy, which leads to material consequences for a company (Suchman, 1995).

Deegan (2002) stressed that a company can gain legitimacy by voluntarily disclosing environmental and social information. A firm's explicit CSR reporting that is not mandated by a law (Matten and Moon, 2008) can be regarded as the search for moral legitimacy that is granted by stakeholders. Indeed, a major goal of CSR disclosure is to achieve or protect organizational legitimacy and it is an effective method of response for legitimacy threats (Arvidsson, 2010). YouTube is yet another means for companies to display their responsibility towards the environment and society, and thus manage their own legitimacy.

Stakeholder Theory

Classical views on the role of business in society focused purely on shareholder profits. However, including the stakeholder perspective has become necessary when discussing and analyzing CSR disclosure. Indeed, stakeholder theory emphasizes that companies have a social responsibility, meaning that they are obligated to consider the interests of all stakeholders groups affected by their actions (Freeman, 1984; Moser and Martin, 2012).

According to stakeholder theory (Freeman, 1984), companies try to achieve higher transparency in order to gain the approval of particular stakeholders. CSR reporting is therefore used to engage with different stakeholders groups that are deemed essential for the viability of the company (Ullman, 1985; Roberts, 1992). Additionally, some studies based on this theory have also found a positive relationship between CSR and financial performance (Graves and Waddock, 2000; Orlitzky et al., 2003; Van de Velde et al., 2005). They argue that the loyalty of stakeholders, which is based on CSR communication-measured stakeholder engagement, in turn leads to higher company performance.

YouTube can be considered an effective medium for communicating CSR issues to stakeholders as it is highly interactive platform allowing an open dialogue with different stakeholder groups and facilitates timely information disclosure.

4.2.3 Hypotheses

Previous studies have underscored the impact of industry characteristics on CSR reporting practices. Snider et al. (2003) stressed that companies operating in environmentally sensitive sectors face stronger stakeholder demands for greater transparency. Facing this scrutiny, these companies are forced to legitimize their activities more than companies operating in non-sensitive sectors. Cho and Roberts (2010) claimed that communication plays a crucial role in the legitimacy process and that CSR disclosure represents an effective communication tool for companies managing their societal perception. Thus, the finding of Tagesson et al. (2009) claiming that companies operating in environmentally sensitive sectors tend to disclose more CSR information is not surprising. Companies operating in these sectors also report more CSR information in order to mitigate the social and environmental risks linked to their activities (Unerman, 2008). The evidence of a sector's influence on a company's CSR reporting practices was found in other studies as well (Bebbington et al., 2008; Cho et al., 2010; Sharma, 2002; Tschopp, 2005). Therefore, our first hypothesis is:

H1: Companies operating in environmentally sensitive sectors disclose more CSR information on YouTube than companies from non-sensitive sectors.

Global Reporting Initiative (GRI) guidelines, developed in 1997, are the most highly developed sustainability reporting standards. GRI disclosure is based on triple bottom line including three sets of indicators (economic, environmental, and social) and it is the leading reporting framework for sustainability disclosure worldwide (Ballou et al., 2006; KPMG, 2013; Roca and Searcy, 2012).

One of the best-known sustainability assessment groups is the DJSI. This index was created in 1999 and it currently consists of different sub-indexes based on geographic location. Inclusion is based on assessing different aspects related to sustainability such as the review of annual reports, environmental reports, or health and safety reports as well as the review of articles, media, and stakeholder commentaries on the company. So far, membership of the DJSI has been considered to be a signal of CSR leadership, as it uses best-in-class approach, which means that only to the top 10% of companies from each industry, based on their sustainability score, are included (Fowler and Hope, 2007; Cho et al., 2012). Being a member of the DJSI presumably sends a message that the actions of the company are congruent with societal expectations.

Barkemeyer (2007) points out that explicit CSR disclosure is connected with legitimacy theory because companies are striving to be perceived by stakeholders as “good citizens”.

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These companies search for moral legitimacy for their activities by disclosing social responsibility information voluntarily. Castelló and Lozano (2009) also claim that reporting based on accepted standards such as the GRI or belonging to the DJSI are examples of moral legitimacy. Hence, in terms of legitimacy two scenarios might appear.

First, companies following GRI standards or being DJSI member have better developed reporting practices, which may also make them more likely to use alternative channels to report on sustainability. On the other hand, adopting GRI standards or being a member of DJSI might already convey legitimacy on a company's sustainability disclosure activities and therefore it might not be necessary for such a company to engage in alternative forms of reporting. However, it appears that the opportunity afforded to a company to increase its legitimacy through better developed reporting is the stronger of these two arguments. Therefore, we propose the following hypotheses.

H2: Companies reporting according to GRI standards disclose more CSR information on YouTube than other firms.

H3: Companies listed on the DJSI disclose more CSR information on YouTube than other firms.

The composition of a firm's board of directors and its influence on the firm's financial effectiveness and CSR activities have been the subject of a number of studies. Although Chapple and Ucbasaran (2007) find that the ratio of outside to inside directors on the board is not related to CSR activity, most governance research finds a positive relationship between the number of independent directors on the board and CSR performance of a company (Ibrahim et al., 2003; Johnson and Greening, 1993; Webb, 2004). After examining the differences between socially responsible and non-socially responsible companies, Webb (2004) argued that companies with more outside/independent directors are more socially responsible than those with a smaller ratio of independent directors. These arguments are well founded by stakeholder theory, which points out that a company should design its corporate strategies by considering the interests of its stakeholders (Freeman, 1984) stating also that the company has a responsibility to meet their legitimate claims. According to stakeholder theory, for a company to be viable over time, it must demonstrate its ability to achieve the multiple objectives of different stakeholders. Based on that, the representation of diverse stakeholders on the board and proportion of independent directors are crucial in order to legitimize and safeguard the interests of different stakeholder groups (Freeman and Even, 1990).

Rosenstein and Wyatt (1990) found that companies with a higher proportion of independent directors tend to provide more voluntary disclosure of corporate information. Based on this research as well as on our reasoning that a company with a higher level of independent directors on the board is more stakeholder-oriented, our next hypothesis is

H4: Companies with more independent directors disclose more CSR information on YouTube.

4.3 METHODOLOGY

4.3.1 Sample and Data

A sample of 306 Eurozone companies listed on the STOXX Europe 600 index was examined. Only those companies headquartered in countries with the Euro currency were chosen. That is why the sample was reduced to 306 out of 600 companies. They represent 12 Eurozone countries (Table 4.2) and 19 supersectors (Table 4.3).

Country	Number of companies
Austria	10
Belgium	17
Finland	20
France	81
Germany	58
Greece	9
Ireland	9
Italy	33
Luxembourg	3
Netherlands	26
Portugal	9
Spain	31
Total	306

Table 4.2 Representation of Eurozone countries in the sample

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Supersector	Number of companies
Automobiles & Parts*	13
Banks	35
Basic Resources*	14
Construction & Materials*	17
Financial Services	9
Food & Beverages	15
Healthcare	13
Chemicals*	16
Industrial Goods & Services*	41
Insurance	15
Media	16
Oil & Gas*	15
Personal & Household Goods	12
Real Estate	9
Retail	11
Technology	15
Telecommunications	11
Travel & Leisure	8
Utilities*	21
Total	306

Notes: *environmentally sensitive sectors

Table 4.3 Representation of critical and non-critical sectors

The official YouTube channels of all companies in the sample were analyzed. A company was counted as having a YouTube channel only if it had a company profile on YouTube. In our sample, 134 companies maintained an official corporate YouTube channel, and 172 companies did not.

4.3.2 Variables and Measurement

Dependent Variables

In order to calculate the YouTube sustainability reporting index, a content analysis of videos uploaded over a three-month period from August to October 2012 for each corporate YouTube profile was conducted. We analyzed all the videos, when the number of videos during the three-month period did not exceed 20. Otherwise, we analyzed the most recent 20 videos.

Video content was classified according to the following categories: marketing/ promotional, social/events, environmental, financial, and other. *Marketing/promotional* videos focus on promoting a product or service offered by the company or introducing a new product and its features. *Social/events* videos include interviews with a company's leaders, managers, employees, and partners. These interviews address the company's corporate vision, enterprise goals, and business environment. Social/events videos can also introduce an event, charity project, sponsorship, or other social campaign. *Environmental* videos describe an enterprise's actions regarding the environment or introduce a company's environmentally friendly behavior or projects that it has initiated with the aim of making substantial changes toward sustainable development. For example, these videos may focus on innovations in transportation, recycling, or pollution control. *Financial* videos describe the financial and economic side of a company, such as income, revenue, market size, number of clients, and financial targets. Some videos with financial content focus on explaining the effects of a crisis, discussing financial growth or loss, or presenting a new acquisition. Videos in the "other" category can include educational short films about the industry or surveys conducted by an enterprise as well as videos that are not made by the company, but by sponsored organizations such as sport teams, schools, or universities.

We used this information to create an index reflecting CSR disclosure on YouTube based on the raw number of environmental and social videos uploaded in the observation period. The index, termed the "YouTube Total Sustainability Reporting index" (YTSRi), was calculated by summing the two sub-indexes: the "YouTube Social Reporting index" (YSRi) and "YouTube Environmental Reporting index" (YERi). YSRi and YERi were based on the raw number of videos with social/environmental content uploaded during the observation period.

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Independent Variables

Our independent variables were sector (H1), GRI reporting (H2), being listed on the DJSI (H3), and board independence (H4).

Our sample includes 19 industry sectors. These were classified into two groups, environmentally sensitive and non-sensitive sectors, adopting a similar approach to Cho et al. (2010), Cho and Patten (2007), and Patten (2002).

Board independence was calculated by the number of independent directors obtained from a company's annual report. Furthermore, we looked at companies' annual reports to determine whether they are reporting in accordance with GRI standards (level of GRI application was not considered in our study) and whether they are listed on the DJSI.

Control Variables

Based on previous research, firstly, we included a control for the size and age of the company. Secondly, we included a control for YouTube activity.

Regarding the *size of a company*, several studies have found a positive and significant relationship between company size and the extent of CSR reporting (Branco and Rodrigues, 2008; Gao et al., 2005; Tagesson et al., 2009; Young and Marais, 2012). Additionally, there is evidence that large companies disclose more information on the Internet than small ones (Bonsón and Escobar, 2002; Depoers, 2000; Larrán and Giner, 2002). Company size was measured by the logarithmically transformed market capitalization.

Company age has also been suggested as a factor influencing CSR disclosure in several studies (Liu and Anbumozhi, 2009; Rettab et al., 2009). However, the results of previous research are contradictory. Some studies have found a positive relationship between company age and the extent of CSR disclosure (Delaney and Huselid, 1996), while others found a negative relationship between a company's age and its CSR disclosure (Liu and Anbumozhi, 2009; Rettab et al., 2009). Either way, company age seems to be correlated with the extent of CSR disclosure on YouTube. Therefore, it has been included in our model. Company age was measured by the number of years since the company was founded.

Finally, we included a control for *YouTube activity*, since more active companies may also upload more videos with CSR content.

4.3.3 Method of Analysis

In order to apply an appropriate statistical method for analyzing the potential relationships, we first checked the distribution of the dependent variables. As the distribution of the indexes seemed to be non-normal, a generalized linear model (GLM) was applied. A GLM is a flexible generalization of an ordinary linear regression that allows for response variables that do not have a normal distribution. The variables were tested at the multivariate level where all independent variables (controls and testing) were simultaneously included in the GLM.

4.4 RESULTS

4.4.1 Descriptive Statistics

Among the sampled Eurozone companies, almost 44% (134) of them have an official YouTube channel. However, this is low in comparison with the overall use of other social networks, such as LinkedIn (78%) in Eurozone (Bonsón and Bednárová, 2013), or Twitter (77%), and Facebook (70%) in U.S. (Barnes et al., 2013). Regarding YouTube, there is an average of 95 uploaded videos, 1,632 subscribers, and over 2,190,000 video views per channel. There are large differences among the channels. The number of uploaded videos varies from two to 1,927, the number of subscribers ranges from one to 48,885, and the number of video views ranges from 182 to 75,080,168.

The number of companies using YouTube as a communication and engagement channel for social and sustainability issues was even lower. As shown in Table 4.4, the most prevalent content of videos is promotional (60% of videos). Only 7% of companies provided videos with environmental content, normally showing good practices and environmentally friendly behavior. Social content was detected in 12% of videos and financial content appeared in 5%.

Video content	Proportion
Marketing/promotional	60%
Social/events	12%
Environmental	7%
Financial	5%
Others	16%

Table 4.4 Video content

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Table 4.5 gives descriptive statistics for all variables in our model and Table 4.6 presents a correlation matrix for them.

Panel A: Descriptive Statistics

Variable	Mean	Median	Std. Deviation	Min.	Max.
YTSR_i	3.20	0.00	4.55	0.00	20.00
YSR_i	2.08	0.00	3.84	0.00	20.00
YER_i	1.12	1.00	2.21	0.00	11.00
BI	12.26	7.00	14.55	0.00	58.00
Size	17,318.80	6,744.91	26,583.18	49.79	177,045.09
Age	72.64	49.50	74.72	1.00	541.00
Activity	87.89	32.00	196.20	0.00	1,927.00

Panel B: Values and Percentages for Variables Sector, GRI, and DJSI

Variable	n	n = 0	n = 1	% = 0	% = 1
Sector	134	68	66	0.51	0.49
GRI	134	62	72	0.46	0.54
DJSI	134	79	55	0.59	0.41

Table 4.5 Descriptive Statistics

	YTSRi	YSRi	YERi	Sector	GRI	DJSI	Board Indep.	Size	Age	Activity
YTSRi	1.000									
YSRi	0.836***	1.000								
YERi	0.675***	0.289***	1.000							
Sector	-0.029	-0.126	0.090	1.000						
GRI	-0.025	0.001	-0.067	0.046	1.000					
DJSI	0.043	0.046	-0.002	0.088	0.531***	1.000				
Board Indep.	0.138	0.060	0.232***	0.011	-0.095	-0.003	1.000			
Size	0.203**	0.253***	0.049	-0.155*	-0.008	0.029	-0.022	1.000		
Age	-0.046	0.025	-0.206**	-0.061	0.061	0.052	-0.171*	0.098	1.000	
Activity	0.120	0.143*	0.163*	-0.124	0.004	0.025	0.072	0.161*	-0.043	1.000

Notes: *Significance level $p < 0.10$ (two-tailed); ** Significance level $p < 0.05$ (two-tailed), ***Significance level $p < 0.01$ (two-tailed).

Table 4.6 Correlation Matrix (Spearman`s coefficient)

4.4.2 Multivariate Results

Control Variables

There is a significant positive association between company size and the overall sustainability reporting (YTSR_i, $p=0.09$) and environmental (YER_i, $p=0.08$) indices. Both company age and YouTube activity were insignificant at conventional levels ($p>0.10$) for all three dependent measures.

Hypotheses Tests

H1 predicts that companies operating in environmentally sensitive sectors disclose more CSR information on YouTube than companies from non-sensitive sectors. As shown in Table 4.7, sector has a significant ($p = 0.05$) effect on YER_i, but not on either of the two other dependent measures ($p>0.10$). Therefore, H1 is only supported for YouTube environmental disclosures.

H2 and H3 predict that companies reporting according to GRI standards and listed on the DJSI disclose more CSR information on YouTube than other companies. However, our results showed (Table 4.7) that neither reporting according to GRI standards nor DJSI membership have a significant effect on any of the three dependent measures ($p > 0.10$). Hence, H2 and H3 were not supported.

Our last hypothesis (H4) predicts that companies with more independent directors disclose more CSR information on YouTube. As shown in Table 4.7, the number of independent directors has a significant ($p = 0.001$) effect on YER_i, but not on either of the two other dependent measures ($p > 0.10$). Therefore, H4 is also only supported for YouTube environmental disclosures.

Variable	YTSRi		YSRi		YERi	
	Wald Chi- square	Sig.	Wald Chi- square	Sig.	Wald Chi- square	Sig.
(Intercept)	15.772	0.00	14.571	0.00	2.645	0.10
Sector	0.009	0.92	0.780	0.38	3.770	0.05
GRI	0.034	0.85	0.237	0.63	1.875	0.17
DJSI	0.843	0.36	0.992	0.32	0.024	0.88
Board Independence	1.212	0.27	0.189	0.66	11.330	0.001
Size	2.907	0.09	1.206	0.27	3.073	0.08
Age	2.389	0.12	1.773	0.18	0.873	0.35
Activity	0.003	0.96	0.002	0.97	0.044	0.83

Table 4.7 Variables influencing YouTube sustainability reporting (GLM)

4.5 SUMMARY AND CONCLUSIONS

This is the first study to examine the use of YouTube as a communication channel for corporate sustainability disclosures. The objective of this paper was to provide an initial assessment of corporate sustainability reporting practices using YouTube. In our study, we aimed to answer the following questions: (1) To what extent do Eurozone companies use YouTube as a communication and engagement channel for social and environmental issues? (2) How prevalent are social and environmental content relative to other types of content? (3) What factors influence YouTube sustainability reporting for Eurozone countries?

The results of this study show that among the sampled Eurozone companies, almost 44% (134) have an official YouTube channel. However, the number of companies using YouTube for sustainability issues was quite low. Out of 134 official corporate YouTube channels only

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76 were used to promote CSR content. Our results show that companies use YouTube primarily for marketing purposes (60% of videos). Social content was detected in 12% of the videos, and only 7% of videos had an environmental content, normally showing good practices and environmentally friendly behavior.

In regards to the third question, we examined the influence of company size, age, activity on YouTube, sector, reporting in accordance with GRI standards, DJSI membership, and board independence, which are the variables widely used in previous studies regarding CSR reporting and rooted in legitimacy and stakeholder theory, on the extent of YouTube sustainability reporting.

The main findings imply that the only hypotheses confirmed were the effects of sector and board independence on environmental YouTube disclosure. Additionally, company size had an effect on both overall sustainability and environmental disclosures.

Regarding the size of the company, our study concurs with previous research (Young and Marais, 2012; Branco and Rodrigues, 2008; Gao et al., 2005), stressing that larger companies are subject of greater scrutiny regarding their CSR performance and therefore they are forced to be more transparent on environmental and social issues. With regard to sector, our finding agrees with legitimacy theory, confirming that the companies operating in environmentally sensitive sectors tend to disclose more environmental information on YouTube than those operating in non-sensitive sectors. Similarly, companies with a higher number of independent directors are more likely to use YouTube for environmental disclosure, as predicted based on stakeholder theory.

Social media such as YouTube are a growing phenomenon. A better understanding of the role that they play in companies' sustainability disclosures can help us understand how firms seek to relate to their stakeholders and present themselves to the public. In this work, we rely on legitimacy and stakeholder theory.

Using YouTube can increase a company's awareness, protect and develop corporate reputation, and build stakeholder engagement. Corporate reputation is a valuable asset that needs to be protected and developed. Within this concept, CSR reporting constitutes an efficient communication tool and can be used to influence the stakeholders' perception of a company's responsibility. Using alternative channels such as YouTube to disclose environmental and social information might be even more efficient due to the media richness and two-way communication that this platform offers.

Our findings suggest that nearly half of the companies under study maintain a YouTube channel. Although the sustainability reporting via YouTube has not yet been adopted on a widespread basis, companies should pay attention to these emerging forms of CSR communication as they might represent the future of sustainability reporting. Based on legitimacy theory, which highlights the essential role of communication in the legitimacy process (Cho et al., 2010), the company should take advantage of the diverse multimedia features new technologies offer and try to enhance the presentation of disclosures by applying different visual imagery rather than using text alone (traditional text-based form of CSR reporting).

Another theory on which this study leans is stakeholder theory, based on which, the company can benefit from good relationships with stakeholders (Deegan and Samkin, 2009). Adopting YouTube as a communication channel, not only for promotional but also for environmental and social disclosure, may lead to higher stakeholder engagement as it enables an open dialogue between the company and stakeholders. It should be taken into account that stakeholders want to be heard. Therefore, adoption of YouTube for sustainability information may be more effective as it offers two-way communication and truly allows stakeholders to have a say in comparison to traditional CSR report (one-way communication).

4.5.1 Implications of the study

As there is no previous in-depth study exploring CSR disclosure using YouTube in the Eurozone, our study provides a new contribution to the debate about companies' current reporting practices through this platform, and it can assist in conducting related information systems research. Therefore, the results of this study can provide a contribution to theory development regarding CSR disclosure via social media, while additionally offering some research and practical implications.

Regarding the research implications of our study, it provides evidence that companies' propensity to make CSR disclosure via YouTube can be explained both by legitimacy (companies operating in environmentally sensitive sectors disclose more than companies in non-sensitive sectors) and stakeholder theory (companies with more independent directors disclose more than others).

In terms of practical implications, our study might offer interesting insights for investors as it is important for them to know that companies operating in environmentally sensitive sectors may be using YouTube environmental disclosures as a legitimating strategy, and that

companies with more independent directors may be using such a disclosure as a means to appeal to a broader range of stakeholders.

We believe that our research also has an important theoretical contribution as little is known about what motivates firms to make CSR disclosures through social media. Given that this is the first study exploring the potential of YouTube as a communication channel for sustainability disclosures, the results can contribute to theory development regarding CSR disclosure via social media.

4.5.2 Future research

This study represents exploratory research in the area of sustainability reporting on YouTube. Nevertheless, a number of limitations of this study together with the future research outline should be acknowledged. First, we argued that sustainability reporting on YouTube follows some patterns of CSR reporting in general, but our research only found significant results for environmental, not for social YouTube disclosure. We assume that the cause of this result is a dearth of social reporting in general, which might be due to the lack of regulation regarding social reporting in the Eurozone in comparison to stronger environmental reporting requirements. While there is a strong consensus emerging on which measures are important in environmental reporting (greenhouse gas emissions, other pollutants, energy efficiency, waste generated, etc.) there still appears to be quite a bit of variability in the social measures reported by companies. Indeed, this is reflected in our coding scheme for the video content, where the social category includes quite a few different topics in comparison to environmental disclosure. Therefore, there is room for future research into this issue, where more refined coding scheme might be developed and used for YouTube social disclosures.

Second, future research can build upon our results regarding the board independence and higher YouTube environmental disclosure and study more in depth whether the type of independent director (e. g. being a labor or community leader, executive or board member from another company, gender) makes any difference.

Third, an interesting way to extend this research could be to investigate YouTube sustainability disclosure in other countries, such as the US. Barnes et al. (2013) report that 69% of Fortune 500 companies maintain a YouTube account, which is around 25% more than in the Eurozone. However, the leading position of European companies in sustainability reporting might outperform the US despite their higher presence on YouTube (KPMG, 2013).

Hence, we predict that the Eurozone companies might still have higher YouTube CSR disclosure rates. Either way, it might be an interesting scope for the future research.

Another interesting way to extend this research could be to monitor the evolution of YouTube as a communication and engagement channel for sustainability issues.

Additionally, due to the increased participation of users on social media creating user-generated content (UGC), future studies might explore the UGC as a response to companies' activities from different stakeholders.

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CONCLUSION

CONCLUSION

In the present study we aimed to answer the primary research question (RQ): *What are the CSR reporting practices of Eurozone companies?* Annual, sustainability, or integrated reports, as well as particular social media corporate channels such as LinkedIn and YouTube of 306 Eurozone companies listed in Europe STOXX 600 index were analysed. This dissertation consists of four papers, which were published (or accepted for publication) in international journals such as Spanish Accounting Review (CSR Reporting Practices of Eurozone Companies, 2014), Online Information Review (Corporate LinkedIn Practices of Eurozone Companies, 2013; Corporate YouTube Practices of Eurozone Companies, 2014), and Journal of Information Systems (YouTube Sustainability Reporting: Empirical Evidence of Eurozone-Listed Companies, under final revision). Each chapter refers to one academic paper aiming to provide some evidence and support to the primary research question.

Empirical findings

The first chapter provides an overview of CSR reporting practices (which KPIs are being used) of large Eurozone companies. Integrated Scorecard developed by Spanish Accounting and Business Administration Association (AECA) was used as a benchmark for sustainability disclosure. Based on our findings there is an intensive use of corporate governance indicators, a moderate disclosure of environmental indicators, and a low use of social indicators. The results also revealed that there is an influence of sector, and the listing in DJSI on the extent of sustainability reporting. Thus, companies operating in the environmentally critical sectors such as Utilities, or Automobiles and Parts and companies belonging to DJSI are more likely to disclose CSR information.

The second and third chapters offer the overview of social media usage by Eurozone companies. For the purposes of our study we analysed official corporate LinkedIn and YouTube channels aiming to answer the question to what extent they are being used to engage with the company's stakeholders. It has been found that 79% of the largest Eurozone companies have an official LinkedIn account focusing mostly on a particular group of stakeholders: current and potential employees. The main factors influencing the audience on LinkedIn are the size of the company, and the company's activity on this platform. Hence, being active leads to higher number of followers – increased visibility of the company, which is the first step towards stakeholder engagement.

In regards of corporate YouTube, 44% of largest Eurozone companies maintain an official YouTube channel. However, it is mostly used for promotional purposes rather than CSR

disclosure. The results showed that the size of the company, the sector, and the country of origin determine YouTube channel activity, and that higher activity leads to a higher number of subscribers.

Additionally, the fourth chapter offers the insights of YouTube usage for sustainability issues. It has been found that in spite of YouTube potential, sustainability reporting using this channel still has a long way to go. The main factors influencing the extent of CSR disclosure on YouTube were the sector, number of independent directors, and size of the company. Thus, bigger companies, operating in environmentally critical sectors as well as the companies with the higher number of independent directors are more likely to disclose CSR information via YouTube than other companies.

Theoretical and practical implications

To date, little attention has been paid to exploring the online social media practices of Eurozone companies. This is the first study providing an overview of Eurozone companies' practices on LinkedIn and YouTube and therefore might meaningfully contribute especially to the social media literature.

Another theoretical contribution relates to the fact that little is known about what motivates companies to make sustainability disclosure through social media. This is the first study exploring the potential of YouTube as a communication and engagement platform for CSR issues. Hence, the results of our study might contribute to the advancement of theory in this area. More concretely, our study (chapter 4) provides evidence that companies' propensity to make CSR disclosure via YouTube can be explained by legitimacy and stakeholder theory.

One of the most important practical implications of this study is a validation of AECA's Integrated Scorecard at the Eurozone level providing new insights for further development of this taxonomy, which is on its way to gaining wider international acceptance.

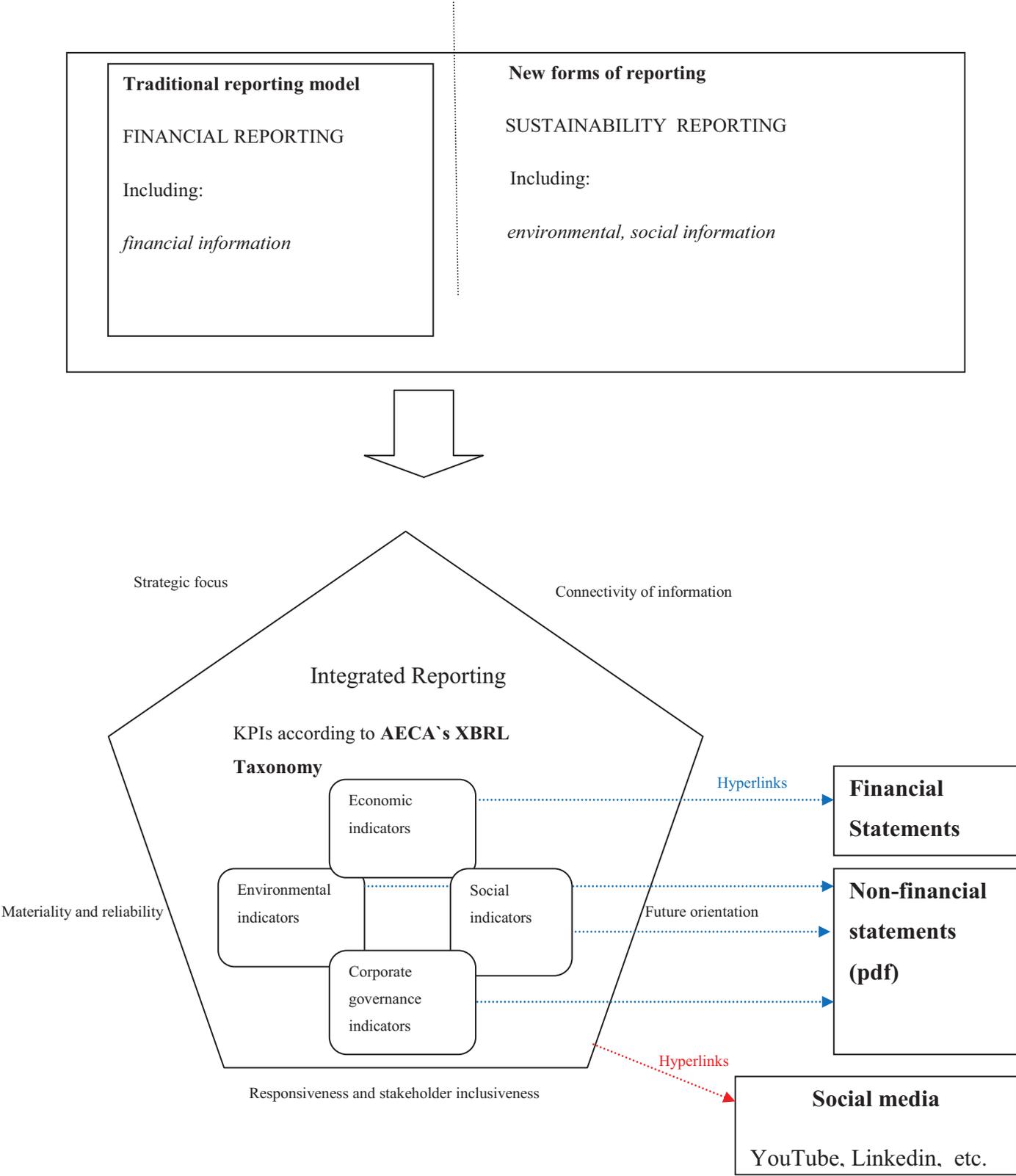
Moreover, our findings might help managers to consider the use of social media while designing the corporate communication strategy.

CONCLUSION

Before closing some practical recommendations for further development of CSR reporting are provided and depicted on the figure 2. The figure 2 depicts the shift from traditional reporting model to the new forms of reporting where Integrated Reporting is the latest trend.

The Integrated Reporting framework encourages companies to connect the corporate report with company's social networks. The same can apply to AECA's IS-KPIs regarding their connections to other resources providing details. In our view, that connections can be done by building some kind of Integrated Reporting navigation chart (figure 2). It can combine XBRL elements by providing hyperlinks to all related digital objects such as pdf files containing financial and sustainability reports, Youtube videos and social media channels providing a wider context to reported information. This way, the standardized XBRL data could effectively connect narrative explanations regarding financial, environmental, social, and governance performance, with KPIs (quantitative data). Thus, applying the embedded XBRL taxonomy would enable better comparison and interchange of corporate data as well as seeing the evolution and possible impacts of reported KPIs in a wider context of sustainability. Having only quantitative KPIs does not completely explain the business model of the company and how corporate strategy affects corporate performance and corporate value. Hence, the navigation chart would allow the connection of information into a coherent and integrated whole, which is one of the most important attributes of Integrated Reporting.

Figure 2: From traditional reporting model to Integrated Reporting navigation chart



CONCLUSION

Limitations and future study

The study encountered a number of limitations, which are acknowledged in particular chapters. However, some general limitations together with the future research outline might be highlighted here.

An interesting line of research might be to map the evolution of the extent of LinkedIn and YouTube usage by Eurozone companies with an emphasis on sustainability disclosure via these channels.

Another interesting way to extend this research could be to investigate social media sustainability disclosure in other countries, adding more variables and using more refined coding schema.

Additionally, due to the interactive features of social media and the increased participation of users creating user-generated content (UGC), future studies might investigate the UGC as a response to companies' activities and disclosure.

Summary

Over the last decade there has been a rapid increase in the number of companies using social media as well as the companies committed to talking about sustainability issues through these media. This evolution provides new avenues for researchers. A better understanding of the role that social media play in companies' sustainability disclosures can help us understand how firms seek to relate to their stakeholders and present themselves to the public. Using social media can increase a company's awareness, protect and develop corporate reputation, and build stakeholder engagement as they enable an open dialogue between the company and stakeholders. It should be taken into account that stakeholders want to be heard. Therefore, adoption of social media for sustainability information may be more effective as it offers two-way communication and truly allows stakeholders to have a say in comparison to traditional CSR report (one-way communication). Using alternative channels such as YouTube to disclose environmental and social information might be even more efficient due to the media richness of this platform.

APPENDICES

Appendix 1: Differences between GRI and AECA`s framework

GRI		AECA	
Economic indicators (9)		Economic indicators (9)	
categories	Economic performance	categories	Economic performance
	Market presence		
	Indirect economic impact		
Environmental indicators (30)		Environmental indicators (5)	
categories	Materials	categories	Energy efficiency
	Energy		
	Water		
	Biodiversity		Pollution reduction
	Emissions		
	Effluents		
	Waste		
	Products and services		Waste reduction
	Compliance		
Social indicators (45)		Social indicators (13)	
categories	Labour practices and decent work	categories	Increase in human capital
	Human rights		
	Society		Increase in social capital
	Product responsibility		
Corporate governance indicators (0)		Corporate governance indicators (8)	
-	-	categories	Corporate governance