

**WestminsterResearch**

<http://www.westminster.ac.uk/westminsterresearch>

**Mapping CSR in a Saudi Banking Context**

**Alhejaili, M.**

This is an electronic version of a PhD thesis awarded by the University of Westminster.  
© Mr Mohammad Alhejaili, 2018.

---

The WestminsterResearch online digital archive at the University of Westminster aims to make the research output of the University available to a wider audience. Copyright and Moral Rights remain with the authors and/or copyright owners.

---

Whilst further distribution of specific materials from within this archive is forbidden, you may freely distribute the URL of WestminsterResearch: (<http://westminsterresearch.wmin.ac.uk/>).

In case of abuse or copyright appearing without permission e-mail [repository@westminster.ac.uk](mailto:repository@westminster.ac.uk)

**UNIVERSITY OF  
WESTMINSTER** 

**Mapping CSR in a Saudi Banking Context**

**Mohammad Omar M. Alhejaili**

**A thesis submitted in fulfilment of the requirements of the  
University of Westminster for the degree of Doctor of Philosophy**

**PhD**

**Award date Oct 2018**

## **Abstract**

This thesis attempted to map the practice of CSR in Saudi Arabia through the adoption of the stakeholder approach by exploring the perspectives of multiple stakeholders of the Saudi banking sector. Qualitative semi-structured interviews were conducted with stakeholders from two Islamic and six conventional Saudi Arabian local banks. The sample included five CSR directors, eight CSR employees, two members of the Shari'ah board and one government representative from the Saudi Arabian Monetary Authority. The interviews explored the stakeholders' awareness and perceptions of the CSR concept; how banks implement CSR including the areas of focus; the motives and drivers to applying CSR; and the barriers and obstacles facing an enhanced practice of CSR. A supplementary study was also conducted through a qualitative document analysis of the most recent annual disclosure reports and websites of twelve Saudi local banks to identify the areas of CSR implementation by these banks.

The participants were found to be aware of the CSR concept, and their definitions included the 'Nature of CSR', 'Stakeholders benefiting from CSR', 'Mechanism of CSR', and 'Outcome of CSR'. In addition, those who have longer practical experience and higher scientific degrees reflected a higher level of awareness compared to others. As for CSR implementation, the results of the interviews and the document analysis revealed a range of areas focused upon by banks including activities towards the 'Society', 'Environment', 'Shareholders', 'Costumers', and 'Employees'. In addition, a range of motives and drivers were reported by the participants as reasons behind the banks' CSR activities which were related to 'Religion', 'Bank status', 'Business', and 'Social' reasons. Finally, the participants reported a variety of barriers facing an enhanced practice of CSR by banks relating to the 'Government', 'Media', 'Partnerships', 'Decision-makers', and 'Internal policies'.

This study displayed the heightened awareness of the CSR concept by the participants and provided up to date information reflecting a recently improved and enhanced practice of CSR by the banks towards a variety of stakeholders. However, there are areas that banks

are either deficient in or lacking in their practices which require further improvement and this can be attributed to the barriers that the banking sector has been faced with. The results provide implications for the government, the banks, the media, NGOs and Islamic scholars on how to further develop CSR in a Saudi context by eliminating these barriers and making more use of the motivations and drivers.

## **Table of Contents**

<i>Abstract .....</i>	<i>ii</i>
<i>Table of Contents .....</i>	<i>iv</i>
<i>List of Tables .....</i>	<i>ix</i>
<i>List of Figures .....</i>	<i>x</i>
<i>Acknowledgments .....</i>	<i>xi</i>
<i>Declaration .....</i>	<i>xii</i>
<i>List of Abbreviations .....</i>	<i>xiii</i>
<b>Chapter 1      Introduction .....</b>	<b>0</b>
<b>1.1      Research background .....</b>	<b>0</b>
<b>1.2      Rationale .....</b>	<b>2</b>
<b>1.3      Scope of the study .....</b>	<b>4</b>
<b>1.4      Research Aim and Objectives .....</b>	<b>4</b>
<b>1.5      Structure of Thesis .....</b>	<b>5</b>
<b>Chapter 2      CSR from a Western perspective .....</b>	<b>7</b>
<b>2.1      Introduction .....</b>	<b>7</b>
<b>2.2      Religious and Philosophical Precedents for CSR .....</b>	<b>8</b>
<b>2.3      Socioeconomic dissatisfaction .....</b>	<b>10</b>
<b>2.4      Emergence of CSR .....</b>	<b>11</b>
<b>2.5      CSR Definitions and Dimensions .....</b>	<b>13</b>
2.5.1    CSR Definition .....	13
2.5.2    CSR Dimensions .....	17
<b>2.6      CSR as a Voluntary Activity .....</b>	<b>23</b>
2.6.1    CSR and the Law .....	26
<b>2.7      CSR Frameworks .....</b>	<b>34</b>
2.7.1    Multi-stakeholder Codes .....	35
2.7.2    The intergovernmental codes .....	36
<b>2.8      CSR and the Banking Sector .....</b>	<b>51</b>

<b>2.9</b>	<b>Theories Underpinning CSR .....</b>	<b>56</b>
2.9.1	The Classical View of CSR ‘Shareholder Theory’ .....	56
2.9.2	Social Contract Theory .....	59
2.9.3	Legitimacy Theory .....	61
2.9.4	Stakeholder Theory .....	64
2.9.5	The purpose of stakeholder analysis of CSR .....	68
<b>2.10</b>	<b>CSR and Stakeholders’ Perceptions .....</b>	<b>69</b>
<b>2.11</b>	<b>Summary .....</b>	<b>77</b>
<b>Chapter 3</b>	<b>CSR within the Saudi Arabian context.....</b>	<b>79</b>
<b>3.1</b>	<b>Introduction .....</b>	<b>79</b>
<b>3.2</b>	<b>Saudi Arabia Background .....</b>	<b>80</b>
<b>3.3</b>	<b>Normative Parameters of the Islamic Religion.....</b>	<b>84</b>
3.3.1	The Concept of Vicegerency .....	85
3.3.2	The Shari’ah.....	86
3.3.3	Islamic Justice .....	88
3.3.4	Ehsan (perfection).....	89
3.3.5	Islam and Responsible Business .....	90
<b>3.4</b>	<b>The concept of Islamic CSR .....</b>	<b>91</b>
<b>3.5</b>	<b>The Context of CSR in Saudi Arabia .....</b>	<b>97</b>
3.5.1	Saudi Arabian General Investment Authority .....	99
3.5.2	King Khalid Foundation .....	99
3.5.3	Saudi Arabian Responsible Competitiveness Index (SARCI).....	100
3.5.4	King Khalid Award for Responsible Competitiveness .....	101
3.5.5	King Faisal Foundation.....	102
3.5.6	Saudi National Vision 2030 training session .....	102
<b>3.6</b>	<b>CSR Practice in Saudi Arabia: Review of the Available Literature .....</b>	<b>103</b>
<b>3.7</b>	<b>Summary .....</b>	<b>119</b>
<b>Chapter 4</b>	<b>Research Methodology .....</b>	<b>122</b>
<b>4.1</b>	<b>Introduction .....</b>	<b>122</b>
<b>4.2</b>	<b>Research approach.....</b>	<b>123</b>
<b>4.3</b>	<b>Research choices.....</b>	<b>125</b>

<b>4.4</b>	<b>Research strategies.....</b>	<b>127</b>
<b>4.5</b>	<b>Data collection .....</b>	<b>129</b>
4.5.1	Saudi Arabia's Banking Systems.....	129
4.5.2	Document Analysis.....	133
4.5.3	Semi-Structured interviews.....	135
<b>4.6</b>	<b>Ethical Consideration .....</b>	<b>140</b>
<b>4.7</b>	<b>Limitations faced during the the document analysis and semi-structured interviews .....</b>	<b>141</b>
4.7.1	Document analysis .....	141
4.7.2	Semi-structured interviews .....	142
<b>4.8</b>	<b>Analysis of the documents and interviews .....</b>	<b>143</b>
4.8.1	Data Familiarisation.....	144
4.8.2	Constructing an Initial Thematic Framework.....	145
4.8.3	Indexing and Sorting.....	146
4.8.4	Reviewing Data Extracts .....	146
4.8.5	Constructing Categories.....	146
4.8.6	Findings and Conclusions .....	147
<b>4.9</b>	<b>Research Evaluation .....</b>	<b>148</b>
4.9.1	Pilot study .....	149
4.9.2	Reflexivity .....	149
4.9.3	Triangulation.....	151
4.9.4	Member-checking .....	152
4.9.5	Rich and Thick description .....	152
4.9.6	Generalisability and representativeness .....	153
<b>Chapter 5</b>	<b>Findings .....</b>	<b>154</b>
<b>5.1</b>	<b>Introduction .....</b>	<b>154</b>
<b>5.2</b>	<b>CSR Practice in Saudi Arabia: Results of Document Analysis of Publicly Available CSR Information on Websites and Disclosure Reports .....</b>	<b>155</b>
5.2.1	CSR and Society .....	156
5.2.2	CSR and Employees .....	165
5.2.3	CSR and the Environment .....	167
5.2.4	CSR and Costumers .....	169
5.2.5	CSR and Shareholders .....	170

<b>5.3</b>	<b>CSR Practice in Saudi Arabia: Results of Semi Structured Interviews .....</b>	<b>171</b>
<b>5.4</b>	<b>Perceptions of the CSR concept .....</b>	<b>172</b>
5.4.1	Nature of CSR.....	173
5.4.2	Stakeholders benefiting from CSR .....	174
5.4.3	Mechanism of CSR .....	175
5.4.4	Outcome of CSR .....	176
<b>5.5</b>	<b>CSR Implementation .....</b>	<b>177</b>
5.5.1	CSR and Society .....	178
5.5.2	CSR and Environment .....	190
5.5.3	CSR and Shareholders .....	193
5.5.4	CSR and Customers .....	197
5.5.5	CSR and Employees .....	201
<b>5.6</b>	<b>Reasons behind applying CSR .....</b>	<b>207</b>
5.6.1	Religion.....	209
5.6.2	Bank Status .....	212
5.6.3	Business .....	213
5.6.4	Social .....	216
<b>5.7</b>	<b>Barriers .....</b>	<b>217</b>
5.7.1	Government .....	219
<b>5.7.2</b>	<b>Media.....</b>	<b>224</b>
<b>5.7.3</b>	<b>Partnerships .....</b>	<b>226</b>
5.7.4	Decision-maker .....	227
<b>5.7.5</b>	<b>Policies .....</b>	<b>228</b>
<b>5.8</b>	<b>Summary .....</b>	<b>231</b>
<b>Chapter 6</b>	<b>Discussion .....</b>	<b>234</b>
<b>6.1</b>	<b>Introduction .....</b>	<b>234</b>
<b>6.2</b>	<b>Awareness and Perceptions of the CSR concept .....</b>	<b>235</b>
<b>6.3</b>	<b>How do Banks apply/Implement CSR.....</b>	<b>240</b>
6.3.1	CSR and Society .....	242
6.3.2	CSR and the Environment .....	247
6.3.3	CSR and Shareholders .....	248
6.3.4	CSR and Customers .....	251
6.3.5	CSR and Employees .....	254



<b>6.4</b>	<b>Motives and Drivers to Applying CSR by the Banks.....</b>	<b>259</b>
6.4.1	Religion.....	259
6.4.2	Bank's Status .....	261
6.4.3	Business .....	262
6.4.4	Social .....	263
<b>6.5</b>	<b>The Barriers and Obstacles to a Coherent CSR Practice by Saudi Arabian Banks</b>	
	<b>264</b>	
6.5.1	Government .....	264
6.5.2	Media .....	268
6.5.3	Partnerships.....	269
6.5.4	Decision Maker.....	270
6.5.5	Internal Policies .....	271
<b>6.6</b>	<b>Summary .....</b>	<b>273</b>
<b>Chapter 7</b>	<b>Conclusion .....</b>	<b>273</b>
<b>7.1</b>	<b>Summary of Research Findings and Implications for Practice .....</b>	<b>273</b>
<b>7.2</b>	<b>Contribution to Knowledge .....</b>	<b>279</b>
<b>7.3</b>	<b>Further Research .....</b>	<b>280</b>
<b>Appendixes</b> .....		<b>283</b>
<b>Appendix 1: CSR studies that have been conducted in a Saudi Arabian context .....</b>		<b>283</b>
<b>Appendix 2: Ethical Approval .....</b>		<b>302</b>
<b>Appendix 3: Consent Form .....</b>		<b>304</b>
<b>Appendix 4: Participant Information Sheet .....</b>		<b>305</b>
<b>Appendix 5: Topic Guide.....</b>		<b>308</b>
<b>Appendix 6: Position of interviewees within the management structure .....</b>		<b>309</b>
<b>Bibliography.....</b>		<b>317</b>

## **List of Tables**

<i>Table 2-1 Various US and EU banking institutions web pages provided the data for internal and external CSR activities</i>	54
<i>Table 4-1 Number of participants involved in face-to-face and telephone interviews</i>	143
<i>Table 4-2 Research evaluation procedures conducted on the study</i>	148
<i>Table 5-1 Subthemes, and elements related to the theme 'Charity'</i>	159
<i>Table 5-2 Subthemes, and elements related to the theme 'Supporting the youth'</i>	161
<i>Table 5-3 Subthemes, and elements related to the theme 'Supporting the disabled'</i>	162
<i>Table 5-4 Subthemes, and elements related to the theme 'Creating jobs'</i>	163
<i>Table 5-5 Subthemes, and elements related to the theme 'Supporting businesses'</i>	164
<i>Table 5-6 Subthemes, and elements related to the theme 'Corporate volunteering'</i>	165
<i>Table 5-7 Subthemes, and elements related to the theme 'Sustainability'</i>	165
<i>Table 5-8 Themes, subthemes, and elements related to the category 'CSR and employees'</i>	167
<i>Table 5-9 Themes, subthemes, and elements related to the category 'CSR and the environment'</i>	169
<i>Table 5-10 Subthemes, and elements related to the category 'CSR and costumers'</i>	170
<i>Table 5-11 Ssubthemes, and elements related to the category 'CSR and shareholders'</i>	171
<i>Table 5-12 Themes, subthemes, and elements related to the category (perceptions of the CSR concept)</i>	173
<i>Table 5-13 Subthemes and elements relating to the theme 'CSR and Society'</i>	179
<i>Table 5-14 Subthemes and elements relating to the theme 'CSR and Environment'</i>	190
<i>Table 5-15 Subthemes and elements relating to the theme 'CSR and Shareholders'</i>	194
<i>Table 5-16 Subthemes and elements relating to the theme 'CSR and Customers'</i>	198
<i>Table 5-17 Subthemes and elements relating to the theme 'CSR and Employees'</i>	202
<i>Table 5-18 Themes, subthemes and elements relating to the category 'Reasons behind applying CSR'</i>	209
<i>Table 5-19 Themes, subthemes and elements relating to the category 'barriers'</i>	218

## **List of Figures**

<i>Figure 4-1 All the local Saudi banks falling under the conventional or Islamic banking systems</i>	132
<i>Figure 4-2 The range and number of participants included in the interviews.</i>	137
<i>Figure 5-1 The main categories derived from the analysis of the interviews</i>	172
<i>Figure 5-2 The main themes derived from the participants' perceptions of CSR implementation in their banks</i>	178
<i>Figure 5-3 The main themes derived from the participants' perceptions of reason behind applying CSR</i>	208
<i>Figure 5-4 The main category derived from the participants' perceptions of CSR Barriers in Saudi banks</i>	217

## **Acknowledgments**

First and foremost, I would like to thank Allah for providing me with the strength and motivation to complete this work.

I would like to extend my deepest gratitude, appreciation and love to my dear supervisor Dr. Aroua Voiculescu. I thank her for all her valuable guidance, advice and criticism throughout the planning, implementation, and writing up of my thesis. I am deeply honoured to be given the chance to work with such a great scholar. I appreciate all her efforts in making this journey run as smooth as possible. She was not just a supervisor, but also a friend who encouraged me and stood by my side in the most difficult of times. It has been a great pleasure working with such a great mind, and I hope one day I can reach her level of experience and knowledge in the field.

My warmest gratitude goes to all those involved in the empirical study including the participants who gave up valuable time to serve the purpose of the study. Also, I would like to thank Tabuk University College of Law for giving me the chance to continue my education and sponsoring me.

I would like to extend my deepest gratitude to my parents who, without them being in my life, this thesis would not have been possible. I would like to thank my mother Samira Dogman for all the moral support she has given me. Thank you for encouraging me, supporting me, and praying for me. My deepest gratitude also goes to my father Omar Alhejaili who believed in me and supported me throughout my PhD journey. I would also like to thank all my brothers and sisters who were always there when I most needed them. My good friend Ishaq Alhesain, for putting up with me in my bad days, I am grateful to have such a good and loyal friend.

To my other half, my love and my companion in this life Afnan, who always looked forward to my success and believed in me, whom without, this thesis would not have been possible. You were always there for me spoiling me with all the affection and compassion in your heart during my PhD journey. I thank you knowing that this is not enough compared to what you have sacrificed to ensure that I succeed.

## **Declaration**

I declare that all the material contained in this thesis is my own work.

## List of Abbreviations

<b>APEL</b>	Accreditation of Prior and Experiential Learning
<b>ATM</b>	Automated Teller Machine
<b>CEO</b>	Chief Executive Officer
<b>CMA</b>	Capital Market Authority
<b>CSR</b>	Corporate Social Responsibility
<b>CSS</b>	Council of Senior Scholars
<b>EC</b>	European Communities
<b>ETI</b>	The Ethical Trading Initiative
<b>EU</b>	European Union
<b>FLA</b>	Fair Labour Association
<b>G20</b>	Group of Twenty
<b>GCC</b>	The Gulf Cooperation Council
<b>HRM</b>	Human Resource Management
<b>IAIB</b>	International Association of Islamic Banks
<b>ICC</b>	International Chamber of Commerce
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>ISO</b>	International Organization for Standardization
<b>LLM</b>	Master of Laws
<b>MBA</b>	Master of Business Administration
<b>MENA</b>	The Middle East and North Africa region
<b>NGO</b>	Non-Governmental Organization
<b>OECD</b>	The Organisation for Economic Co-operation and Development
<b>SAMA</b>	The Saudi Arabian Monetary Agency
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>UN</b>	United Nations
<b>WBCSD</b>	World Business Council for Sustainable Development
<b>WTO</b>	World Trade Organization

## Chapter 1 Introduction

### 1.1 Research background

In the period following the Second World War, globalisation gained momentum; in tandem with it, corporate power at the national and international levels also grew in a way that was marked by the appearance of new international organisations such as the United Nations (UN) and the International Monetary Fund (IMF) among others. As these international organisations became more influential, they began to put pressure on national governments to take more control over the companies that operated out of their countries. As commerce and commercial operations began to spread globally, governments began to frequently look to these new international organisations for guidance as to how to impose controls on corporations.<sup>1</sup> Since the global financial crisis, international organisations have become very concerned with imposing corporate social responsibility (CSR) and encouraging corporations to run their business in a socially sustainable manner.<sup>2</sup>

In terms of theory, however, there is still little consensus regarding what CSR actually means. Its meaning will continually evolve in the light of changes that occur in society, politics, and business. Mass communication and globalisation have both evolved in recent decades; definitions of CSR have been malleable and are generally related to the economic and social contexts, whether it concerns community contributions, environmental issues, social issues, human rights or labour rights.<sup>3</sup> Normative approaches to CSR are particularly variable depending on what level of governance is applied; for example, in the UK, the concept of CSR varies depending on whether it is viewed from a sector-specific, national, supranational (EU) or intergovernmental (UN) standpoint. The changes in international law that have been made as a result of global changes have modified the central concepts

---

<sup>1</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 2008, pp.132.

<sup>2</sup>A. Kemper, & R. Martin, "After the fall: The global financial crisis as a test of corporate social responsibility theories", *European Management Review*, 7(4), 2010, pp.229-239.

<sup>3</sup>W. Chapple, & J. Moon, "Corporate social responsibility (CSR) in Asia a seven-country study of CSR web site reporting", *Business & society*, 44(4), 2005, pp. 415-441; D. Jamali, & R. Mirshak, "Corporate social responsibility (CSR): Theory and practice in a developing country context", *Journal of Business Ethics*, 72(3), 2007, pp. 243-262.

of CSR and the ways in which the law, culture, and economics interact are now highly complex.<sup>4</sup>

Although there is no widespread consensus on what CSR represents, in practical terms, CSR has been shown to be effective in persuading corporations to make long-term investments in growth for the countries and societies they operate in.<sup>5</sup> It is generally acknowledged that corporations are central to the development of a country's economic structure.<sup>6</sup> Now CSR has become a global issue, corporations are no longer viewed as simply financial institutions; they are now expected to be a part of society, contribute to it, and help develop its infrastructure.<sup>7</sup> Corporations have come to realise that "efficiency", if only viewed as extracting maximum profit, is more costly and more morally dubious than having an economic model that balances the corporation's financial aspirations and the needs of society.<sup>8</sup> Many key stakeholders now expect corporations to embrace social responsibility through CSR policies, and this makes CSR an important factor in a competitive business market.<sup>9</sup>

The ways in which corporations have implemented CSR in developing countries have attracted severe criticism from some parties.<sup>10</sup> A key matter of dispute is whether or not the behaviour of corporations in situ matches up to their CSR promises. It has been argued that CSR frequently represents "greenwashing"; i.e., it is only deployed to improve the corporate image of an organisation in the eyes of key stakeholders. Critics argue that, when this occurs, CSR behaviour is half-hearted at best, and corporations that do this do not take responsibility for their wrongdoing. Many scholars agree with this, arguing that although CSR is much scrutinised and debated in academic and professional circles, the number of corporations that are truly committed to CSR in terms of core values and corporate strategy

---

<sup>4</sup>D. Jamali, & R. Mirshak, "Corporate social responsibility (CSR): Theory and practice in a developing country context", *Journal of business ethics*, 72(3), 2007, pp. 243-262.

<sup>5</sup>M. Islam, et al., "Corporate Social Responsibility and Financial Performance Linkage: Evidence from the Banking Sector of Bangladesh", *Journal of Organizational Management*, 1(1), 2012, pp. 14-21.

<sup>6</sup>I. Greenbaum, & A. Thakor, "Contemporary Financial Intermediation", 2nd Edition, Elsevier, Amsterdam, 2007.

<sup>7</sup>S. Sen, & B. Bhattacharya, "Does Doing Good Always Lead to Doing Better? Consumer's Reactions to Corporate Social Responsibility", *Journal of Marketing Research*, 38(2), 2001, pp. 225-243.

<sup>8</sup>B. Scholtens, "Finance as a Driver of Corporate Social Responsibility", *Journal of Business Ethics* 68, 2006, pp.19-33.

<sup>9</sup>N. Kostyuk, et al., "Corporate Social Responsibility in Banks: An International Overview", Working Paper, Ukrainian Academy of Banking of the National Bank of Ukraine, 2012.

<sup>10</sup>C. Aid, "Behind the mask: The real face of corporate social responsibility", 2004; R. Hamann, & P. Kapelus, "Corporate social responsibility in mining in Southern Africa: Fair accountability or just greenwash?", *Development*, 47(3), 2004, pp.85-92.



is quite small.<sup>11</sup> This highlights the need for more clarity on how CSR is being perceived and implemented within the developing countries through robust empirical studies in order to fill the gap and provide new insights on how CSR can be promoted within the developing world.

## 1.2 Rationale

The concept of CSR emerged from developed countries, particularly in North America and Western Europe, but within the developing world, CSR must be further explored including how it arises spontaneously from local cultures and societies. CSR has become a subject of increasing interest, but very little research has been performed with regards to the role and importance of CSR within corporations from developing countries, particularly in Saudi Arabia, which is unique in terms of its political, economic, cultural and religious particularities. As Saudi Arabia has the largest economy in the Middle East, it is a popular location for both indigenous and international business. The government has offered a high level of support to the private sector in its attempts to make the Saudi Arabian economy more diverse and to reduce dependence on oil revenues. Due to this governmental support of the private sector, along with the 2030 "Vision of the Kingdom" (which has CSR at its centre), there is a growing awareness of the importance and value of CSR systems, both from the private sector and from the government.

However, the primary and secondary sources on CSR in Saudi Arabia are limited.<sup>12</sup> Western institutions such as the EU effectively provide a set of common standards,<sup>13</sup> against which banks' performance can be measured and criticised by scholars, and this scholarly critique fed back into the development of corporate, governmental and inter-governmental approaches to CSR. Comparable reporting duties in respect of CSR activities do not exist in Saudi Arabia, producing two significant effects; a lack of information about the practice of CSR in the Saudi context, and the absence of a common standard by which to evaluate those practices. The available literature reveals that the practice of CSR by

---

<sup>11</sup>M. Wilenius, "Towards the age of corporate responsibility? Emerging challenges for the business world", *Futures*, 37(2-3), 2005, pp.133-150.

<sup>12</sup>National Commercial Bank, "The national commercial bank study on perceptions of corporate social responsibility across the Kingdom of Saudi Arabia", 2009

<sup>13</sup>T. Kaphengst, et al., "New Options for Strengthening Standards on Social and Environmental Responsibilities of Corporations and their Implementation", Directorate-General for External Policies of the Union, ISBN: 978-92-823-4543-6 Doi: 10.2861/16692, 2013.

Saudi organisations including banks is still in its infancy and very few organisations and stakeholders understand the true meaning of CSR as well as their role in enhancing CSR practice. In terms of current CSR practice in Saudi Arabia, it is at the backend of engaged countries lacking clear mechanisms and policies.

Therefore, this study adds to the pioneering CSR literature within a Saudi Arabian context and further develops the research in this area by exploring how CSR is both perceived and practiced in the Saudi banking sector through qualitative semi-structured interviews with stakeholders in Saudi Arabian banks and qualitative document analysis of CSR related information published in local Saudi banks' annual disclosure reports and websites. Several scholars have favoured the stakeholder approach within developing countries where social governance is not strong;<sup>14</sup> examining the ways in which stakeholders perceive CSR practices, and what strengths and weaknesses they believe exist, will offer a broader picture of CSR practices to those decision-makers who have an interest in boosting CSR in Saudi Arabia.<sup>15</sup> Moreover, the document analysis will help in validating the information given by the participants in the interviews through triangulation and will provide a comprehensive understanding of the areas of CSR implementation by Saudi banks. Furthermore, this research will assist in the understanding of CSR and incentivise Saudi Arabian corporations generally, and particularly banks, to enhance their CSR programs. This study aims to add to the literature by offering a deeper understanding of CSR in a Saudi Arabian context, examining the areas of concern to banks and how to further develop CSR in view of the type of society and state in which the banks operate within.

---

<sup>14</sup>W. Visser, *"Revisiting Carroll's CSR pyramid"*, Corporate citizenship in developing countries, 2006, pp.29-56; K. Amaeshi, et al., *"Corporate social responsibility in Nigeria: western mimicry or indigenous influences?"*, 2006.

<sup>15</sup>K. Aupperle, et al., *"An empirical examination of the relationship between corporate social responsibility and profitability"*, Academy of management Journal, 28(2), 1985, pp.446-463; S. Key, & S. Popkin, *"Integrating ethics into the strategic management process: doing well by doing good"*, Management Decision, 36(5), 1998, pp.331-338; M. Zairi, & J. Peters, *"The impact of social responsibility on business performance"*, Managerial Auditing Journal, 17(4), 2002, pp.174-178.

### **1.3 Scope of the study**

This thesis adopts a stakeholder approach to explore the perceptions of CSR practices from the viewpoints of multiple stakeholders of the Saudi banking sector in an effort to map CSR in Saudi Arabia. An empirical study was conducted using qualitative semi structured interviews to explore the stakeholders' awareness of the concept as well as how banks are engaging in CSR and the drivers and barriers to such engagements. For the purpose of the study, Saudi banks located in Saudi Arabia were examined, including four Islamic banks i.e. Al Rajhi Bank, Bank Aljazeera, Bank Al-Inmaa and Bank Albilad, in addition to eight conventional banks; The National Commercial Bank (NCB), Samba Financial Group, The Saudi British Bank (SABB), Arab National Bank (ANB), Riyadh Bank, Al-Arabi Bank, Al-Awwal Bank and Banque Saudi Fransi. The target sample were CSR directors, CSR employees, representative of the Saudi Arabian Monetary Agency (SAMA) and members of the banks' Shari'ah board (SB). A supplementary study was also conducted by undertaking a qualitative document analysis of CSR related information published in the most recent annual disclosure reports and websites of all the twelve local Saudi banks to identify the areas of CSR implementation by these banks.

### **1.4 Research Aim and Objectives**

This thesis will attempt to map the practice of CSR in Saudi Arabia, by exploring the perspectives of multiple stakeholders of the Saudi banking sector. In order to fulfil the aim of this study, the following research objectives have been established:

To gauge stakeholders' awareness and perceptions of the CSR concept.

To investigate how banks apply/implement CSR according to the stakeholders' perspectives and the latest published information in the banks' websites and annual disclosure reports.

To investigate the motives and drivers to applying CSR by the banks.

To determine the barriers and obstacles facing an enhanced and coherent practice of CSR.

## **1.5 Structure of Thesis**

### **Chapter 1 Introduction**

This chapter provides an outline of the research including a brief background to the research, the rationale behind selecting the area of study, and the scope of the research. The chapter concludes with a description of the overall aims and objectives of the study.

### **Chapter 2 CSR from a Western perspective**

This chapter will provide a comprehensive literature review critically analysing the concept of CSR from a conventional Western perspective, including its philosophical/religious background, how the concept has emerged, as well as the definitions and dimensions of CSR that has been reported in the literature. This will then be followed by an overview of the voluntary versus legal nature of CSR including the existing debates that have positioned CSR on a spectrum of enforceability from being purely voluntary to being mandatory. The most common multi-stakeholder and intergovernmental codes that have been developed will then be displayed, followed by a discussion of the role of banks in applying CSR, the various negative impacts they can trigger and the main responsibilities they hold towards different stakeholders. Finally, the chapter will provide an overview of the main theories underlying the concept of CSR with a special focus on the stakeholder theory as well as providing an overview of the literature to date regarding the empirical studies using the stakeholder approach on various constructs of CSR.

### **Chapter 3 CSR within the Saudi Arabian context**

Providing first a brief background of the Saudi Arabian government including its political, economic and religious positions and its stance with regards to CSR. This will then be followed by a brief overview of the basic Islamic principles that forms the background of the country as well as the CSR concepts that are instilled within the Islamic principles. Finally, the current state of CSR in Saudi Arabia will be discussed including the most

prominent CSR initiatives supported by the government followed by a comprehensive literature review and critique of available Saudi Arabian studies that have been conducted in relation to the reality of CSR practice by Saudi organisations in general and Saudi banks in particular.

#### **Chapter 4 Research Methodology**

A comprehensive research plan will be provided including the research approach adopted and methodological strategies. This will then be followed by a background of the structure of the Saudi banking sector of which the banks and the stakeholders were chosen from. This will then be followed by the methods that were adopted to conduct the document analysis including the selection process of the documents and the analysis procedure. The methods used to conduct the semi-structured interviews will then be displayed including the sampling and recruitment techniques, a comprehensive description of the interview process, the questions used to conduct the interviews, ethical considerations and the process of analysing the data collected from the documents and the interviews.. Finally, procedures of research evaluation used in the study to ensure the reliability and validity of the findings of the research will be described.

#### **Chapter 5 Research Findings**

In this chapter, a detailed qualitative analysis of the documents collected and interviews conducted will be presented. The research objectives will be addressed by describing the main themes and subthemes following a thematic analysis of the transcribed data and texts retrieved from the document analysis as well as quotes from the interviewees will be provided to support the results.

#### **Chapter 6 Discussion**

In this chapter, the objectives of the study will be discussed based on the research findings obtained from the interviews and in relation to the wider body of literature. An attempt will be made to conceptualise the practice of CSR by the Saudi banking sector and highlight the areas of strengths and weakness and areas that require further improvement.

#### **Chapter 7 Conclusion and Recommendations**

A summary of the main findings in light of the study objectives and the implications for practice will be presented. This will then be followed by an overview of how the study contributes to knowledge both on an empirical and theoretical level. Finally, suggestions for future research will be proposed.

## **Chapter 2 CSR from a Western perspective**

### **2.1 Introduction**

Due to the fact that the majority of the modern CSR literature has primarily emerged from Western countries, it is important to provide a holistic image of this phenomenon from a Western perspective. Therefore, this chapter will attempt to provide a comprehensive literature review describing the concept of CSR from a Western perspective. The evolution of CSR is described including its philosophical/religious background and the socioeconomic discontent that led to its emergence. The various definitions of CSR will be considered and the reasons behind these variations in addition to displaying the different dimensions of the CSR concept.

The chapter will then provide an overview of the nature of CSR and the degree of voluntarism this concept entails by displaying the debates that have positioned CSR on a spectrum of enforceability from the voluntary to the obligatory. This will then be followed by highlighting the most prominent voluntary multi-stakeholder codes and international regulating standards that have been developed to date. In addition, the practice of CSR by the banking sector and the distinct characteristics of this sector including the main CSR issues and destructions that can occur directly or indirectly as a result of the choices they make in conducting their business will be discussed, followed by the social responsibilities the banking sector has towards its various stakeholders.

Finally, the chapter will provide an overview of the main theories underlying the concept of CSR, namely strategic/instrumental theory, social contract theory, legitimacy theory and stakeholder theory. The section will focus majorly on the stakeholder theory that serves as the primary theoretical basis for the present research and will include the justification for choosing this theory for the present study as well as provide an overview of the literature

to date regarding the empirical studies using the stakeholder approach on various constructs of CSR focusing on three primary stakeholders, namely: managers, employees and the government.

## 2.2 Religious and Philosophical Precedents for CSR

In the wake of the two world wars, globalisation gathered pace and with it, corporate power at both national and transnational levels, drawing the attention of newly formed international organisations (the UN and IMF in 1945, and the ISO in 1947, and the EC from 1952). As the influence of these international organisations grew, they were able to increase pressure to national governments to exert controls on companies operating within their borders. As commercial transactions and operations spilled beyond national borders to international effect, governments increasingly sought the guidance of these international organisations in applying controls to corporations.<sup>16</sup>

The conventional view of CSR is often relatively secular.<sup>17</sup> As an example, McWilliams have noted the crucial importance of the modern conception of CSR to companies on company policy choices, and the view of CSR as voluntary behaviour designed to promote the welfare of stakeholders is one that is fundamentally based on a view that rejects the view of shareholders as the unique concern of companies in favour of a much broader view.<sup>18</sup> This bears some similarity to many of the Abrahamic religious views of morality, and indeed the philosophical questions of ethics that deal with personal and organisational issues.

Looking first at the common Abrahamic root for Judeo-Christian and Islamic traditions, the emphasis on actions that promote the general welfare is clear. As an example, all three religions contain a rough summation of the golden rule within their core texts. Looking at the texts in turn, we see an extremely similar emphasis on the equality of the golden rule.<sup>19</sup>

---

<sup>16</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", International Journal of Islamic and Middle Eastern Finance and Management, 1(2), 2008, pp.132.

<sup>17</sup>J. Bendell, & C. Ng, "Characteristics of Asian CSR", Social Space, 2009, pp.56-61.

<sup>18</sup>A. McWilliams, et al., "Corporate social responsibility: strategic implications", Journal of Management Studies, 43(1), 2006, pp. 1-18.

<sup>19</sup>J. Gensler, "Ethics and the Golden Rule", Routledge, 2013, pp. 84.

The King James Bible states in Matthew 7:12 that “All things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets.” Similarly, the Talmud states at Sabbath 31a that “That which you hold as detestable, do not do to your neighbour. That is the whole Law: the rest is but commentary.” Comparing this to Islam, the statement in the Quran that “None of you is a believer if he does not desire for his brother that which he desires for himself”.<sup>20</sup>

This is also stated in previous religions in various forms,<sup>21</sup> and survives through the philosophical concept of the categorical imperative. Kant stated this as “Act only according to that maxim whereby you can, at the same time, will that it should become a universal law”.<sup>22</sup>

A clear line can be applied here to some of the tests provided under CSR. As an example of this, the Carroll model suggests that CSR can be defined by “the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organisations at a given point in time”.<sup>23</sup> If we apply this to the Judaeo-Christian societal tests of ethics noted above, it is then unsurprising that the concept of the company as an agent that acts to promote the welfare of others as opposed to merely itself is central.

Pope Francis has recently stated that individuals within businesses should “help those who are in thrall to an individualistic, indifferent and self-centred mentality to be freed from those unworthy chains and to attain a way of living and thinking which is more humane, noble and fruitful, and which will bring dignity to their presence on this earth,” demanding that religious followers are “bold and creative in this task of rethinking the goals, structures, style and methods of evangelisation in their respective [business or non-business] communities”<sup>24</sup> Again, this emphasises the virtue of an approach that considers the interests of others in the actions taken by individuals within organisations and, by implication, by the business entities themselves. It is therefore simplistic to utterly divorce

<sup>20</sup>40 Hadith Nawawi, Hadith 13

<sup>21</sup>M. Singer, “The golden rule. *Philosophy*”, 38(146), 1963, pp. 293-314.

<sup>22</sup>I. Kant, “*Grounding for the metaphysics of morals: With on a supposed right to lie because of philanthropic concerns*”, Hackett Publishing, 1993.

<sup>23</sup>A. Carroll, “*The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders*”, *Business horizons*, 34(4), 1991, pp.39-48.

<sup>24</sup>Pope Francis (2016) *Evangelii Gaudium*, Available at [w2.vatican.va/content/francesco/en/apost\\_exhortations/documents/papa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium.html](http://w2.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html)



the demands of many schools of CSR from the Abrahamic and ethical approaches of the golden rule. Even though these are not explicitly religious, they exist within a cultural context that is historically far more explicitly religiously influenced and bears the apparent marks of that history. With Islam in particular, CSR actors have the opportunity to instrumentalise the principles of Shari'ah towards further integration into the CSR agenda promoting the practice on the basis of this historic religious influence as will be described in Chapter three of this thesis.

### 2.3 Socioeconomic dissatisfaction

CSR has been continuously evolving and incorporating various alternatives based on different requirements. The focus being levied towards this particular doctrine implies the rising discontentment within the corporate world regarding the misleading perception that has been established of being focused on secularism, hedonism, and self-interest.<sup>25</sup> The business scandals that have increased in frequency over the years have also contributed to this dissatisfaction, which includes various unethical behaviours, misrepresentations, breach of trusts, and other frauds. Such instances have also involved large companies such as WorldCom, Arthur Anderson, and Barings, apart from many others.<sup>26</sup>

As a result of social problems such as pollution, race, and gender discrimination, unemployment, and poverty being constantly on the rise, the topic of CSR is now being given considerable attention.<sup>27</sup> The reason behind these problems is the development of markets in alignment with various political changes, demographic changes, the technological revolution, and economic globalisation.<sup>28</sup> For instance within the European markets an overall positive socio-economic impact was not achieved universally due to these changes which led to an increase in disparities between these different countries. In these countries, there are always certain competitive economic activities and outstanding social services taking place alongside increased evidence regarding environmental deterioration and social exclusion.<sup>29</sup>

---

<sup>25</sup>P. Steidlmeier, *"People and Profits: The Ethics of Capitalism"*, Prentice Hall Inc., 1992.

<sup>26</sup>J. Snider, et.al, *"Corporate Social Responsibility in the 21st Century: A View from the World's Most Successful Firms"*, Journal of Business Ethics. 48, 2003, pp. 175-187.

<sup>27</sup>J. Boatright, *"Ethics and the Conduct of Business"*, New Jersey, Prentice Hall, 1993.

<sup>28</sup>J. Dunning, *"The moral imperatives of global capitalism: An overview making globalisation good: The moral challenges of capitalism"*, Oxford University Press, 2003.

<sup>29</sup>B. Rogaly, et.al, *"Poverty, Social Exclusion and Microfinance in Britain"*, Oxfam Publishing, Oxford, 1999.

For most Western countries, the subsequent financial exclusion has come to the fore as it directly correlates with social exclusion and poverty. For instance, in Britain, the strategies pursued by certain commercial banks have the potential of causing financial exclusion. An example of this would be the gradual withdrawal of bank branches from locations which are considered to possess a low-income population but nevertheless one where a significant share is receiving social security benefits.<sup>30</sup> Such behaviours by banks in regard to preserving profits and decreasing operational costs through closing down branches is further augmented as a result of technological advances, deregulation, competitive markets, and financial globalisation.<sup>31</sup>

## 2.4 Emergence of CSR

Expectations regarding social responsibilities and governance have increased considerably as a result of the increased economic and social problems being associated with globalisation. The balance of responsibility and power has been shifting between that state and corporations as a result of the growth in multinational organisations. Governments are increasingly turning to large corporations to address various economic and social problems in consideration of the resources possessed by these organisations. For many, these organisations are considered to be the reason for economic growth and development, as they are likely to generate jobs, pay taxes, establish new technologies, and make significant contributions to health care and education.<sup>32</sup> Similarly, an increased number of sectors and companies understand the role they need to play in society and the potential benefits of following such an approach.<sup>33</sup> In most European and US corporations, CSR now occupies a prominent position irrespective of the business sector being considered.<sup>34</sup>

An increased market pressure is being witnessed where capital markets, customers, and most importantly employees are exerting a significant amount of pressure and preference on companies to follow such practices.<sup>35</sup> Public attention is increasingly moving towards

---

<sup>30</sup>Ibid.

<sup>31</sup>B. Rogaly, et.al, *"Poverty, Social Exclusion and Microfinance in Britain"*, Oxfam Publishing, Oxford, 1999.

<sup>32</sup>S. Lunt, *"Rethinking Corporate Social Responsibility: An Exploration of Ethics, Morality and Social Legitimacy in the Mining Industry"*, PhD. Thesis, University of Bath, 2001.

<sup>33</sup>United Nation Global Compact, United Nation, New York, 2000, [http://www.aeca.es/comisiones/rsc/documentos\\_fundamentales\\_rsc/pactomundial/after\\_the\\_signature.pdf](http://www.aeca.es/comisiones/rsc/documentos_fundamentales_rsc/pactomundial/after_the_signature.pdf)

<sup>34</sup>J. Snider, et.al, *"Corporate Social Responsibility in the 21st Century: A View from the World's Most Successful Firms"*, Journal of Business Ethics, 48, 2003, pp.175-187.

<sup>35</sup>E. Porter, & R. Kramer, *"The Competitive Advantage of Corporate Philanthropy"*, Harvard Business Review. 80, 2002, pp. 56-65.

different ethical and social issues apart from the brand preferences and price structures.<sup>36</sup> The rate at which the ethical investment industry is growing also indicates the amount of emphasis being placed on this phenomenon in regard to how companies behave ethically and socially.<sup>37</sup> Regulatory pressures have also increased considerably which require companies to follow certain standards, irrespective of their size.<sup>38</sup> Communication has also substantially increased due to electronic media and the internet, which has assisted pressure groups and consumers to work like social activists and further promote this cause.

Company activities are increasingly being scrutinised by trade unions and non-governmental organisations in order to develop strategies which make companies operate in a socially acceptable manner. Companies are also beginning to realise that they might reap various social benefits as a result of adopting such CSR practices. For instance, their brand would be significantly strengthened as a result of communicating the actions being taken by the organisation on the social and environmental front. The corporate reputation can be enhanced in regard to suppliers and customers, alongside attracting a skilled and committed workforce.<sup>39</sup> There is also substantial evidence in the literature that organisational profitability, risk management, and competitiveness is likely to increase as a result of companies committing towards such CSR activities.<sup>40</sup>

While the former specifically pertain to organisations operating within the framework of the law, the latter is more concerned with the corporate reputation of the organisation. Still, a significant amount of pressure can be exerted on the management alongside damaging business goodwill if these activities are ignored.<sup>41</sup> Social sanctions are likely to be faced by organisations who are more concerned with their operational efficiencies and not with the adverse impact these operations would have on society. Thus, the cost of these sanctions is likely to significantly increase which would further affect its competitiveness.

---

<sup>36</sup>Ibid

<sup>37</sup>EIRIS, Guide to Responsible Banking, Ethical Investment Research Service, London, 2003.

<sup>38</sup>R. Davies, "The Business community: Social responsibility and corporate values", In J.H. Dunning (Ed.), *"Making globalization good: The moral challenges of global capitalism"*, New York, Oxford University Press, 2003, pp. 301-319.

<sup>39</sup>N. Piercy, & L. Nikala, "Corporate social responsibility: impacts on strategic marketing and customer value", *The Marketing Review*, 9(4), 2009, pp. 335-360.

<sup>40</sup>E. Porter, & R. Kramer, "The Competitive Advantage of Corporate Philanthropy", *Harvard Business Review*, 80, 2002, pp. 56-65.

<sup>41</sup>R. Davies, "The Business community: Social responsibility and corporate values", In J.H. Dunning (Ed.), *"Making globalization good: The moral challenges of global capitalism"*, New York, Oxford University Press, 2003, pp. 301-319.

## 2.5 CSR Definitions and Dimensions

### 2.5.1 CSR Definition

In the academic literature, the concept of CSR has evolved over several decades, although the term is comparatively new to the business world. The meaning of CSR will continue to evolve in order to balance the constant changes taking place in the social, political and corporate arena. Dual trends of increasing globalisation and mass communication have evolved. The definition of CSR has proved malleable and localised to the economic and social contexts in which it arises whether concerning human rights, labour rights, environmental or social issues, or contributions to the community.<sup>42</sup> In particular, normative approaches to CSR may also differ due to the interactions of levels of governance; as an example, in the UK conceptions may vary on an intergovernmental (UN), supranational (EU), national, or sector specific basis. Global changes and the resulting modifications to international law will also affect the core concept of CSR, and a relatively complex interaction between legal, cultural and economic norms appears to exist.<sup>43</sup>

When it comes to defining CSR, there is no consensus present in regard to a certain definition which encompasses all its different aspects.<sup>44</sup> Furthermore, a worldwide accepted definition of CSR is also not available. Thus, there is much ambiguity in regard to what this term entails and how it could be further elaborated.<sup>45</sup> One of the reasons behind this might be how this term is often overlapping with terms including, socially responsible

---

<sup>42</sup>W. Chapple, & J. Moon, "Corporate social responsibility (CSR) in asia a seven-country study of CSR web site reporting", *Business & society*, 44(4), 2005, pp. 415-441; D. Jamali, & R. Mirshak, "Corporate social responsibility (CSR): Theory and practice in a developing country context", *Journal of business ethics*, 72(3), 2007, pp. 243-262.

<sup>43</sup>D. Jamali, & R. Mirshak, "Corporate social responsibility (CSR): Theory and practice in a developing country context", *Journal of business ethics*, 72(3), 2007, pp. 243-262.

<sup>44</sup>L. Forest et al., "Corporate Social Responsibility Through an Economic Lens", *Resources for the Future*, RFF - DP 08-12, 1616 P St. NW Washington, DC 20036, 2008, pp. 219-239

<sup>45</sup>T. Pinkston, & A. Carroll, "A Retrospective Examination of CSR Orientations: Have They Changed?", *Journal of Business Ethics*, 1996, pp. 199-206.

investment, corporate sustainability, accountability, ethical corporations, and corporate citizenships.<sup>46</sup> Another reason might be the fact that stakeholders are involved in consideration of the business context in a modern CSR agenda. Such an integrated view leads to many ambiguities in regard to other associated aspects, for instance what the scope of a stakeholder would be and how sustainability would be defined for a particular corporation.<sup>47</sup> Other reasons why a specific definition does not exist for this term could revolve around the notion that the CSR concept has been gradually evolving.<sup>48</sup> Practices under its domain have been expanding and it is increasingly addressing various developmental and societal concerns.

According to Carroll, the evolution of the CSR definition began in the 1950s.<sup>49</sup> Bowen who is a pioneer in providing the modern literature on CSR, offered one of the earliest definitions seeing CSR as the “obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”.<sup>50</sup> The 1970s was considered a time of proliferation of CSR definitions, while in the 1980s, additional theoretical issues were associated with this concept, such as the agency theory and the social contract theory.<sup>51</sup> CSR researchers following agency theory have suggested that corporations are responsible only to shareholders because shareholders authorise the management to operate corporations. On the other hand, those researchers following social contract theory have suggested that corporations have an implied contract with society and that this contract necessitates them to be faithful to their roles to develop the society under the contract.

More recently, the social and stakeholder approach began to dominate the relatively modern CSR definitions.<sup>52</sup> Some authors adopted a simple standard definition of CSR that is: sacrificing profits in the social interest. For there, to be a sacrifice, the firm must go

---

<sup>46</sup>D. Matten and J. Moon, "Implicit and Explicit CSR: A Conceptual Framework for Understanding CSR in Europe", *The Academy of Management Review*, 33(2), 2008, pp. 404-405.

<sup>47</sup>M. Bowfield and J. Frynas, "Setting New Agendas: Critical Perspectives on Corporate Social Responsibility in the Developing World", *International Affairs*, 2005, pp. 499-501.

<sup>48</sup>A. McWilliams et al., "Corporate Social Responsibility: Strategic Implications", *Working Papers in Economics*, 43(1), 2006, pp. 1-18.

<sup>49</sup>A. Carroll, "Corporate social responsibility: evolution of a definitional construct", *Business and Society*, 38(3), 1999, pp. 268-295.

<sup>50</sup>H. Bowen, "Social Responsibilities of the Businessman", New York: Harper, 1953.

<sup>51</sup>A. Carroll, "Corporate social responsibility: evolution of a definitional construct", *Business and Society*, 38(3), 1999, pp. 268-295.

<sup>52</sup>Ibid

beyond its legal and contractual obligations, on a voluntary basis. CSR thereby embraces a wide range of behaviours, such as being employee friendly, environment friendly, mindful of ethics, respectful of communities where the firm's plants are located and even investor friendly. Sometimes, the call for duty extends beyond the corporation's immediate realm and includes supporting the arts, universities and other good causes.<sup>53</sup>

Other researchers that have provided definitions based on the social approach defined CSR as actions on the part of the firm that appear to advance, or acquiesce in the promotion of some social good, beyond the immediate interests of the firm and its shareholders, which is required by law. Such actions may result in a company embodying socially responsible attributes in their products.<sup>54</sup> Others developed a definition which was derived from the views of many scholars such as Carroll, 1999; Wood, 1991; Freeman, 1984 and Friedman, 1970 and also incorporating recent industry reports such as Commission of the European Communities (2001, 2002) and the Financial Times Top 100 Index. The definition states 'CSR is corporations' being held accountable by explicit or inferred social contract with internal and external stakeholders, obeying the laws and regulations of government and operating in an ethical manner which exceeds statutory requirements'.<sup>55</sup> In addition, one researcher referring to Holme and Watts (2000), Ismail (2011) and Krishnan & Balachandran (n.d.) quoted the definition of CSR by World Business Council for Sustainable Development, (WBCSD), which defined CSR as "The continuing commitment by business to behave ethically and contribute to sustainable economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".<sup>56</sup>

Other researchers provided definitions that were based on the stakeholder theory arguing that business has a wider responsibility as it is not limited to shareholders only but extend to various stakeholders.<sup>57</sup> It is supported by the case whereby the government alone

---

<sup>53</sup>L. Reinhardt, N. Robert and HK. Richard, "Corporate social responsibility through an economic lens", 2008, pp. 219-239; R. Bénabou, & J. Tirole, "Individual and corporate social responsibility", *Economica*, 77(305), 2010, pp.1-19.

<sup>54</sup>D. Waldman, et al., "Cultural and leadership predictors of corporate social responsibility values of top management: A GLOBE study of 15 countries", *Journal of International Business Studies*, 37(6), 2006, pp.823-837.

<sup>55</sup>R. Bowd, et al., "CSR—A schools approach to an inclusive definition. Setting the scene for future public relations and communications research", In *The 10 th International Public Relations Symposium*, 2003.

<sup>56</sup>M. BORZA, "Some considerations regarding the corporate social responsibility models in Romania", *International Journal of Business and Management Studies*, 3(2), 2011, pp.191-200.

<sup>57</sup>T. Ismail, "Corporate social responsibility: The influence of the silver book", *International Journal of Business and Management Studies*, 3(2), 2011, pp.371-383.

definitely cannot afford to have a sole responsibility in improving the lives of their people as it exceeds their capabilities. If the government is unable to fulfil the increasing demand of their people thus this is where the corporations should support the government. Van Marrewijk's definition states that CSR refers to activities "voluntary by definition demonstrating the inclusion of social and environmental concerns business operations and in interactions with stakeholders".<sup>58</sup> However those who opposed this approach saw the situation as unfair to the business corporations, such as the famous statement that 'the only responsibility of a business is to maximize shareholders' wealth'.<sup>59</sup>

The relatively modern definition of CSR is a subject of debate where there are copious definitions of CSR both from the academia and the professional field, with many organisations having similar definitions and rapidly updating and expanding their definitions.<sup>60</sup> However, a generally accepted one originated by the European Commission that defined CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing social commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".<sup>61</sup> This definition is somewhat a paradigm shift from a notion of CSR as a 'voluntary' contribution made by corporations to the societies they inhabit which is reflected in the previous versions of the commissions' CSR definitions, to one of responsibility.<sup>62</sup> The EU Commission's definition benefits from coherence with the terms of CSR itself, defining it as a 'responsibility' owed by corporations for their 'impact' on society, which itself suggests a reading of responsibility as an obligation or duty.<sup>63</sup> The Commission's commitment to monitoring European businesses and demand for clear targets under its 'Agenda for Action' evidences a more robust attitude to CSR compliance

---

<sup>58</sup>M. Van Marrewijk, "Concepts and definitions of CSR and corporate sustainability: between agency and communion", *Journal of Business Ethics* 44, 2003, pp. 95-105.

<sup>59</sup>M. Friedman, "The social responsibility of business is to increase its profits", *New York Times Magazine*, 1970, pp. 122-126.

<sup>60</sup>M. Calderon, "CSR in Latin America and South East Asia analysis of the corporate communication of top local companies", *International Research Journal of Finance and Economics*, 73, 2011, pp.56-74.

<sup>61</sup>Commission of the European Communities. 2003. What is Corporate Social Responsibility (CSR)? [http://europa.eu.int/comm/employment\\_social/soc-dial/csr/csr\\_whatiscsr.htm](http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_whatiscsr.htm)

<sup>62</sup>D. Kinderman, "Corporate Social Responsibility in the EU, 1993-2013: Institutional Ambiguity, Economic Crisis, Business Legitimacy and Bureaucratic Policies", *Journal of Common Market Studies*, 51(4), 2013, pp. 701-720.

<sup>63</sup>H. Jonas & D. Herr, "The Imperative of Responsibility: In Search of an Ethics for the Technological Age", *The Review of Metaphysics*, 39(2), 1985, pp. 362-364

and enforcement.<sup>64</sup> However, this general definition is an advantage as much as a drawback for CSR. It is an advantage because it allows CSR to reach a broad area of competence from environmental issues, eradication of poverty, employment creation and labour practices, environmental protection, education and human development among others. But in the other hand this broad nature has attracted many critics: "The term is a brilliant one; it means something, but not always the same thing, to every-body".<sup>65</sup>

### 2.5.2 CSR Dimensions

CSR dimensions refer to the scope of applying CSR in the business agenda, which would be in regard to the various CSR components and be undertaken on a holistic approach. The CSR concept is multidimensional and involves different categories of responsibility that serves the interests of different stakeholders. This would include the various economic, environmental, and social (which will be later described in detail in this section) considerations that need to be focused on by organisations before conducting their business operations. With the passage of time, stakeholder interests could vary internally or externally as expectations of their corporations tend to increase over time. However, to date different views and perspectives are present with regards to determining the CSR dimensions.

Two particular dimensions of CSR were identified by The European Commission Green Paper 2001, namely internal and external. The former is concerned with the organisations' internal management and consists of human resource management, safety and health at work, and natural resource/asset management. On the other hand, the latter involves issues related to the external management of the organisation such as the suppliers, consumers, business partners, human rights and the global environment.<sup>66</sup>

A different viewpoint has been presented regarding the dimensions of CSR, which introduces a set of four responsibilities: economic, legal, ethical and philanthropic.<sup>67</sup> These

---

<sup>64</sup>Commission of the European Communities, "Communication from the commission to the European parliament, the council, the European economic and social committee and the committee of the regions", a renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels, 2011. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>

<sup>65</sup>D. Votaw, & S. Sethi, "The corporate dilemma: Traditional values versus contemporary problems", Prentice Hall, New York, 1973.

<sup>66</sup>European Commission, Green Paper: Promoting a European Framework for CSR, 2001.

<sup>67</sup>A. Carroll, "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders", Business horizons, 34(4), 1991, pp.39-48.



responsibilities within the framework of CSR may be defined as follows: economic refers to the responsibility to enhance organisational profits; legal to adhering to the relevant laws; ethical to equitable, just and non-damaging practices; and philanthropic to making sure the organisation is beneficial to society as a whole.<sup>68</sup> It should be noted, however, that dividing CSR into these elements does not take into account issues which have subsequently (since the mid-1990s) come to have an important place in the CSR agenda, for example, sustainable development.

In a more recent study, the various CSR dimensions were highlighted based on the analyses of 37 CSR definitions developed over the past decade, and five major classifications were identified.<sup>69</sup> These include the environmental, social, economic, stakeholder, and voluntary dimensions. These dimensions from an operational and theoretical perspective could be divided into content oriented dimensions or nature oriented dimensions. These are different classifications when it comes to stakeholder and voluntariness which are considered nature oriented, or environmental, social, and economic aspects, which are content oriented. Nature implies the implicit character, while the concerns are represented by the content dimension.<sup>70</sup> However, as the main CSR principles are based on the environmental, economic and social business agendas,<sup>71</sup> hence the focus of the remaining sections will be on these three main dimensions. It has been reported in the literature that corporate citizenship involves the accountability in terms of social financial and environmental footprints. Similarly, the Triple Bottom Line concept which operationalised the sustainable development concept considers the company to be an economic institution, a social performer and a protector of the environment simultaneously.<sup>72</sup>

Economic improvement should be the objective of organisations, while also maintaining its viability and profit objectives. Economic responsibilities include satisfying customers, earning fair returns for investors, creating wealth for maximising social value, helping the

---

<sup>68</sup>Ibid

<sup>69</sup>A. Dahlsrud, "How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions", CSR and Environmental management, 15(1), 2008, pp. 8-11.

<sup>70</sup>D. Matten, & J. Moon, "'Implicit' and 'explicit' CSR: A conceptual framework for a comparative understanding of corporate social responsibility", Academy of management Review, 33(2), 2008, pp.404-424.

<sup>71</sup>J. Milne, & R. Gray, "W(h)ither ecology? The triple bottom line, the global reporting initiative, and corporate sustainability reporting", Journal of business ethics, 118(1), 2013, pp.13-29.

<sup>72</sup>T. Wiedmann, & M. Lenzen, "Triple-Bottom-Line Accounting of Social, Economic and Environmental Indicators - A New Life-Cycle Software Tool for UK Businesses", Third Annual International Sustainable Development Conference, Sustainability – Creating the Culture, Perth, Scotland, 15-16 November 2006.

needy and granting them financial freedom, and defeating animosity through enhancing the economic conditions of people. It also involves promoting innovation and enhancing the economic interests of its citizens.<sup>73</sup> Fourteen economic indicators are provided by Triple Bottom Line which revolve around what impact business operations has on society alongside factors such as innovation, investing socially in employees alongside consumers, outsourcing, and knowledge.<sup>74</sup> It also includes providing benefits to employees, alongside taxes, wages, and pensions.

CSR's social dimension is integral in establishing society and business relationships. The idea is developing a better society and thus the social impacts of business operations should be fully considered and integrated in their dealings. Keeping such factors in mind would assist the organisation in becoming a better corporate citizen as well as introducing a better working environment both internally and external to the company.<sup>75</sup> Organisations, being a part of the community, should also contribute towards serving both internal and external individuals of this community.<sup>76</sup> The various needs, expectations, and rights of different stakeholders should be adequately addressed, which should include internal members of the community such as the owners, employees and managers. On the other hand; the external community incorporates the needs of the local community it operates within in addition to other stakeholders.<sup>77</sup> Practically, society wants organisations to play a positive role in its development considering its central role in the modern arena and its importance in improving the quality of life of its local community.

Therefore, the CSR social dimension includes a number of social issues that can be classified into three main clusters that include human rights, labour rights and its practice, and other social issues. With regards to human rights, corporate social behaviour should include following and respecting international human rights standards within their sphere of influence, which are also backed by organisations such as the UN Global Compact.<sup>78</sup>

---

<sup>73</sup>G. Lantons, *"The Boundaries of Strategic Corporate Social Responsibility"*, Journal of Consumer Marketing, 18(7) 2007, pp. 595-597.

<sup>74</sup>T. Wiedmann, & M. Lenzen, *"Triple-Bottom-Line Accounting of Social, Economic and Environmental Indicators - A New Life-Cycle Software Tool for UK Businesses"*, Third Annual International Sustainable Development Conference, Sustainability – Creating the Culture, Perth, Scotland, 15-16 November 2006.

<sup>75</sup>A. Carroll, *"The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders"*, Business Horizons, 34(4), 1991, pp. 39-41.

<sup>76</sup>A. Dahlsrud, *"How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions"*, CSR and Environmental management, 15(1), 2008, pp. 8-11.

<sup>77</sup>ILO, *"Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy"*, 2000.

<sup>78</sup>United Nations Global Compact, 2004

This sphere of influence includes a broad range of business activities such as products and employees that are linked to internal or external members of the community such as buyers, employers, consumers, or suppliers.

Corporations are responsible for ensuring various cultural, social, economic, political, and civil rights of stakeholders falling directly under their sphere of influence.<sup>79</sup> These could be the various rights of customers and suppliers in terms of holding different opinions, freedom of expression, or other rights in regard to religion and conscience. This would include a right to religious practices and privacy, while in terms of development it would also include the right to adequate healthcare, clothing, social activity, housing, food, education, and social security. It would also include the right to benefit from the latest technological advances.

As for Labour rights, this would include the labour and working standards set out by the International Labour Organisation.<sup>80</sup> Labour rights include the abolishment of child labour, the provision of acceptable working conditions, prevention of forced labour, as well as the freedom of association. With regards to working conditions, a specific number of working hours should be the norm, weekly periods of rest, workplace safety, health standards and minimum wages should be ensured, in addition to equal opportunity, and non-discrimination in terms of employment practices. Unjustified dismissals should be avoided and vocational and technical guidance granted on the basis that this is a basic right of the workforce.<sup>81</sup> The discussion presented above indicates that a certain amount of overlap does exist between human and labour rights and that they are supportive and inclusive of one another. This is also mirrored in the fact that most Global Reporting Initiatives demonstrate a significant overlap between the two issues.

Other aspects of the social dimension include philanthropic activities as well as corporate social investments. These include programs initiated for alleviating poverty and sponsorship of various cultural and social activities of these communities.<sup>82</sup> It also includes

---

<sup>79</sup>UN Human Rights Council, "*Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development*", note / by the United Nations High Commissioner for Human Rights, 17 November 2008, A/HRC/10/24, available at: <http://www.refworld.org/docid/49a5223b2.html>

<sup>80</sup>Ibid

<sup>81</sup>Ibid

<sup>82</sup>M. Leisinger, "*Corporate Philanthropy: The Top of the Pyramid*", *Business and Society Review*, 112(3), 2007, pp. 315–342.

funding basic educational rights, founding of academic institutions, developing skill enhancement and training programmes, healthcare funding, supporting various natural disaster management programs as well as funding for the purpose of alleviating and treating epidemics such as cancer. Other areas include working with Non-Governmental Organisations (NGOs) and the government to provide fresh water and greengage. In addition, the social dimension includes the participation of the organisation in the various community programmes, including local community members in the organisation's decision making processes, engaging in social security management, and providing employment opportunities. This aspect of CSR should be focused on enhancing the quality of life of the community as a whole and eliminating the deficiencies in social welfare.<sup>83</sup>

The environment is considered to be the final content-oriented CSR dimension, and it is coming to the forefront for many organisations today.<sup>84</sup> Natural resources, which consist of water, air, land, and the overall ecosystem, are significantly affected as a result of organisational activity.<sup>85</sup> Global instruments provide various definitive standards pertaining to CSR which implies that organisations need to adhere to environmental protection policies.<sup>86</sup> Sixteen principles were highlighted by the ICC Business Charter for Sustainable Development with regards to aspects such as renewable resources, efficiently utilising materials and energy, integration of management systems, minimising the adverse impact on the environment, reducing waste generation as well as the responsible removal of residual waste, and implementing precautionary measures and so on.<sup>87</sup>

Other guidelines that have been developed in this regard include the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs) in congruence with other corporate assignments. The major focus is concentrated towards organisations considering the health and environmental impacts of the activities carried out by organisations. Adequate efforts also need to be made by organisations for minimising the amount of risk involved leading to accidents and the

---

<sup>83</sup>A. Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders", *Business Horizons*, 34(4), 1991, pp. 39-41.

<sup>84</sup>A. Williams, "Linking the environmental and social dimensions of corporate social responsibility the centre for business relationships, accountability", Centre for Business Relationships, Accountability, Sustainability & Society, Cardiff University, 2003, pp. 1-23

<sup>85</sup>R. Carter, et al., "Environmental Purchasing and Firm performance: an empirical investigation", *Transportation Research Part E: Logistics and Transportation Review* 36(3), 2000, pp. 219-228.

<sup>86</sup>United Nations Global Compact, 2004

<sup>87</sup>International Chamber of Commerce, "Business Charter for Sustainable Development", 1991

damage accrued to the environment and health. Cooperation should be encouraged for reducing these various risks.<sup>88</sup>

To conclude the debate regarding the CSR definitions, there is no globally agreed definition of the concept, however there is general agreement that it represents an ongoing and expanding way of doing business that balances the needs of corporations against their duty to consider stakeholders. CSR places responsibility on companies to take economic, social and environmental factors into account when planning their business. Additionally, CSR implies that companies must consider the requirements and aspirations of all types of stakeholders.

When considering the CSR dimensions, it is clear that the principal elements concern environmental, economic and social responsibility, these being the areas in which global corporations have the most significant impact. Most international standards, which set the key agenda for CSR, are focused on labours' rights, human rights, consumers and environmental protection. Companies may also choose, through their own self-imposed regulatory frameworks, to include social investment, philanthropy, stakeholder engagement and community relationships as part of their CSR remit.

---

<sup>88</sup>OECD, "*Guidelines for Multinational Enterprises*", 2000

## 2.6 CSR as a Voluntary Activity

With CSR becoming ever-more regulated,<sup>89</sup> governments have ceased to define it as a voluntary, non-regulated matter. As discussed in section 2.5.1., 2011 witnessed the release of a new communication from the European Commission on the matter of CSR, redefining it as a corporate responsibility that holds businesses to account for the social impact of their activities.<sup>90</sup> As well as voluntary commitments, regulatory compliance is also clearly captured within the Commission's definition.<sup>91</sup>

Regardless of this development in the concept of CSR, the idea of it being a non-legal commitment and a voluntary act remains extant.<sup>92</sup> Although the origins of this belief is unclear, it proposes that organizations' legal compliance is neither based on, nor necessitated through, any form of ethical or moral influence, unlike voluntary or "extra-legal" actions. This idea poses a number of issues. Firstly, the law often makes moral and ethical behaviours involuntary while permitting what might be considered immoral as voluntary. For instance, there are laws against theft, assault and murder as well as

---

<sup>89</sup>J. Kerr, *"The Creative Capitalism Spectrum: Evaluating Corporate Social Responsibility Through a Legal Lens"*, Temp. L. Rev., 81, 2008, pp. 831.

<sup>90</sup>EU Commission, *"A renewed EU strategy 2011-14 for Corporate Social Responsibility"*, Brussels, European Commission, 2011.

<sup>91</sup>J. Ruggie, *"Report of the special representative of the secretary-general on the issue of human rights and transnational corporations and other business enterprises: Guiding principles on business and human rights: implementing the united nations 'protect, respect and remedy' framework"*, Netherlands Quarterly of Human Rights, 29(2), 2011, pp.224-253.

<sup>92</sup>A. Afsharipour, & S. Rana, *"The Emergence of New Corporate Social Responsibility Regimes in China and India"*, 14 UC Davis Bus. LJ, 175, 2014, pp.197-205.

corruption, fraud and embezzlement. These laws all prohibit actions that are widely considered to be immoral or, indeed, unethical. Conversely, there are a number of voluntary actions that could be considered entirely selfish and, thus, could not be legitimately considered to be “socially responsible”. For instance, an organization could develop a stunning outdoor space that is reserved for executive personnel or serve organic beverages bought from a company owned by its CEO. In these examples, the seemingly ethical behaviours may not be based on sense of social or ethical obligation. While regulation may highlight a public appetite for enforcement, penalties and even reprisal for specific behaviours, it does not specifically outline whether these behaviours are ethically normal or not. Conversely, while a lack of regulation could stem from political pressures and a specific power balance, it may not be an accurate representation of ethical norms.<sup>93</sup>

CSR regulation often differs between regions, nations and states. These nuances create a paradox as, considering CSR activity as an “extra-legal” concept, some actions are legally mandated in some areas, but optional in others. For example, the donation of food waste is legally mandated in French supermarkets,<sup>94</sup> and, as such, its donation is seen as simple compliance with the law; in other countries where they are not mandated (such as the US and other EU nations), such donations would be considered CSR. As a result, some companies become competitively disadvantaged as their national laws enforce higher standards of CSR; in their corporate communications and under certain reporting frameworks which differentiate between enforced and unenforced activity, these companies are required to report differently than their competitors, who operate in areas where CSR standards are comparatively low.

It has been suggested that the purpose of CSR is to capture private behaviours and to allow governmental bodies to operate on a separate level, using legal controls to reduce harmful corporate externalities.<sup>95</sup> This notion does not suggest that companies have no legal CSR obligations, but that their compliance is, instead, a minimum standard for commercial

---

<sup>93</sup>P. Waagstein, *"The mandatory corporate social responsibility in Indonesia: Problems and implications"*, Journal of business ethics, 98(3), 2011, pp.455-466.

<sup>94</sup>G. Berger-Walliser, & I. Scott, *"Redefining Corporate Social Responsibility in an Era of Globalization and Regulatory Hardening"*, American Business Law Journal, 55(1), 2018, pp.167-218.

<sup>95</sup>V.H. Ho, *"Beyond regulation: a comparative look at state-centric corporate social responsibility and the law in China"*, Vand. J. Transnat'l L., 46, 2013, pp.375.

activity.<sup>96</sup> Irrespective, this idea suggests that business behaviours comply with a shareholder primacy model that removes any sense of global moral obligation beyond the requirement to obey the law, allowing organizations to take credit for any socially responsible behaviour.<sup>97</sup> It proposes, therefore, that without being legally prohibited from doing so, an organization for example would not be socially, morally or ethically obliged to resist disposing of its hazardous waste within a community water supply. Rather, the organization's conscious decision not to do so would be a credible demonstration of CSR, perhaps giving rise to criticism of CSR as a form of "greenwashing" and encouraging inconsistencies between nations, as demonstrated by the example of French regulation on food waste.<sup>98</sup>

The idea of CSR actions being voluntary could, in fact, undermine any true CSR commitments, leaving them open to the suggestion that they are unnecessarily costly for shareholders and that, to protect profit, such activity should be ceased.<sup>99</sup> As an example, MNEs have sought to improve working conditions and to monitor human rights abuses within their factories. To refer to such efforts as "CSR" would be to suggest that these corporate activities are voluntary ones and that they could be cancelled if proven unprofitable. In fact, such activities could be mandated by employment law and international human rights law.<sup>100</sup> Furthermore, this approach could be understood to mean that legally mandated activities, such as reporting processes, do not fall within an organization's social responsibility and could encourage firms to avoid any activity that is not specifically mandated by law.

Lastly, the concept of CSR being "voluntary" calls into question whether or not it could be considered equivalent with charity or, indeed, include any charitable behaviours. Although charitable activity is widely considered to be credible CSR behaviour, some

---

<sup>96</sup>L. Lin, "Corporate social responsibility in China: Window dressing or structural change", Berkeley J. Int'l L., 28, 2010, pp. 64.

<sup>97</sup>B. Sjaafjell, "Regulating Companies as if the World Matters: Reflections from the ongoing Sustainable Companies project", Wake Forest L. Rev., 47, 2012, pp.113.

<sup>98</sup>B. Sjaafjell, "Internalizing externalities in EU Law: Why neither corporate governance nor corporate social responsibility provides the answers", Geo. Wash. Int'l L. Rev., 40, 2008, pp.977.

<sup>99</sup>D. Vogel, "The market for virtue: The potential and limits of corporate social responsibility", Brookings Institution Press, 2007.

<sup>100</sup>C. Marighugh, "Corporate social responsibility: An insider's view", Dollars & Sense, 265, 2006, pp.10-11.



strongly object to any suggestion that the two are synonymous with one another.<sup>101</sup> Critics of this comparison propose that any reference to charity as CSR enables organizations to draw attention away from their business operations and, as such, encourages greenwashing.<sup>102</sup>

### 2.6.1 CSR and the Law

This section will outline the types of CSR regulation that exist at the commercial, industry, national and international levels and will describe how such regulation has assisted the “hardening of CSR”.<sup>103</sup> There will be a discussion on whether or not there is sufficient evidence of a shift towards the regulation or enforcement of CSR and, if so, whether this is a regional, national, or global development. Further, it will discuss how, despite the hardening of CSR, corporations have continued to avoid any social prescriptions on their ethical responsibilities.<sup>104</sup>

#### 2.6.1.1 Private Policies on CSR

The first type of CSR regulation is referred to as “private regulation” and comprises collections of guidelines, submitted voluntarily by corporate enterprises. Such regulation has, for a long time, been a privileged method of CSR control as, at least for some part, CSR has been seen as a voluntary corporate action.<sup>105</sup> Many commentators have discussed

---

<sup>101</sup>A. Carroll, *"The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders"*, Business horizons, 34(4), 1991, pp.39-48.

<sup>102</sup>B. Sjaafjell, *"Regulating Companies as if the World Matters: Reflections from the ongoing Sustainable Companies project"*, Wake Forest L. Rev., 47, 2012, pp.113.

<sup>103</sup>B. Sjaafjell, *"Regulating Companies as if the World Matters: Reflections from the ongoing Sustainable Companies project"*, Wake Forest L. Rev., 47, 2012, pp.113.

<sup>104</sup>J. Pitts III, *"Corporate social responsibility: Current status and future evolution"*, Rutgers JL & Pub. Pol'y, 6, 2008, pp.334.

<sup>105</sup>D. McBarnet, *"Corporate social responsibility beyond law, through law, for law"*, 2009; F. Cafaggi, & A. Renda, *"Public and private regulation: mapping the labyrinth"*, DQ, 2012, pp.16.

the notion of self-regulating firms,<sup>106</sup> as well as the benefits and disadvantages for CSR. Such considerations will not be discussed within the scope of this thesis;<sup>107</sup> instead, the focus of this section will be the extent to which these regulatory methods exercise control over CSR and encourage its “hardening”.<sup>108</sup> In the following sections, the differences between self-regulation at the individual and industry levels, as well as the government’s influence on and enforcement of both types of self-regulation, both nationally and internationally, and their subsequent legalization by proxy will be displayed.<sup>109</sup>

### ***Self-Regulation at the Individual Level***

Typically, internal CSR policies will form the basis of a company’s individual self-regulation. Such guidelines are developed independently and voluntarily and can include codes of conduct, CSR management structures, CSR policies and principles and standards for commercial behaviour.<sup>110</sup>

Autonomous and uncontrolled, such private guidelines could be seen to sit on the peripheries of CSR regulation, free from external or governmental influence.<sup>111</sup> Due to this lack of control, these types of regulations are often deemed ineffective and accused of being mere marketing tools.<sup>112</sup> Statistics propose that CSR regulation is not the primary use for corporate codes of conduct but that, instead, they are more often used as benchmarks for compliance.<sup>113</sup> Typically, any enforcement of internal CSR regulation stems from economic or social pressures, with specific consequences for a firm’s brand value and corporate reputation.<sup>114</sup> In some instances, government action becomes an indirect driver for economic pressures. For instance, in France, Germany and the UK,

<sup>106</sup>N. Gunningham, & J. Rees, “Industry self-regulation: an institutional perspective”, *Law & Policy*, 19(4), 1997, pp.363-414.

<sup>107</sup>J. Bakan, “The Invisibile Hand of Law: Private Regulation and the Rule of Law”, *Cornell Int’l LJ*, 48, 2015, pp.279.

<sup>108</sup>R. Nieuwenkamp, “The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct”, *DQ*, 2013, pp.171.

<sup>109</sup>N. Gunningham, “Investigation of industry self-regulation in workplace health and safety in New Zealand”, Gunningham & Associates Pty Ltd. Retrieved on, 2011, pp.12-09.

<sup>110</sup>OECD, “Codes of Corporate Conduct: Expanded Review of Their Contents”, OECD Publishing, 2001.

<sup>111</sup>J. Gond, et al., “The government of self-regulation: On the comparative dynamics of corporate social responsibility”, *Economy and society*, 40(4), 2011, pp.640-671.

<sup>112</sup>V. Besmer, “The legal character of private codes of conduct: more than just a pseudo-formal gloss on corporate social responsibility”, *Hastings Bus. LJ*, 2, 2006, pp.279.

<sup>113</sup>K. Bondy, et al., “The adoption of voluntary codes of conduct in MNCs: A three-country comparative study”, *Business and Society Review*, 109(4), 2004, pp.449-477.

<sup>114</sup>E. Westfield, “Globalization, governance, and multinational enterprise responsibility: Corporate codes of conduct in the 21st century”, *Va. J. Int’l L.*, 42, 2001, pp.1075.

legislation on pension funds mandates that firms must disclose the CSR considerations they make when choosing, retaining and liquidizing fund investments. This encourages firms to declare their CSR activities voluntarily, or to follow appropriate codes of conduct to ensure they are eligible for such investments.<sup>115</sup> Although regulation via incentives does not force firms into CSR, it does reward it and, indirectly, encourages its legalization.<sup>116</sup>

In some cases, the enforcement of individual self-regulation can be somewhat “harder” and, indeed, entirely legal. One such example is the famous case of Kasky vs. Nike, in which a code of conduct was disregarded, and the associated behaviour was considered to be an act of false advertising.<sup>117</sup> Indeed, in France, consumer associations are permitted by law to campaign for consumer rights,<sup>118</sup> and a 2013 EU recommendation encouraged member states to create collective redress mechanisms for consumers within their own legal frameworks, with such domestic consumer laws then being able to support claims against misleading codes of conduct.<sup>119</sup> Despite its provisions, the EU recommendation did not seek to provide legal solutions for corporate code violations, and some have criticized the use of consumer law for the purpose of legalizing CSR.<sup>120</sup> Nonetheless, in the absence of any other legal solutions, consumer law has been shown to be a viable means by which corporate codes of conduct can be enforced and by which CSR can be hardened.

According to the context and authority within a case, corporate codes could be considered to be legal, unilateral contracts. Legally binding unilateral commitments are more easily accepted by US common law and many civil law authorities do not need consideration for such contracts to be binding.<sup>121</sup>

Supplier codes of conduct take an even more legalized form, as do individual CSR-specific clauses in supplier contracts (particularly international ones).<sup>122</sup> As public awareness of

---

<sup>115</sup>A. Sobczak, "Are codes of conduct in global supply chains really voluntary? From soft law regulation of labour relations to consumer law", *Business Ethics Quarterly*, 16(2), 2006, pp.167-184.

<sup>116</sup>T. Malloy, "Regulating by incentives: Myths, models, and micromarkets", *Tex. L. Rev.*, 80, 2001, pp.531.

<sup>117</sup>A. Sobczak, "Are codes of conduct in global supply chains really voluntary? From soft law regulation of labour relations to consumer law", *Business Ethics Quarterly*, 16(2), 2006, pp.167-184.

<sup>118</sup>*Ibid*

<sup>119</sup>A. Stadler, "The Commission's Recommendation on common principles of collective redress and private international law issues", *Nederlands internationaal privaatrecht: NIPR*, (463), 2013, pp.483-488.

<sup>120</sup>A. Sobczak, "Are codes of conduct in global supply chains really voluntary? From soft law regulation of labour relations to consumer law", *Business Ethics Quarterly*, 16(2), 2006, pp.167-184.

<sup>121</sup>K. Mitkidis, "Sustainability Clauses in International Business Contracts", Eleven international publishing, 2015.

<sup>122</sup>*Ibid*

CSR grows, and supply chains become ever-more global, corporations suffer greater consequences for the behaviour of their suppliers. As well as being held to account for their own corporate behaviour, firms are facing greater reputational and legal consequences for any ethical or legal violations committed by their extended supplier network, including those who operate in distant locations with vastly different ethical and legal standards.<sup>123</sup> To avoid legal and reputational damages caused by supplier violations, an increasing number of firms are introducing codes of conduct within their supplier contracts.<sup>124</sup> In this way, MNEs attempt to enforce social and environmental standards within their supply chains that adhere to their own priorities or the standards by which they will be assessed in their own states, regardless of the legal or social norms specific to their suppliers' locations.<sup>125</sup>

Typically, MNEs place more importance on the managerial and relational functions of their supplier codes than they do on their ability to enforce them.<sup>126</sup> Nevertheless, if such codes are written carefully, they could well become a central feature of supplier contracts, just as unilateral terms of agreement regarding conditions of sale and purchase become binding upon their signatories.<sup>127</sup> The notion that such supplier codes could be legally enforced, together with economic and social pressures, greatly encourages the hardening of individual self-regulation.<sup>128</sup>

### ***Self-Regulation at the Industry Level***

As industry standards are typically less specific than individual self-regulation, such ideals are harder to enforce.<sup>129</sup> Nevertheless, it has been argued that the substantive nature of industry norms on social and environmental impacts, as well as the necessity for enforcement and monitoring, mean that industry standards act as legal frameworks for

---

<sup>123</sup>T. Donaldson, *"Values in Tension; Ethics away from Home"*, Ethical issues in Business Thomas Donaldson, Patricia H. Werhane, 1999.

<sup>124</sup>A. Scherer, & G. Palazzo, *"The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy"*, Journal of management studies, 48(4), 2011, pp.899-931.

<sup>125</sup>P. Gudel, *"Relational contract theory and the concept of exchange"*, Buff. L. Rev., 46, 1998, pp.763.

<sup>126</sup>*Ibid*

<sup>127</sup>K. Mitkidis, *"Sustainability Clauses in International Business Contracts"*, Eleven international publishing, 2015.

<sup>128</sup>R. Weber, & R. Baisch, *"Liability of Parent Companies for Human Rights Violations of Subsidiaries"*, European Business Law Review, 27(5), 2016, pp.669-695.

<sup>129</sup>T. Baines, *"Integration of corporate social responsibility through international voluntary initiatives"*, Indiana Journal of Global Legal Studies, 16(1), 2009, pp.223-248.

standard-setting and, as such, serve as a modern form of international regulation.<sup>130</sup> The hardening of such standards is encouraged by their continual monitoring by a range of external bodies. These bodies include commercial inspectors and auditors, international government organizations (IGOs) and nongovernmental organization (NGOs).<sup>131</sup> While enforcement of standards is not performed through legal channels, it is instead effected through social and commercial pressures from employees, shareholders, suppliers and customers.<sup>132</sup> The influential work of Abbott and Snidal proposed four core competencies into which self-regulation or, as they call it, regulatory standard setting (RSS), can be divided. These competencies are expertise, representativeness, independence and operational capacity.<sup>133</sup> In their work, Abbott and Snidal proposed that as a self-regulatory body such as a trade association begins to display more of these competencies, its standards will become “harder” and more effective. As one individual regulator is unlikely to possess all of these competencies, collaborative schemes become the most effective example of private regulators, allowing a number of partners to combine their capabilities.<sup>134</sup>

Although Abbot and Snidal presented statistical evidence of such collaborations being uncommon compared to single-entity schemes, the number of multi-stakeholder schemes and public-private partnerships has increased significantly in recent years.<sup>135</sup> Of particular note for this research are multi-stakeholder schemes such as the Global Compact, within which the government has a central role.<sup>136</sup> Together, public-private partnerships and “hybrid approaches”, such as government-observed voluntary disclosure, combine the regulation of public and private enterprise.<sup>137</sup> The increased use of these schemes could indicate a further increase in CSR legalisation.

---

<sup>130</sup>K. Abbott, & D. Snidal, *"The governance triangle: regulatory standards institutions and the shadow of the state"*, *The politics of global regulation*, 44, 2009.

<sup>131</sup>*Ibid*

<sup>132</sup>D. Snidal, *"The Governance Triangle: Regulatory Standards, Institutions and the Shadow of the State"*, 2009.

<sup>133</sup>*Ibid*

<sup>134</sup>*Ibid*

<sup>135</sup>K. Abbott, & D. Snidal, *"The governance triangle: regulatory standards institutions and the shadow of the state"*, *The politics of global regulation*, 44, 2009.

<sup>136</sup>S. Banerjee, *"Governing the global corporation: A critical perspective"*, *Business Ethics Quarterly*, 20(2), 2010, pp.265-274.

<sup>137</sup>T. Lyon, *"Environmental Governance. Governance for the environment: New perspectives"*, 2009, pp.43.

### 2.6.1.2 Public Policies on CSR

As previously outlined, it is difficult to define CSR as wholly “voluntary” corporate behaviour. As such, it would appear that government-mandated regulations and their corresponding corporate responses do, indeed, constitute credible CSR. This section will illustrate the increased use of public policy on CSR and provide examples of these laws and how they promote in the hardening of CSR.

#### *Rules on Disclosure*

An increase in mandatory disclosure laws can be seen as the primary demonstration of public CSR regulation, with such laws being common in almost every corner of the world, including the EU, US and developing nations.

The American Securities Act of 1933<sup>162</sup> and Securities Exchange Act of 1934<sup>163</sup> mandate quarterly and annual disclosures and provide a fundamental means by which corporate disclosures for activities affecting shareholders and external environments are mandated.<sup>138</sup> Although the statutes for these disclosures, modified by the Sarbanes-Oxley Act of 2002, do not insist that organizations report any negative external impacts, some of their provisions do mandate that they report any legal proceedings and environmental trends, events or costs that would create risk for potential shareholders.<sup>139</sup>

As per the provisions of the 2010 Dodd-Frank Wall Street Reform and the Consumer Protection Act, firms are obliged to disclose any “conflict minerals” they employ in the manufacture of their products.<sup>140</sup> In particular, these “conflict minerals” are gold, tungsten, tin and tantalum whose sale has triggered dreadful violence in the Democratic Republic of Congo (DRC) and whose use is now carefully monitored.<sup>141</sup> This very specific statutory provision was written to tackle a unique humanitarian crisis and has received much criticism on account of its apparent use of disclosures to tackle diplomatic issues. Its critics

<sup>138</sup>G. Berger-Walliser, & I. Scott, “Redefining Corporate Social Responsibility in an Era of Globalization and Regulatory Hardening”, *American Business Law Journal*, 55(1), 2018, pp.167-218.

<sup>139</sup>T. Esposito, “The social enterprise revolution in corporate law: a primer on emerging corporate entities in Europe and the United States and the case for the benefit corporation”, *Wm. & Mary Bus. L. Rev.*, 4, 2012, pp.639.

<sup>140</sup>M. Narine, “Disclosing Disclosure’s Defects: Addressing Corporate Irresponsibility for Human Rights Impacts”, *Colum. Hum. Rts. L. Rev.*, 47, 2015, pp.84.

<sup>141</sup>K. Woody, “Conflict minerals legislation: The SEC’s new role as diplomatic and humanitarian watchdog”, *Fordham L. Rev.*, 81, 2012, pp.1315.

state that such rules are used to enforce unfair compliance costs on small enterprises and that it is near impossible for such firms to accurately trace the origins of the minerals they employ.<sup>142</sup> Notwithstanding its critics and lack of success in the US, the conflict minerals regulation has inspired the EU to act with similar regulations.<sup>143</sup>

In a number of countries, it is now compulsory for firms listed on their stock exchanges to disclose nonfinancial information.<sup>144</sup> For instance, in accordance with the King IV Report on Global Governance for South Africa 2016, the credibility of a company is said to come from wider society.<sup>145</sup> As such, firms are encouraged to consider their social and environmental influences, as well as the consequences of their decisions for shareholders.<sup>146</sup> The King IV report recommends specific corporate governance in line with this view and mandates that firms combine their financial and nonfinancial reporting.<sup>147</sup> Despite being a voluntary code, the King IV has become a “comply or explain” model of corporate governance for any Johannesburg-listed firms and, as such, a de facto requirement for their regulation.<sup>148</sup>

Throughout Europe, individual member states have imposed a range of unique legal requirements, alongside EU-imposed regulation. In a recent change, the EU directive on nonfinancial disclosure has mandated that businesses in member states disclose information about their policies, results and risks, including their due diligence processes. Further, they must declare their non-financial targets for social, environmental and employment matters, diversity on their board of directors, anti-bribery, anti-corruption and protection of human rights.<sup>149</sup> Some EU member states also have their own nonfinancial disclosure policies; for instance, France, Denmark, Sweden, Spain and the UK all require

---

<sup>142</sup>Ibid

<sup>143</sup>Ibid

<sup>144</sup>H. Jenkins, & N. Yakovleva, "Corporate social responsibility in the mining industry: Exploring trends in social and environmental disclosure", *Journal of cleaner production*, 14(3-4), 2006, pp.271-284.

<sup>145</sup>H. Ahmed & M. Anifowose, "Initial trends in corporate disclosures following the introduction of integrated reporting practice in South Africa", *Journal of Intellectual Capital*, 18(2), 2017, pp.373-399.

<sup>146</sup>Ibid

<sup>147</sup>G. Sarfaty, "Human rights meets securities regulation", *Va. J. Int'l L.*, 54, 2013, pp.97.

<sup>148</sup>V. Ho, "Comply or explain and the future of nonfinancial reporting", *Lewis & Clark L. Rev.*, 21, 2017, pp.317.

<sup>149</sup>L. Cernat, "The emerging European corporate governance model: Anglo-Saxon, Continental, or still the century of diversity?", *Journal of European Public Policy*, 11(1), 2004, pp.147-166.

firms to report on their CSR policies, human rights policies and greenhouse gas emissions.<sup>150</sup>

### ***Substantive Obligations***

It is uncommon for a country to enforce laws that specify any CSR actions or commitments requiring substantive action beyond disclosures. Of note, February 2017 saw France introduce a new law under which French firms with over 5,000 employees must monitor their supplier networks and subsidiary companies to prevent any major human rights violations or deprivation of basic liberties, as well as mitigating any environmental or health and safety risks.<sup>151</sup> This 2017 legislation not only obliges firms to disclose information, but also to monitor their own activities. It could see a turning point in CSR policy, with firms taking on more responsibility for conduct within their supply chains.

In addition, as per the 2013 India CSR Law, firms must donate 2% of their profits to a pre-specified list of CSR causes.<sup>152</sup> In accordance with this law, firms must also have a policy for distributing their CSR funds. Furthermore, although Chinese Company Law contains specific stipulations for CSR, recent CSR activity has focused on disclosure, the development of individual CSR policies and the endorsement of CSR values, rather than the enforcement of any clear substantive requirements.<sup>153</sup>

As outlined above, the social and commercial impact of CSR is swiftly evolving. Over the past decade, new commercial obligations have been introduced across the globe. While some have been an explicit representation of CSR, others have simply been accepted as such. Private policies, such as those of self-regulation at the individual and industry levels, have been enforced through consumer and investor pressures as well as legal frameworks. The enforcement of these policies has seen CSR become increasingly regulated. The next section will consider the key CSR frameworks, or industry codes for self-regulation, including intergovernmental and multi-stakeholder codes that have majorly influenced CSR practice across the globe.

---

<sup>150</sup>Ibid

<sup>151</sup>G. Berger-Walliser, & I. Scott, "Redefining Corporate Social Responsibility in an Era of Globalization and Regulatory Hardening", *American Business Law Journal*, 55(1), 2018, pp.167-218.

<sup>152</sup>Ibid

<sup>153</sup>V. Ho, "Comply or explain and the future of nonfinancial reporting", *Lewis & Clark L. Rev.*, 21, 2017, pp.317.



## **2.7 CSR Frameworks**

Globally, CSR standards are developed with the aid of voluntary regulation. Because CSR encompasses the social and ethical responsibility of companies, it is often not controlled by direct regulation. As mentioned in the previous section, for national governments, there are significant difficulties in imposing regulation to enforce the duty of companies to take responsibility for their environmental and social impacts. If governments attempt to impose direct regulation or introduce restrictive legislation, this will often result in companies' tokenistic response to the concept which will not address the concerns of

society, and will not satisfy public opinion. Similarly, on a global level, there is no consensus as to the ways in which social, economic and environmental issues should be addressed, and so there is no international legislation which subjects companies to direct regulation regarding their behaviour in the social, economic and environmental spheres. Inevitably, this means that CSR relies upon self-regulation; this can be seen in the many multi-stakeholder codes and global regulatory initiatives established by the UN, OECD, and ILO. These offer corporations guidelines regarding the rights of workers, human rights, ethical business practices, and good environmental practice.

### 2.7.1 Multi-stakeholder Codes

Over recent years, corporations have been encouraged to self-regulate via multi-stakeholder initiatives. These have included the setting of standards, reporting, auditing, dialogue promotion, and certification regarding issues around social, environmental and human rights behaviour.<sup>154</sup> These initiatives to establish codes bring together multiple stakeholders, including companies, trade unions, NGOs concerned with labour and human rights, academic experts, and appropriate state departments. Of these, the companies and the NGOs tend to play the most significant part. The Fair Labour Association (FLA) Code, the Ethical Trading Initiative (ETI) Base Code, and the Social Accountability (SA) 8000 standard are notable examples of initiatives established by multi-stakeholders.

In the early days of CSR, when it was almost entirely left to corporations to regulate themselves, some of the voluntary measures that were taken were seen as "soft"; multi-stakeholder initiatives have tightened up this regulation to an extent and made standards more widespread.<sup>155</sup> Inevitably, some of these initiatives will be more effective than others in successfully regulating corporations. It should be noted that it has been suggested that there is a range of non-state labour regulation, running "from purely 'privatised' regulation to more 'collaborative regulation' to more 'specialised regulation'".<sup>156</sup>

---

<sup>154</sup>R. Jenkins, & N. Unies, *"Corporate codes of conduct: Self-regulation in a global economy"*, 2001.

<sup>155</sup>P. Utting, *"Re-thinking business regulation: from self-regulation to social control"*, Programme paper Technology, Business and Society, Paper, (15), 2005.

<sup>156</sup>D. O'Rourke, *"Outsourcing regulation: Analysing nongovernmental systems of labour standards and monitoring"*, Policy Studies Journal, 31(1), 2003, pp.1-29.

It is particularly notable, with regard to multiple-stakeholder initiatives, that they have significantly contributed to several CSR codes, and so have influenced the way these codes are monitored and verified. Examples include ISO 14001, which offers guidelines for companies to improve their environmental management, and be certified in this area; SA8000, which aims to assist companies in their development and management of social accountability practices through global workplace standards and monitoring<sup>157</sup>; the FLA "Workplace Code of Conduct and Principles for Monitoring" has established ways of monitoring and promoting good labour practices in the clothing industry, both in the USA and globally.<sup>158</sup> A mechanism for reporting on the ways in which companies are dealing with the tripartite responsibilities of social, economic and environmental impact has been established by the Global Reporting Initiative.<sup>159</sup> Additionally, the United Nations Global Compact has taken its ten principles and developed a set of learning and networking practices, with the intention of promoting good practice in CSR.

It is significant to know that multi-stakeholder codes have created a set of standards and rules for management practices in CSR that, although, voluntary, assume a quasi-mandatory status. These codes have established frameworks to help monitor and verify CSR, and their application across global institutions assist in encouraging ethical business practices. These codes incorporate the workers' rights, human rights and environmental standards from various intergovernmental codes.

### **2.7.2 The intergovernmental codes**

The three most prominent intergovernmental entities are the OECD, the ILO, and the UN which established a number of declarations and guidelines, which encompass the most important and generally agreed elements of CSR, to be applied across the world. Examples include the United Nations Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declarations for MNEs, and the OECD Guidelines for MNEs. These guidelines and declarations offer guidance as to the ways in which corporations should behave and a regulatory framework regarding employment practice

<sup>157</sup>European Commission, Directorate-General for Employment and Social Affairs. Unit D., 2004. ABC of the main instruments of corporate social responsibility. Office for Official Publications of the European Communities.

<sup>158</sup>H. Xiaoyong, "Corporate codes of conduct and labour related corporate social responsibility: analysing the self-regulatory mechanisms of multinational enterprises and their impacts to developing countries", 2006.

<sup>159</sup>J. Milne, & R. Gray, "W (h)ither ecology? The triple bottom line, the global reporting initiative, and corporate sustainability reporting", Journal of business ethics, 118(1), 2013, pp.13-29.

for MNEs. Additional instruments include the UN Environment Program Finance Initiative (1992, restructured 2003), and the UN Principles for Responsible Investment (2006), which both offer a set of guidelines to enable a number of ethical, environmental and social standards to be met by financial entities and companies.<sup>160</sup>

All of the above-mentioned instruments (apart from the UN Global Compact) seem to have a few common features where they all offer a set of standards to be employed both to define and to verify acceptable corporate conduct and practices in terms of CSR where they are equally applicable to large multinational entities and to the smallest home business. They also offer an approach where the responsibility for regulation is shared, e.g., the ILO where the responsibility for establishing standards and implementing them should be split between the state, companies, and those representing workers. Furthermore, they (both OECD and UN) propose an accountability corporate agenda or international system of regulations to hold companies to account rather than relying on voluntary initiatives to raise standards and make reports. This being the case, the discussion that follows will examine what standards these codes have set, to what they apply, and how they are implemented in order to impose regulation upon the social behaviour of corporations.

### **The OECD Guidelines for MNEs**

The Guidelines for MNEs were first created in 1976 by the OECD, based on the principles in the Universal Declaration of Human Rights. Since they were first established they have been subject to many revisions, with the latest taking place in 2000 and involving the OECD Council, Secretariat, and committees, as well as 29 member countries, and four who were not members (as of 2009 the OECD comprises a total of 41 countries, both members and non-members).

---

<sup>160</sup>D. Weissbrodt, & M. Kruger, "Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights", *American journal of international law*, 97(4), 2003, pp.901-922.

These guidelines are intended for companies that are located in, exploring, and/or working in countries that are members of the OECD. The purpose of the guidelines is to provide a consistent code of conduct for all member nations, which in turn would offer clear guidance to MNEs with concerns in those nations. The guidelines offer a framework for responsible business practices for MNEs; each member nation has a National Contact Point (NCP) charged with acting and upholding these standards. The NCP is expected to offer information, promote the guidelines, assist both businesses and the non-business community in understanding the guidelines, and address all queries regarding the guidelines. Any complaints concerning a business is also be handled by the NCP.

These guidelines offer businesses a set of principles that they may voluntarily adopt in order to adhere to responsible conduct standards regarding areas such as worker/company relationships, environmental standards, anti-corruption measures and safeguarding the consumer. The guidelines in these areas are:

*Employment/industrial relations:* these encompass the workers' rights to have trade union or other accepted representation, the ending of both child labour and any form of forced labour, the prohibition of discriminatory practices regarding employees, assisting employee representatives to participate in reaching meaningful collective agreements, promoting mutual cooperation regarding shared interests between businesses, workers and their representatives, and ensuring that workers have all necessary health and safety protections in the workplace.<sup>161</sup>

*Environmental Protection:* the guidelines direct that all businesses should be aware of "the need to protect the environment, public health and safety and generally conduct their activities in a manner contributing to the wider goal of sustainable development."<sup>162</sup> The guidelines also propose implementation mechanisms, including creating and running a meaningful environmental management system, offering their workers, and the wider community, detailed, up-to-date information on environmental issues and how their

---

<sup>161</sup>A. Blackett, "Global governance, legal pluralism and the decentred state: A labour law critique of codes of corporate conduct", *Indiana Journal of Global Legal Studies*, 2001, pp.401-447.

<sup>162</sup>The OECD Guidelines for Multinational Enterprises

activities are impacting on the environment, and also providing good quality employee training and education in the areas of health and safety and the environment.<sup>163</sup>

*Anticorruption/Consumer Interests:* the guidelines establish a framework intended to prevent corruption and to protect the interests of consumers. Companies are advised that they should not pay any part of a contract directly to public officials, relatives, or those employed by the contracting party. In order to minimise the potential for corruption, companies are advised to remunerate their agents appropriately for their work, to be transparent in their transactions, and to promulgate their anti-corruption policies and encourage employees to comply with them. Additionally, companies should put appropriate control systems in place for management to avoid bribery, and refrain from making illegal donations to political parties or individuals running for public office.<sup>164</sup>

In terms of the protection of consumer interests, companies should ensure that their business, marketing and advertising endeavours are responsible, and that they have taken "all reasonable steps" in ensuring that their products and services are safe and of good quality.<sup>165</sup> This entails adhering to "all agreed or legally required standards for consumer health and safety including health warnings and product safety and information levels." Additionally, it entails providing consumers with correct and understandable guidance about how their products should be used, maintained, stored and disposed of. In the event of a dispute, consumers should have access to clear procedures for its resolution.<sup>166</sup>

The OECD guidelines are recognised internationally and encompass many areas, not just those related to society and the environment; they can be applied globally, whether a company is working in its own nation or a host nation. However, as they are voluntary, companies that fail to follow the guidelines will not face legal sanctions. This tends to undermine the credibility of the guidelines. Another perceived weakness is that the guidelines only establish what is desirable behaviour; they do not provide guidance as to how they should be incorporated into real-world situations.

---

<sup>163</sup>Ibid

<sup>164</sup>The OECD Guidelines for Multinational Enterprises

<sup>165</sup>Ibid

<sup>166</sup>Ibid

### **The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises**

This declaration was released in 1977 by the ILO Governing Body; essentially it offers a (voluntary) regulatory framework for the behaviour of corporations.<sup>167</sup> Regarding fundamental workers' rights, it urges governments, companies, trade unions, and transnational corporations (TNCs) to work together to promote social and economic development.<sup>168</sup> It suggests that nations should implement legal and policy initiatives to achieve this and that all parties should adopt the principles.

The Declaration provides governments (of the ILO member states) and MNEs with guidelines and recommendations for policy regarding workers' rights, human rights and issues around employment. These recommendations are derived from a variety of ILO conventions.<sup>169</sup>

The Declaration sets out a number of workers' rights, including the freedom to associate, rights of organisation, rights of collective bargaining in the industrial relations arena, the right to reasonable wages, benefits and acceptable workplace environments, and good occupational health and safety standards.<sup>170</sup> The Declaration addresses employment by stating that stable and secure opportunities should be provided in the host nation, that training and retraining initiatives should be offered, and that all workers should have the opportunity of promotion.<sup>171</sup> MNEs that have operations in developing countries are encouraged to make efforts to raise standards and enhance opportunities for employment, and to have a view to long-term development for their businesses as well as offering secure employment to workers; this should be done in accordance with the objectives and employment policies of both home and host governments.<sup>172</sup> There is also a specific mention of human rights in the declaration, requiring that all interested parties should observe the Universal Declaration of Human Rights, as well as the correspondent

---

<sup>167</sup>H. Phillip, "The Tripartite Declaration of Principles Concerning Multinational Enterprises", in Rammon Mullerat (ed), *Corporate Social Responsibility: The Corporate Governance of the 21st Century*, 2005, pp. 217.

<sup>168</sup>A. Chan, "Racing to the bottom: international trade without a social clause", *Third World Quarterly*, 24(6), 2003, pp.1011-1028.

<sup>169</sup>D. Murphy, "Taking multinational corporate codes of conduct to the next level", *Colum. J. Transnat'l L.*, 43, 2004, pp.389.

<sup>170</sup>ILO Tripartite Declaration

<sup>171</sup>ILO Tripartite Declaration

<sup>172</sup>Ibid

International Covenants on Human Rights.<sup>173</sup> The declaration aims to offer guidance to nations, MNEs, and workers and employers' organisations, assisting them in enacting measures, and employing social policy, in such a way that social progress is furthered; the policies adopted should include those outlined in the Constitution, Conventions and recommendations of the ILO.<sup>174</sup>

A crucial difference exists between the declaration (since 2000 update) and other Conventions of the ILO. In the other conventions, the only entities that commit to upholding the workers' and employment rights are the nations that ratify the conventions. The Declaration was created by nations, companies and workers' organisations working together, so all of them have committed to the principles of the Declaration. Throughout the Declaration, what is expected from MNEs and national governments regarding particular issues is clearly explained. Governmental responsibility tends to be expressed in terms of persuasion and cooperation, while the responsibilities of MNEs are more concrete, with the responsibility to implement and comply with the recommendations being clearly stated. It appears that the principles relating to labour and employment only apply to MNEs, who are seemingly under an obligation to incorporate them into their practices. However, the principles are, as with the OECD Declarations for Multinational Enterprises, equally applicable to domestic enterprises.

No specific mechanism or monitoring instruments for the implementation of the principles of the Declaration are offered. It is envisaged that all interested parties - government, employees, and employers - will cooperate together to enforce adherence to the guidelines. There is, however, a bureaucratic framework that has been established by the ILO to assist in the implementation of the Declaration. This includes provisions for the ILO secretariat to undertake investigations, and for the enterprise involved to receive notice of their findings. There are also proposals to foster productive industrial relations, bringing together workers' organisations/representatives and enterprises for the joint resolution of disputes.<sup>175</sup>

---

<sup>173</sup>H. Phillip, "The Tripartite Declaration of Principles Concerning Multinational Enterprises", in Rammon Mullerat (ed), *Corporate Social Responsibility: The Corporate Governance of the 21st Century*, 2005, pp. 217.

<sup>174</sup>ILO Tripartite Declaration

<sup>175</sup>ILO Tripartite Declaration



## The United Nations

### *The UN Global Compact*

In 1999 UN secretary general Kofi Annan gave a speech to the World Economic Forum in Davos, Switzerland. On the basis of this speech, the Global Compact came into force in July 2000;<sup>176</sup> it is an agreement between the world business community and the United Nations. The initial Global Compact incorporated nine principles of good corporate citizenship, relating to human rights, workers' rights and environmental issues. In 2004, the Compact was revised to include an extra principle related to bribery and corruption.<sup>177</sup> In the Global Compact, the global business community is urged to "enact and embrace its principles in the said areas".<sup>178</sup>

There are four facets to the principles of the Global Compact: human rights, workers' rights, environmental issues, and anti-corruption. There are ten principles in total. Each principle has concrete proposals at their root: two of them demand that businesses should adhere to internationally agreed human rights standards; four of them relate to basic workers' rights, including freedom to associate, acknowledgement of the rights to collective bargaining, the outlawing of all forms of forced or compulsory labour, and the right of the worker not to suffer discrimination related to their employment or occupation;<sup>179</sup> three of the principles relate to issues concerning the environment, encouraging enterprises to take preventative steps to avoid environmental damage, to take action which will promote enhanced environmental responsibility, and to commit to the development of environmentally friendly technology. The final principle exhorts enterprises to fight every type of corruption, including bribery and extortion.<sup>180</sup>

The principles underlying the Compact are drawn from the Universal Declaration of Human Rights (1948), the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO, 1977) and the Rio Declaration for Environment and

<sup>176</sup>P. Willetts, "What is a non-governmental organization?", 2002.

<sup>177</sup>D. Brennan, "Corporate social responsibility: The corporate governance of the 21st century", Kluwer Law International, 2005.

<sup>178</sup>United Nations, Global Compact, [https://www.unglobalcompact.org/system/attachments/16882/original/UNGC\\_2011.pdf?1343898163](https://www.unglobalcompact.org/system/attachments/16882/original/UNGC_2011.pdf?1343898163)

<sup>179</sup>Ibid

<sup>180</sup>Ibid

Sustainable Development (1992); it is anticipated that enterprises should incorporate these principles into every facet of their operations.<sup>181</sup>

The Global Compact represents an attempt to integrate internationally recognised rights standards into international business practices. Its central aim can be defined as wishing to establish "a global framework to promote sustainable growth and good corporate citizenship through committed and creative corporate leadership."<sup>182</sup> The Compact also sets out its governing principles, in a manner intended to affect the activities of all global corporations.<sup>183</sup> It has been suggested that the Compact has two aims, which complement each other.<sup>184</sup> The first aim is for the principles of the Compact to become an integral part of corporations' operations and internal strategies. The second aim is for all stakeholders to come together and cooperate to overcome shared difficulties.

In order to achieve these aims, four specific areas have been identified by the Global Compact organisational forum, these being dialogue, learning, local networking and partnerships on projects. Corporations are urged to engage national governments, civil society, and the workforce in dialogue and networking, to share learning with them and to enter into partnerships on projects. The Compact aims to encourage dialogue between corporations, the workforce, and NGOs, so that the principal challenges offered by globalisation may be overcome through mutual comprehension and bipartite endeavours.

The principles of the UN Global Compact do not amount to a fully structured means of regulating CSR, lacking as it does the means of monitoring or enforcing its principles that would guarantee the compliance of corporations. Rather, it is a forum intended to facilitate the progress of global CSR with the aim of securing future sustainability. It offers the chance for private enterprise to collaborate directly with the United Nations, along with the ILO and NGOs, in identifying and promoting best practice for corporations generated by generally agreed principles. This is, for member states of the UN, MNCs, the ILO and NGOs, a novel form of worldwide partnership aimed at encouraging substantive corporate

---

<sup>181</sup>L. Whitehouse, "Corporate social responsibility, corporate citizenship and the global compact: a new approach to regulating corporate social power?. *Global Social Policy*", 3(3), 2003, pp.299-318.

<sup>182</sup>K. Annan, "The Global Compact. *Corporate Leadership in the World Economy*", Symphonya. Emerging Issues in Management, (2), 2002, pp.7-10.

<sup>183</sup>Ibid

<sup>184</sup>H. Corell, "The legality of exploring and exploiting natural resources in Western Sahara", *Multilateralism and International Law with Western Sahara as a case study*, 2010, pp.272-291.

citizenship.<sup>185</sup> The Compact is intended to work across the globe in partnership with corporations in order to encourage development; it seems to have united the private sector, the workforce and society in order to provide solutions for some of the contemporary global challenges.<sup>186</sup>

From the establishment of the Global Compact, it has been generally well received by corporations in both the developed and developing world.<sup>187</sup> Increasingly, corporations, when reviewing their practices and strategies, are incorporating the principles of the compact in their everyday procedures; many have built productive links to the head office of the Compact. MNCs of significant size and SMEs are participating. The Global Compact reported in 2003 that its database showed that of its approximately 1200 signatories, 19% were SMEs.<sup>188</sup>

It has been suggested by some critics that the Global Compact is too vague, lacking in real powers to monitor or enforce its principles; it has been suggested that enterprises were simply paying lip service to the Global Compact in order to create a favourable impression. It has been alleged that "many corporations would like nothing better than to wrap themselves in the flag of the United Nations in order to 'bluewash' their public image, while at the same time avoiding significant changes to their behaviour."<sup>189</sup> It has also been asserted that company "participation in the Global Compact is only 'reputation management'".<sup>190</sup> The fact that the UN has chosen a "facilitative approach rather than enforcement" has caused some cynics to accuse the Global Compact of offering corporations a "free ride."<sup>191</sup> In spite of these criticisms, it is undeniable that the Global

---

<sup>185</sup>H. Dashwood, "Corporate social responsibility and the evolution of international norms", See Kirton & Trebilcock, 2004, pp.189-222.

<sup>186</sup>A. Rasche, & G. Kell, "The United Nations global compact: Achievements, trends and challenges", Cambridge University Press, 2010.

<sup>187</sup>H. Dashwood, "Corporate social responsibility and the evolution of international norms", See Kirton & Trebilcock, 2004, pp.189-222.

<sup>188</sup>United Nations Industrial Development Organisation (UNIDO), Survey of Small and Medium Enterprises in the Global Compact, 2004.

<sup>189</sup>S. Sethi, "Setting global standards: Guidelines for creating codes of conduct in multinational corporations", John Wiley & Sons, 2003.

<sup>190</sup>L. Whitehouse, "Corporate social responsibility, corporate citizenship and the global compact: a new approach to regulating corporate social power?", *Global Social Policy*", 3(3), 2003, pp.299-318.

<sup>191</sup>Ibid

Compact initiative illustrates how CSR has become an important concept in the global arena.<sup>192</sup>

### ***The United Nations Guiding Principles on Business and Human Rights***

The Special Representative of the Secretary-General of the UN presented a report which proposed a "Protect, Respect and Remedy" Framework (PRR framework) to provide an "authoritative focal point" which could, if the Human Rights Council agreed, allow for the three principles to be developed in more detail. This agreement was given in 2008, and the Special Representative was requested to spend three more years expanding on the proposed Framework and bringing it into operation. In June 2011, the Special Representative presented the Guiding Principles on Business and Human Rights.<sup>193</sup>

There are three sections of the Guiding Principles, which match the Framework's three principles; there are thirty-one guiding principles in all and each principle has an appended commentary. The opening ten Principles relate to the duty of the state to offer protection. It is emphasised that although the state has an obligation in terms of its conduct, rather than the end results, i.e., if a corporation commits human rights violations, the state is not automatically responsible, but there are obligations for states to take "appropriate steps to prevent, investigate, punish and redress such abuse".<sup>194</sup> Although states retain significant discretion in their choice of remedial action, the Guiding Principles do offer supplementary advice regarding this, for example it is made clear that when a state has ownership, control or offers significant support to an entity, the state should institute protections to prevent misconduct by the said entity; furthermore, any businesses which enter into transactions with the state should be encouraged to demonstrate a commitment to human rights.<sup>195</sup>

---

<sup>192</sup>H. Dashwood, "Corporate social responsibility and the evolution of international norms", See Kirton & Trebilcock, 2004, pp.189-222.

<sup>193</sup>J. Ruggie, "Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", Netherlands Quarterly of Human Rights, 29(2), 2011, pp.224-253.

<sup>194</sup>J. Ruggie, & P. Des Nations, "Guiding Principles on Business and Human Rights: Implementing the UN 'Protect, Respect and Remedy' Framework". Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, 2011.

<sup>195</sup>The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

The Principles place limitations on the obligation of a state to prevent abuses; the obligation only exists within its own jurisdiction,<sup>196</sup> i.e. the human rights obligations of the state do not extend beyond its own territory.<sup>197</sup> This caused controversy, as those concerned with human rights have made the case that developed countries should be responsible for human rights abuses perpetrated abroad by companies whose headquarters are in their territory. It is noted in the commentary that it is permissible for states to act on human rights abuses committed abroad, provided there is legal justification for such action,<sup>198</sup> and the Special Representative has exhorted countries to make more effort to prevent human rights abuses being committed in other countries by companies established within their own jurisdiction.<sup>199</sup>

In the second section of the Guiding Principles, the responsibility to be proactive is explained, in terms of respect for human rights. This section asserts that it is not enough for companies simply to avoid committing human rights abuses themselves; they must also work to abolish or redress any abuses that have occurred as a result of their operations in the host nation, even if they are not directly responsible.<sup>200</sup> The human rights that must be respected include, as a minimum requirement, the rights recognised by the International Bill of Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work.<sup>201</sup> In order to discharge their human rights responsibilities, it is instructed that companies should undertake "human rights due diligence"; this encompasses undertaking impact assessments with respect to human rights, acting on the findings of their assessments, monitoring the results of the company's actions, and providing public information regarding same.<sup>202</sup> Additionally, if a corporation has caused

---

<sup>196</sup>Ibid

<sup>197</sup>J. Ruggie, & P. Des Nations, *"Guiding Principles on Business and Human Rights: Implementing the UN 'Protect, Respect and Remedy' Framework"*. Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, 2011.

<sup>198</sup>The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

<sup>199</sup>J. Ruggie, *"Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework"*, Netherlands Quarterly of Human Rights, 29(2), 2011, pp.224-253.

<sup>200</sup>The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

<sup>201</sup>Ibid

<sup>202</sup>The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

human rights abuses to occur, or has contributed to human rights abuses, it should offer to cooperate in efforts to offer solutions.<sup>203</sup>

The final section of the Guiding Principles is concerned with effective remedial action. The Principles states that nations have a duty to offer protection from human rights abuses, and inherent in this duty is the obligation to provide redress should corporations commit human rights abuses inside their territory and/or jurisdiction.<sup>204</sup> As well as providing adequate legal redress, states should also ensure that non-judicial means of applying for redress are available;<sup>205</sup> corporations also have an obligation to provide such facilities.<sup>206</sup> The Principles detail the requirements for such means of redress: amongst other requirements, they should be legitimate, be accessible, be predictable, be fair, and be transparent.<sup>207</sup>

There are a number of notable mechanisms in the Guiding Principles that aim to avoid, mitigate and ultimately eliminate instances where corporate activities can negatively impact human rights. Firstly, the Principles aspire to set out for all stakeholders the commonly accepted understanding of the required standards, gleaned from multiple consultations with all stakeholders over multiple years. When working on the Principles, the Special Representative was careful to point out to all stakeholders that the Guiding Principles and the PRR Framework were not about creating new standards; they were simply explaining "the implications of existing standards and practices that are integrated within a single, logically coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved".<sup>208</sup> The Guiding Principles attempt to reconcile the competing claims of different stakeholders, by promoting integration and cooperation. The Guiding Principles acknowledge that all stakeholders have a contribution to make if human rights abuses are to be effectively avoided and/or remedied.

---

<sup>203</sup>Ibid

<sup>204</sup>Ibid

<sup>205</sup>Ibid

<sup>206</sup>Ibid

<sup>207</sup>Ibid

<sup>208</sup>J. Ruggie, "Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", Netherlands Quarterly of Human Rights, 29(2), 2011, pp.224-253.

It is notable that the Guiding Principles aimed to encapsulate the unique nature of human rights and to take advantage of that character to influence the social policy of corporations. All cultures have values that are represented in the commonly understood concept of human rights, which is what makes it possible to claim that human rights are universal.<sup>209</sup> The concept is so widely understood that it can be applied to any section of society, including the business world. When SRSB undertook a study of the Fortune 500 companies, it was revealed that corporations do acknowledge that it is good practice, as well as adhering to the law, to make efforts to support and maintain human rights in their day-to-day operations.<sup>210</sup> The results of this survey support the assertion of the Special Representative that the PRR Framework and the Guiding Principles are simply a confirmation of extant standards.<sup>211</sup>

It was, however, stated in the Special Representative's initial interim report that "It is essential to achieve greater conceptual clarity with regard to the respective responsibilities of States and corporations."<sup>212</sup> This aim was not achieved by the Respect Framework or the Guiding Principles. The Special Representative only offered aspirational targets; the specific responsibilities of corporations were not elucidated. It may be thought that this is, to some extent, quibbling, but if the meaning of responsibility is taken to imply a legal obligation, there is clearly nothing of this nature in the Guiding Principles in terms of the duties of a corporation. In fact, nothing in the Respect Framework or the Guiding Principles attempts to impose any form of regulation of this nature. The only entity that has legal obligations in this scenario is the nation-state, so that when a state either cannot or will not take action to protect its citizens when their human rights are being abused, the Principles are, effectively, powerless. Instructing states to protect the human rights of their citizens against abuse will inevitably be ineffective unless the international community acts on these instructions by engendering a culture where this is seen as a duty, or through the provision of the tools necessary to make it happen. Perhaps the most significant shortcomings in the international law of human rights is that the state is uniformly regarded

---

<sup>209</sup>V. Declaration, "programme of Action", In World Conference on Human Rights (25), 1993.

<sup>210</sup>J. Ruggie, "Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", Netherlands Quarterly of Human Rights, 29(2), 2011, pp.224-253.

<sup>211</sup>Ibid

<sup>212</sup>J. Ruggie, "Business and human rights: the evolving international agenda", The American Journal of International Law, 101(4), 2007, pp.819-840.

as the only entity with a duty to uphold human rights.<sup>213</sup> This shortfall is noticeably magnified when examining TNCs. TNCs play a prominent part in the realms of international law, and so it must be the case that any framework which absolves them from having any obligation to be concerned with human rights violations can be regarded as flawed.

The preceding paragraphs demonstrate that codes for multiple stakeholders are derived from the reactions of stakeholders, concern regarding the activities of corporations, the demands of society, and regulatory processes in the market. The codes that are created refer to specific issues and encompass both internal and external monitoring processes. As management systems have been developed for these codes, in terms of CSR they have become quasi-compulsory. Efforts have been made to allow a wider diversity of opinion to have input into the creation of these codes, so that companies are faced by a broad social movement, which pressurises them into accepting their responsibilities. Such efforts have also encouraged states to enforce the law in terms of individual human rights, the employment practices of multinational companies, working conditions in the home nation and conditions across the supply chain. However, critics have pointed to variations in the willingness of corporations to include workers' representatives, in the quality of the organisations responsible for monitoring and verifying compliance in developing countries.<sup>214</sup>

Intergovernmental codes, e.g., the OECD and ILO Declarations, along with UN Norms, have assisted in developing a generally accepted set of norms for CSR which now offer a regulatory framework, and practical implementation strategies that also include the employment mechanisms, for MNEs. All these codes run along almost parallel lines, and they can almost be seen as being complete regulatory systems. These codes set standards which address workers' and human rights, environmental protection, protection for consumers, corporate accountability, the conduct of business, involving the community, and the governance of corporations. Looking at them more closely, the OECD guidelines cover a broader spread of elements, including employees/industrial relations,

---

<sup>213</sup>D. Kinley, & R. Chambers, "The UN Human Rights Norms for corporations: The private implications of public international law", *Human Rights Law Review*, 6(3), 2006, pp.447-497.

<sup>214</sup>The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.



environmental issues, corruption, and the protection of consumer interests. The ILO Tripartite Declaration derives from previously agreed conventions relating to work and employment rights. The UN Global Compact cannot be regarded as a complete code for governing corporate behavior; it contains recommendations that aim to use global networking to engender CSR. The UN Norms address the most important elements of CSR, albeit with a particular focus on human rights. It can be noted that norms for CSR tend to intertwine labours' rights with human rights where many of the labours' rights codes exist as human rights in all major international codes.

The mechanisms for the implementation of these codes may be described as "soft," and each code has its own unique mechanism. The preferred solution for implementation for the OECD is the creation of an NCP in participating states; the ILO envisages the state, corporations and workers' representatives coming together to administer the code co-operatively.

Multiple stakeholder and intergovernmental codes differ in some fundamental respects. Intergovernmental codes offer principles that regulate the ways in which MNCs should approach CSR as well as national corporations. Intergovernmental codes tend to offer principles, but not procedures; multiple stakeholder codes include principles but also procedures for the monitoring, reporting, and investigation of issues. Intergovernmental codes are fully structured and cover all areas of CSR, while multiple stakeholder codes focus on particular areas. In practical terms, multiple stakeholder codes are more obviously enforced; interested parties assessing CSR (NGOs, multinational private auditors, international development agencies, etc.) usually assess CSR by multi-stakeholder code values.<sup>215</sup>

Ultimately it should be noted that all the codes referred to above have been formulated by institutions with the aim of promoting international standards that can form a recognisable and generally accepted structure for CSR that can be incorporated into all long-term corporate strategies.<sup>216</sup>

---

<sup>215</sup>N. Nasrullah, & M. Rahim, "Understanding of CSR and its standards. In *CSR in Private Enterprises in Developing Countries*", Springer, Cham, 2014, pp. 11-40.

<sup>216</sup>N. Nasrullah, & M. Rahim, "Understanding of CSR and its standards. In *CSR in Private Enterprises in Developing Countries*", Springer, Cham, 2014, pp. 11-40.

## 2.8 CSR and the Banking Sector

CSR posed and poses some degree of issues to the banking sector, first in terms of environmental concerns and then followed by social ones, to which the sector was slow to react.<sup>217</sup> The underlying tenets of CSR include the financial conduct and economic activities of the banking sector.<sup>218</sup> Openness, acceptance of liability and integrity, all of which are tenets of CSR, were found to be lacking in the banking industry in the wake of the financial crisis. The banking sector is now increasingly aware of the requirement for behaviour that is more professional and reflective of moral behaviour, rather than a simple focus on its customers and shareholders' financial concerns. Thus, the banking industry's responsibilities have transcended the mitigation and distribution of risk, as well as the established perspective of banks as having the societal role of the middle man between saving and investment activities.<sup>219</sup>

Supervisory bodies, shareholders, employees, management, debtors and savers are all stakeholders in banks, with the vast array and number of individuals being impacted by financial institutions being a hallmark of the industry. Consequently, asymmetry in information access is much more complex and multifaceted. Furthermore, parameters and constraints on the banking industry are much greater, with the need for regulators to fight against systemic risk a key aspect of the sector<sup>220</sup> and a golden thread through the Basel rules.<sup>221</sup> CSR mechanisms and activities differ in the financial industry, due to its different characteristics compared to other areas of the economy. A major component of CSR in relation to banking is the prevention of corruption, through activities such as money

---

<sup>217</sup>R. Barth, F. Wolff, *"Corporate social Responsibility in Europe: Rhetoric and Realities"* Edward Elgar Publishing Inc., 2009.

<sup>218</sup>B. Scholtens, *"Finance as a driver of Corporate Social Responsibility"*, Journal of Business Ethics. 68(1), 2006, pp.19-33.

<sup>219</sup>T. Chiu, *"Putting Responsible Finance to Work for Citi Microfinance"*, J Bus Ethics, 2013.

<sup>220</sup>S. Yamak, *"state as a stakeholder"*, Corporate Governance, 5(2), 2005, pp. 111-120.

<sup>221</sup>Power, M. (2004). The risk management of everything. The Journal of Risk Finance, 5(3), 58-65.

laundering and bribery, thus asset supervision, investment banking and loaning of money are particular focuses in relation to responsibility.<sup>222</sup>

Bank lending to parties and investment in areas related to human rights abuses, manufacturing of hazardous goods or environmental degradation all elevate the sectors' negative impact in terms of societal and environmental liability, despite financial institutions relatively minor first hand detrimental environmental effects.<sup>223</sup> Thus fundamental destruction may result from the choices that financial institutions make as both intermediaries and originators of transactions.<sup>224</sup> The suppliers as well as consumers of a bank's services may be harmed in a secondary manner. Therefore, financial institutions' seller protocols should also incorporate social and environmental considerations, in order to produce supply chain governance that is ethically orientated.

There are four main areas of CSR that apply to the banking sector, in line with<sup>225</sup> stakeholder analysis (described in more detail in section 2.9.4 of this chapter). Firstly, an economic responsibility exists to shareholders, employees and government in terms of guaranteeing growth and returns, as well as securing shareholders' interests more broadly (as in the Friedman view). Assets' efficient utilisation and control, as well as mitigation of risk, are always developing in line with shifting financial focuses and concerns of businesses and investors, thus financial creativity and development is an aspect of this responsibility. Innovative services and goods, as well as the renovation of existing ones, are typically introduced following engagements with interested and relevant parties, while fresh approaches to business are also created.<sup>226</sup>

Secondly, legal responsibility of the banking sector results from the need to ensure that the financial infrastructure is stable and secure with reduced counterparty and systemic risk, thus it is subject to explicit legislation and other regulations such as the Basel Agreements. Agreement to legislation is ensured by multiple professional organisations and regulatory

<sup>222</sup>R. Barth, F. Wolff, *"Corporate social Responsibility in Europe: Rhetoric and Realities"* Edward Elgar Publishing Inc., 2009.

<sup>223</sup>S. Idowu, & W. Leal Filho, *"Professionals' perspectives of corporate social responsibility"*, Germany, Berlin: Springer, 2009.

<sup>224</sup>P. Thompson, & C. Cowton, *"Bringing the environment into bank lending: implications for environmental reporting"*, *The British Accounting Review*, 36(2), 2004, pp. 197-218.

<sup>225</sup>A. Carroll, *"The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders"*, *Business horizons*, 34(4), 1991, pp.39-48.

<sup>226</sup>S. Decker, & C. Sale, *"An analysis of corporate social responsibility, trust and reputation in the banking profession"*, In *Professionals' Perspectives of Corporate Social Responsibility*, Springer Berlin Heidelberg, 2009, pp. 135-156.

institutions, that monitor and give guidelines or codes of conduct to support laws such as the UK Bribery Act 2010.<sup>227</sup> These can be seen as responsibilities to other participants in the industry, the government, and indeed customers.

The third main area exists of ethical responsibility, where the perspectives of internal and external stakeholders of the banking sector, may shape and be shaped by ethical standards, leading to an ethical responsibility to internal and external partners. The banking industry has been typically associated with integrity, reliability and genuineness, as fundamental ethical values.<sup>228</sup> Openness, veneration, just dealings and reliability are also crucial tenets of self-regulatory conduct in ethical guidelines. Inter-relational ethics comes to the fore through interaction with stakeholders, who can shape norms and demand certain behaviour. Principled and virtuous banking and financial ethos and activities may not be likely through merely introducing legislation, as a way of imposing adherence.<sup>229</sup>

Fourthly, philanthropic responsibility within the banking sector has facilitated an improvement in its perceived status and integrity, as many institutions now contribute in a charitable manner regardless of outside pressure.<sup>230</sup> The financial sector's aims and principles now seem to be more shaped by CSR's underlying areas of concern, with societal demands resulting in some pressure for this after the financial crisis. It is realised that financial institutions' actions and its customer base should be more shaped and formed by CSR's demands and stipulations.<sup>231</sup>

Just and equitable opportunities for competition are access to relevant data and safe, risk-free services are the typical demands in relation to stakeholder requirements. Dignity and fair treatment in one's place of employment, as well as guarantees over health and safety, are the usual demands of employees. The outcomes and environment consequences of projects to which banks loan money should be monitored by the banks, not simply their own actions and first-hand consequences.<sup>232</sup> Tackling poverty has been a growing focus over the past decade in relation to CSR, such as providing financial services to those with

---

<sup>227</sup>Ibid

<sup>228</sup>Ibid

<sup>229</sup>S. Decker, & C. Sale, "An analysis of corporate social responsibility, trust and reputation in the banking profession", In Professionals' Perspectives of Corporate Social Responsibility, Springer Berlin Heidelberg, 2009, pp. 135-156.

<sup>230</sup>Ibid

<sup>231</sup>D. Wood, "Corporate social performance revisited", Academy of management review, 16(4), 1991, pp. 691-718.

<sup>232</sup>P. Thompson, & C. Cowton, "Bringing the environment into bank lending: implications for environmental reporting", The British Accounting Review, 36(2), 2004, pp. 197-218.

minimal income via micro-lending.<sup>233</sup> The finance industries' relevant internal and external CSR aspects is outlined in (Table 2).

Internal CSR	External CSR
<p><b>Employee</b>            Attracting and retaining talent            Increasing succession coverage            Employee engagement            Diversity and inclusion            Skills development            Performance and reward            Health and wellness            Promote employee volunteering</p> <p><b>Conduct</b>            Maintaining high ethical standards            Responsible lending            Treating customers fairly            Regulatory change            Ethical treatment of stakeholders            Providing financial support to social enterprises</p> <p><b>Bank</b>            Managing risk, capital and liquidity            Revenue and cost growth            Combating money laundering, corruption and terrorism</p>	<p><b>Costumer</b>            Products and services            Accessibility            Quality of IT infrastructure            Service excellence            Trust and safety (money and information)</p> <p><b>Community</b>            Education            Effective environmental and social impacts            Access to financial service            Helping businesses start up and grow            NGOs            Youth employability &amp; community uplifting            Endorse disadvantaged people            Endorse disadvantaged social groups            Endorse local communities            providing jobs, appropriate working conditions, equal opportunities</p>

Table 2-1 Various US and EU banking institutions web pages provided the data for internal and external CSR activities

Other aspects of financial institutions can also be governed by CSR. Considerations beyond immediate-term financial increase of the institution should be considered during the process of decision taking, with external consequences of a particular adopted approach, both in terms of its advantages and disadvantages, carefully deliberated upon.<sup>234</sup> For instance, particular domestic groups and classes may have their investments wiped out

<sup>233</sup>T. Chiu, "Putting Responsible Finance to Work for Citi Microfinance", J Bus Ethics, 2013

<sup>234</sup>F. Darus, et al., "Ethical and Social Responsibility of Financial Institutions: Influence of Internal and External Pressure", Procedia Economics and Finance, 28, 2015, pp.183-189.

as a consequence of taking faulty and defective product services offered by a bank. In order for a virtuous approach to be more likely, not just legislation but ethical procedures and guidelines for best practice incorporating central tenets of CSR could be adopted. Financial institutions should come under more pressure to ascribe to such ethical procedures.<sup>235</sup> That there is an ethical obligation upon banks to assist with tackling social problems on a willing basis is growing in acceptance, with their strategies and activities not simply governed by fiscal concerns.<sup>236</sup> A financial institution's activities, functioning and structural aspects should be infused with a consideration of the principles and spirit of CSR.

In an international survey conducted across 22 countries an existing lack in confidence in relation to financial institutions was perceived to be caused by the deficiency in ethical ethos, by 56% of those surveyed. An imbedded ethical ethos and reliability of the banking sector was considered by two-thirds of those surveyed as crucial to tackling current issues, rather than those issues resulting from governmental or market botches. Nevertheless, there is a real need to guarantee adherence to such an ethical culture, as opposed to the mere formulation of ethical tenets that remain ignored. Legislatively illegal and immoral actions should be responded to with severe punishments, while the entire banking sector should be enthused with moral conduct and self-regulation that works its way down to each individual. In this way, confidence in the banking sector may be recovered by a long-term effort to improve ethical adherence.<sup>237</sup>

<sup>235</sup>F. Darus, et al., *"Ethical and Social Responsibility of Financial Institutions: Influence of Internal and External Pressure"*, *Procedia Economics and Finance*, 28, 2015, pp.183-189.

<sup>236</sup>*Ibid*

<sup>237</sup>CFA institute, Global Market sentiment survey, 2013. [https://www.cfainstitute.org/ethics/Documents/global\\_market\\_sentiment\\_survey\\_report.pdf](https://www.cfainstitute.org/ethics/Documents/global_market_sentiment_survey_report.pdf)

## 2.9 Theories Underpinning CSR

As the previous sections discussing the definitions, scope, and frameworks for CSR illustrate, there are numerous extant approaches to CSR, and there is no unanimous agreement as to the meaning of the concept. Certain definitions of the concept are much broader than others, although they generally share certain defining features. A number of definitions of CSR are notably vague, or even simply a belief rather than a concept. There are other definitions that employ theories, of varying complexity, regarding the place of businesses in the social structure, and how CSR influences that place. These concepts generally follow the path of social philosophy, looking at individual and societal interactions, although this may simply be implied. The following sections outline some of the more important CSR theories.

### 2.9.1 The Classical View of CSR ‘Shareholder Theory’

The classical view of CSR holds that the chief purpose of any business entity is to register a profit and thereby maximise value for the shareholders. As mentioned in section 2.5.1, Friedman<sup>238</sup> was a strong advocate of this view of business' place in society, stating that "the social responsibility of business is to increase its profit".<sup>239</sup> Friedman did not advocate companies transgressing the law, although he did emphasise that a company's focus should be on providing benefits to shareholders, not other stakeholders. "Shareholder theory"<sup>240</sup> developed from Friedman's view asserts that an organisation is being socially responsible provided it uses its resources and engages in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free

---

<sup>238</sup>D. Melé, "The view and purpose of the firm in Freeman's stakeholder theory", *Philosophy of management*, 8(3), 2009, pp.3-13.

<sup>239</sup>M. Friedman, "The social responsibility of business is to increase its profits", *The New York Times Magazine*, 1970.

<sup>240</sup>D. Jamali, et al., "A three country comparative analysis of managerial CSR perspectives: Insights from Lebanon, Syria and Jordan", *Journal of business ethics*, 85(2), 2009, pp.173-192.

competition without exceptional fraud".<sup>241</sup> In other words, the primary duty of a company is to make money, and the creation of jobs and wealth is its contribution to society.

Shareholder Theory requires two essential elements: corporate executives who perform their duties efficiently and comply with the law, and a minimum of interference from the state. The corporate executives are seen as having a fiduciary responsibility to the shareholders or owners of the company. Friedman stated that "a corporate executive is an employee of the owners of the business" and so "has a direct responsibility to his employers." The responsibility of the executive is to accord with the wishes of the owners in the way that business is conducted; the wishes of the owners will normally be that profit should be maximised.<sup>242</sup>

In shareholder theory, the structure of the corporation usually involves a decision-making framework devolved from principal agency theory that helps the executives to discharge their fiduciary obligations to shareholders. In the same way, the primary role of corporate governance is viewed in terms of the obligation to protect the interests of shareholders. Systems of management should also be optimised for the maximisation of profit for shareholders.<sup>243</sup>

The second prevalent concept in shareholder theory is the idea of the "rules of the game"; having unregulated and accessible competition provided the law is adhered to. Some have adapted this theory to include voluntary responsibilities, in line with conventional ethical behaviours.<sup>244</sup>

Supporters of shareholder theory generally extol the model as the most effective tool for wealth creation. It is proposed that if a corporation is run in such a way that shareholder value is maximised, not only do the shareholders benefit; the entire economic system performs better. Therefore, those who conduct business for their own interests, focusing mainly or solely on profits, in markets that are accessible, competitive and minimally regulated by the government, are optimising the potential for wealth creation. It can also

---

<sup>241</sup>M. Friedman, "The social responsibility of business is to increase its profits", The New York Times Magazine, 1970, pp.2.

<sup>242</sup>D. Melé, "The view and purpose of the firm in Freeman's stakeholder theory", Philosophy of management, 8(3), 2009, pp.3-13.

<sup>243</sup>Ibid

<sup>244</sup>Ibid



be argued that when these conditions exist, innovation is incentivised, as companies will cut costs, invest in products that add value economically, and create capital to be invested in the future. Some of the wealth that is created will go to benefit society via the government's use of the tax system. The downside of this model can be mitigated by appropriate government regulation, assisted by private charities, whereby inequality and other societal difficulties created by the market can be resolved.<sup>245</sup>

Many critics do not concur with this theory, pointing out that there are a number of problems inherent to it. Firstly, optimised economic success does not necessarily correlate to benefits for all of society. Indeed, a rise in profits may indicate that workers are being exploited, natural resources depleted and severe environmental damage is occurring.<sup>246</sup>

In the real world, when the value is maximised for shareholders, that often denotes short-term profit, for example, reduced outlay on personnel, not genuine sustainable profitability. Increasingly, the evidence demonstrates that long-term profitability is unachievable without management processes which focus not solely on the interests of shareholders, but also the interests of the company's workers, its clientele, suppliers, its local community, and all other stakeholders. Self-interest and a single-minded drive for profits are not enough to create a successful company. For that, trust and loyalty are required, and all stakeholders must have positive relationships with the company, as that is the only way long-lasting positive cooperation amongst those who are directly or indirectly involved with the firm can be achieved.<sup>247</sup>

Shareholder theory is predicated on the concept of property rights as being virtually absolute; many critics have argued that the modern concept of property ownership does not allow for this.<sup>248</sup> It has been argued that the concepts of ownership and property are previously pertaining are not valid in the modern world, as they are not helpful in explaining what the company consists of. No longer is capital the sole asset of a company,

---

<sup>245</sup>T. Tse, "Shareholder and stakeholder theory: after the financial crisis", *Qualitative Research in Financial Markets*, 3(1), 2011, pp.51-63.

<sup>246</sup>*Ibid*

<sup>247</sup>J. Heskett, & J. Kotter, "Corporate culture and performance", *Business Review*. Vol, 2(5), 1992, pp.83-93; L. Hosmer, "Trust: The connecting link between organizational theory and philosophical ethics", *Academy of management Review*, 20(2), 1995, pp.379-403.

<sup>248</sup>T. Donaldson, & L. Preston, "The stakeholder theory of the corporation: Concepts, evidence, and implications", *Academy of management Review*, 20(1), 1995, pp.65-91.

nor even its chief asset. The principal assets of a company, in more and more cases, are its employees.<sup>249</sup>

With reference to the concept that legal mechanisms will militate against flaws in the theory, critics point out that the law is not a perfect instrument and that the scope of laws is limited. It is impossible to apply regulations to everything concerned with business, nor would it be helpful to do so. Also, laws are introduced as a reaction to undesirable events. In addition, creativity and entrepreneurship can be choked in business by excessive regulation, and clever operators can often find legitimate ways to circumvent regulation. Furthermore, shareholder theory requires minimal regulation of the market, in order to allow unfettered competition; heavy legal and regulatory intervention by government would prohibit this.

Finally, and significantly, some critics have pointed out that this theory, especially as espoused by Friedman, has a pessimistic opinion regarding humanity, seeing humans as chiefly driven by self-interest, in a society geared towards outdoing competitors, and in which businesses do not integrate or engage with the community in which they work.<sup>250</sup>

### 2.9.2 Social Contract Theory

The philosophical underpinning of CSR is the social contract theory.<sup>251</sup> The chief concept behind this theory is to forge an understanding of how an organisation can establish a positive relationship with society.<sup>252</sup> Social contract theory is concerned with the indirect obligations a company has towards its society; in this way, it is similar to the concept of citizens and government being signatories to the "social contract." Therefore companies have to be accountable in a way that will satisfy the public.<sup>253</sup> Under social contract theory, companies are defined as "social institutions", and those working at management level

---

<sup>249</sup>C. Handy, *"The Hungry Spirit. Beyond Capitalism: A Quest For Purpose in the Modern World"*, (London: Arrow Books), 1997.

<sup>250</sup>K. Davis, *"Can business afford to ignore social responsibilities?"*, California management review, 2(3), 1960, pp.70-76; L. Preston, & J. Post, *"Private Management and Public Policy. The Principle of Public Responsibility"*, (Prentice Hall, Englewood Cliffs, NJ), 1975; S. Sethi, *"A conceptual framework for environmental analysis of social issues and evaluation of business response patterns"*, Academy of Management Review, 4(1), 1979, pp.63-74.

<sup>251</sup>P. Steidlmeier, *"People and profits: The ethics of capitalism"*, 1992.

<sup>252</sup>A. Dusuki, *"Banking for the poor: the role of Islamic banking in microfinance initiatives"*, Humanomics, 24(1), 2008, pp.49-66.

<sup>253</sup>L. Moir, *"What do we mean by corporate social responsibility?"*, Corporate Governance: The international journal of business in society, 1(2), 2001, pp.16-22.

should make careful and informed judgments.<sup>254</sup> Others have developed this concept to propose that, because all social institutions are a part of society, there is definitely a social contract in existence, and that all institutions should take note of it, because the more they give back to society, the greater the chances of society allowing them to survive and prosper.<sup>255</sup> It is also argued that organisations are committed to "the delivery of some socially desirable ends to society in general; and the distribution of economic, social or political benefits to groups from which it derives its power."<sup>256</sup>

Given that the chief concern of social contract theory is to establish a relationship between business and society, businesses should be thought of as social institutions, with society a part of their family with which they work. Additionally, the theory implies that there is an equality between organisations and their society, as each needs the other. The theory has become a part of CSR because both concepts ultimately have the same goal of meeting the needs of society and enhancing societal welfare. It has been suggested that the social contract is "the agreement that will be reached by the representatives of all the firm's stakeholders in a hypothetical situation of impartial choice."<sup>257</sup> The social contract can certainly be employed as a tool for designing the standards of behaviour to which a company should adhere;<sup>258</sup> it must, however, be remembered that the social contract is purely hypothetical, and so cannot be viewed in exactly the same way as other business contracts.<sup>259</sup>

A precise definition of the social contract is difficult to achieve, as each manager will perceive it differently, particularly in regards to its implicit elements.<sup>260</sup> There are explicit elements of the social contract, which are written into law, but the implicit elements derive from the expectations of society and do not feature in legislation.<sup>261</sup> It has been noted that

---

<sup>254</sup>L. Sacconi, "A social contract account for CSR as an extended model of corporate governance (I): Rational bargaining and justification", *Journal of Business Ethics*, 68(3), 2006, pp.259-281.

<sup>255</sup>A. Shocker, & S. Sethi, "An approach to incorporating societal preferences in developing corporate action strategies", *California Management Review*, 15(4), 1973, pp.97-105.

<sup>256</sup>*Ibid*

<sup>257</sup>L. Sacconi, "A wider enterprise governance and value for all the stakeholders", In *Convegno ABI, Forum CSR*, Roma (2930), 2008.

<sup>258</sup>*Ibid*

<sup>259</sup>J. Cruz-Cruz, & W. Frey, "Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum", *Rice University: Houston, Texas*, 2009, pp.46-48.

<sup>260</sup>C. Deegan, et al., "An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory", *Accounting, Auditing & Accountability Journal*, 15(3), 2002, pp.312-343.

<sup>261</sup>R. Gray, et al., "Accounting & accountability: changes and challenges in corporate social and environmental reporting", *Prentice Hall*, 1996.

the expectations of society will also alter over time, and so cannot be regarded as a constant.<sup>262</sup> This means that organisations wishing to adhere to social contract theory must be willing to respond and adapt as expectations shift. Such organisations must also forge links with other social institutions, for example families, schools and religious institutions, in order to be involved in making improvements to day-to-day lifestyles.<sup>263</sup> It has been suggested that "A social contract perspective is used to reflect the tacit understanding within society that corporations, in the process of serving their own business interests, are obliged to take actions that also protect and enhance society's interests".<sup>264</sup> It follows that organisations adhering to social contract theory will, in order to meet society's expectations, adopt CSR; in this case they would have strong motivation to use the theory as the foundation of their CSR methodology.<sup>265</sup> This might not entirely explain the reasons for an organisation adopting these theories; it has been suggested that by undertaking socially responsible initiatives, organisations accrue a commercial benefit via enhancements to their reputation that then offers them a theoretical "license to operate." This concept demonstrates that organisations, in order to succeed, require a legitimacy which only society can grant.<sup>266</sup> Thus the social contract and the concept of legitimacy go hand-in-hand. In the next section the theory of legitimacy will be further explored in the context of developing an understanding of social responsibility constructs.

### 2.9.3 Legitimacy Theory

It has been suggested that CSR is a response by organisations to social, economic and political pressures from outside. Legitimacy theory proposes that organisations have an unwritten "social contract" with the society in which they exist, which should lead them to interrogate their procedures and make sure that they do no harm to that society.<sup>267</sup> In this

---

<sup>262</sup>C. Deegan, "Introduction: The legitimising effect of social and environmental disclosures—a theoretical foundation", *Accounting, Auditing & Accountability Journal*, 15(3), 2002, pp.282-311.

<sup>263</sup>A. Dusuki, "Banking for the poor: the role of Islamic banking in microfinance initiatives", *Humanomics*, 24(1), 2008, pp.49-66.

<sup>264</sup>F. Chua, & A. Rahman, "Institutional pressures and ethical reckoning by business corporations", *Journal of Business Ethics*, 98(2), 2011, pp.307-329.

<sup>265</sup>L. Moir, "What do we mean by corporate social responsibility?", *Corporate Governance: The international journal of business in society*, 1(2), 2001, pp.16-22.

<sup>266</sup>M. Suchman, "Managing legitimacy: Strategic and institutional approaches", *Academy of management review*, 20(3), 1995, pp.571-610.

<sup>267</sup>A. Dusuki, "Banking for the poor: the role of Islamic banking in microfinance initiatives", *Humanomics*, 24(1), 2008, pp.49-66.

theoretical model, organisations respond to external pressures by employing CSR strategies, because they modify the ways in which society views their business.<sup>268</sup>

To obtain a better comprehension of this theory, it is necessary to define what is meant by "organisational legitimacy". This has been characterised as a "generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions".<sup>269</sup> Others have suggested that legitimacy theory means that "business agrees to perform various socially desirable actions in return for approval of its objectives, other rewards and ultimate survival".<sup>270</sup> Therefore an organisation which takes legitimacy theory into account when designing CSR policies believe that they should do nothing to harm the society on which their survival depends.

There are three ways in which organisations gain legitimacy: pragmatically, morally, and cognitively.<sup>271</sup> Stakeholders in an organisation will confer pragmatic legitimacy in exchange for a benefit being received in return.<sup>272</sup> Moral legitimacy derives from the way in which society judges an organisation and its activities, assessing whether they are of benefit to society, not whether there will be a direct benefit to those who are making the judgment.<sup>273</sup> Cognitive legitimacy derives from cognition; the observer either understands the actions of the organisation or simply takes them for granted.<sup>274</sup>

It has been suggested that legitimacy is as essential to any organisation as financial capital; without legitimacy, as without financial capital, organisations will fail.<sup>275</sup> This argument has been developed to point out that the legitimacy theory is strongly rooted in ethics; an organisation that pays attention to its responsibilities to the environment and to society will

---

<sup>268</sup>M. Suchman, "Managing legitimacy: Strategic and institutional approaches", *Academy of management review*, 20(3), 1995, pp.571-610.

<sup>269</sup>*Ibid*

<sup>270</sup>J. Guthrie, & L. Parker, "Corporate social reporting: a rebuttal of legitimacy theory", *Accounting and business research*, 19(76), 1989, pp.343-352.

<sup>271</sup>M. Suchman, "Managing legitimacy: Strategic and institutional approaches", *Academy of management review*, 20(3), 1995, pp.571-610.

<sup>272</sup>*Ibid*

<sup>273</sup>*Ibid*

<sup>274</sup>*Ibid*

<sup>275</sup>M. Tilling, "Refinements in legitimacy theory in social and environmental accounting", School of Commerce, Flinders University, 2004.

increase its legitimacy "capital," ensuring its future survival.<sup>276</sup> In legitimacy theory, society is a crucial factor, because it is society that makes the decisions as to whether an organisation operates legitimately and acceptably, and, if it does not, has the option of withdrawing the social contract.<sup>277</sup> The withdrawal of the contract could take the form of consumers refusing to purchase an organisation's products, workers and financiers withholding their labour and/or financial support, or citizens demanding that the government punishes those that do not live up to societal expectations by levying higher taxes or fines upon them, or circumscribing their actions with new laws. Therefore, organisations must seek to undertake activities which will meet with societal approval.

Many researchers have adopted the concept of legitimacy, especially in terms of researching the motivation for corporate social reporting; it has been speculated that organisations may choose to disclose certain social endeavours in order to convince society that they have a legitimate right to continue to exist.<sup>278</sup> As legitimacy is predicated on the concept of organisations participating in a "social contract" with society, agreeing to undertake a variety of societally mandated actions in exchange for societal approval of its operations, it has been suggested that organisations are required to disclose a certain amount of information regarding their activities to acquire legitimacy. Society requires, and in some cases, may demand, such information in order to make a judgment as to the satisfactory or otherwise nature of the organisation's corporate citizenship. By disclosing its socially responsible actions, for example via annual reports, corporations hope that society will confer the legitimacy required to allow it to survive.<sup>279</sup>

---

<sup>276</sup>T. Gladwin, et al., *"Shifting paradigms for sustainable development: Implications for management theory and research"*, Academy of management Review, 20(4), 1995, pp.874-907.

<sup>277</sup>J. Davis, et al., *"Toward a stewardship theory of management"*, Academy of Management review, 22(1), 1997, pp.20-47.

<sup>278</sup>R. Gray, et al., *"Accounting & accountability: changes and challenges in corporate social and environmental reporting"*, Prentice Hall, 1996; C. Deegan, et al., *"An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory"*, Accounting, Auditing & Accountability Journal, 15(3), 2002, pp.312-343.

<sup>279</sup>N. Ahmad, et al., *"Corporate social responsibility disclosure in Malaysia: An analysis of annual reports of KLSE listed companies"*, IIUM Journal of Economics and Management, 11(1), 1993, pp.51-86.

### 2.9.4 Stakeholder Theory

Stakeholder theory examines the ways in which strategic managerial decisions will be influenced by considerations as to how shareholders and other stakeholders will benefit.<sup>280</sup> Many scholars have employed stakeholder theory in their researches regarding CSR.<sup>281</sup> Stakeholder theory examines how stakeholders affect the behaviour of organisations, and how those organisations relate to society.

Proponents of stakeholder theory "acknowledge a blend of financial and moral consequences to CSR, their emphasis is on value creation and trade through stakeholder relationships that necessitate trade-offs in the managerial issues faced by practitioners".<sup>282</sup> Therefore CSR equates to "meeting the demands of multiple stakeholders",<sup>283</sup> which is the reason why stakeholder theory and CSR have been related. The purpose of stakeholder theory is to stop organisations basing their operations around shareholders, and instead moving to basing them around stakeholders.<sup>284</sup> Organisations are encouraged to move away from only thinking of their shareholders, and considering everything else which goes to make up their organisation.<sup>285</sup>

Freeman developed this theory in his 1984 book, *Strategic Management: a Stakeholder Approach*. The concept of stakeholders had, however, been developed much earlier, when the Stanford Research Institute (SRI), in 1963, gave a definition of stakeholders as being "those groups without whose support the organisations would cease to exist".<sup>286</sup> Freeman's aforementioned book expanded this concept, proposing a methodology that would allow managers to deal with issues of ethics and morals deriving from the running of their

<sup>280</sup>J. Campbell, "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility", *Academy of management Review*, 32(3), 2007, pp.946-967.

<sup>281</sup>B. Ruf, et al., "An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective", *Journal of business ethics*, 32(2), 2001, pp.143-156; L. Munilla, & M. Miles, "The corporate social responsibility continuum as a component of stakeholder theory", *Business and society review*, 110(4), 2005, pp.371-387; J. Brown, & W. Forster, "CSR and stakeholder theory: A tale of Adam Smith", *Journal of business ethics*, 112(2), 2013, pp.301-312.

<sup>282</sup>J. Brown, & W. Forster, "CSR and stakeholder theory: A tale of Adam Smith", *Journal of business ethics*, 112(2), 2013, pp.301-312.

<sup>283</sup>B. Ruf, et al., "An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective", *Journal of business ethics*, 32(2), 2001, pp.143-156.

<sup>284</sup>J. Campbell, "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility", *Academy of management Review*, 32(3), 2007, pp.946-967.

<sup>285</sup>E. Mainardes, et al., "Stakeholder theory: issues to resolve", *Management decision*, 49(2), 2011, pp.226-252.

<sup>286</sup>Ibid

organisations. The chief tenet of Freeman's concept was that prior to taking any strategic decisions organisations must consider what is best for their stakeholders.

There are several ways of approaching stakeholder theory; a useful way of defining the theory might be: "The firm is a system of stakeholders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm activities. The purpose of the firm is to create wealth or value for its stakeholders by converting their stakes into goods and services".<sup>287</sup> Stakeholder theory dictates that the prime aim of the management organisation should be to benefit its stakeholders.<sup>288</sup> Senior management, which oversees corporate governance, should include representatives of stakeholders in the decision-making process.

A good definition of stakeholders is "any group or individual who can affect, or is affected by, the achievement of the organisation's objectives".<sup>289</sup> Organisations may have as many as eight different types of stakeholders, namely the state, shareholders, political groupings, clients, community, employees, unions or other workers' organisations, and suppliers.<sup>290</sup> Such groups of stakeholders can be divided into a trio of larger categories, namely environmental, external and internal.<sup>291</sup> It has been suggested that concern for ethical and social matters are as vital to an organisation as its profit margin.<sup>292</sup> Organisations should, therefore, implement CSR policies as a way of creating value for every stakeholder. This theory views CSR as not being an add-on to the business model, but an integral part of it.

Stakeholder theory literature falls into a trio of categories: descriptive, instrumental and normative. The descriptive approach has its central focus on the ways in which an organisation is surrounded by stakeholders, who may compete with each other or cooperate. The descriptive approach is concerned with investigating whether stakeholders

---

<sup>287</sup>M. Clarkson, "A stakeholder framework for analysing and evaluating corporate social performance", *Academy of management review*, 20(1), 1995, pp.92-117.

<sup>288</sup>W. Evan, & R. Freeman, "A stakeholder theory of the modern corporation: Kantian capitalism", 1988.

<sup>289</sup>R. Freeman, "Strategic Management: A Stakeholder Approach", (Pitman, Boston, MA), 1984, pp.46.

<sup>290</sup>T. Donaldson, & L. Preston, "The stakeholder theory of the corporation: Concepts, evidence, and implications", *Academy of management Review*, 20(1), 1995, pp.65-91.

<sup>291</sup>M. Polonsky, "A stakeholder theory approach to designing environmental marketing strategy", *Journal of business & industrial marketing*, 10(3), 1995, pp.29-46.

<sup>292</sup>R. Freeman, "Strategic Management: A Stakeholder Approach", (Pitman, Boston, MA), 1984, pp.46.



see this pattern, or to establish which type of strategic management a company embraces.<sup>293</sup>

The instrumental approach looks chiefly at the ways in which stakeholders can affect the effectiveness of an organisation. This view suggests that adopting the principles of stakeholder management may positively impact on organisational performance. This perspective suggests that company performance cannot be solely defined by financial success. True success is predicated on an organisation's ability to satisfy the expectations of its different stakeholders and serve their interests, in an effective and efficient manner.<sup>294</sup> It has been suggested that those companies that co-operate with their stakeholders, and are trusted by them, will enjoy a competitive edge over those who fail to do so.<sup>295</sup> Many researchers have undertaken empirical studies analysing the relationship between the ways in which organisational success is related to their approach to stakeholders; these studies have employed both traditional methods of measuring organisational performance and broader social performance measures.

The normative approach offers a different way of explaining stakeholder theory. The literature in this area addresses normative areas, as opposed to formulating hypotheses and testing them with data. This approach relies on a philosophical view of what is and is not moral behaviour, and uses that view to formulate frameworks for management/stakeholder interactions. This philosophy establishes desirable patterns of behavior and imposes them upon an organisation's operational methods and ultimate goals. In this version of stakeholder theory, corporations must acknowledge all their stakeholders and assimilate their interests into their operations. Effective management decisions cannot be taken if the moral dimension is ignored. A simple example might be believing that consumers (stakeholders) are entitled to be provided with products that are safe; a company must then consider the stakeholders when designing its products. Another example might be that employees (stakeholders) have a right to work in a safe and healthy environment; when

---

<sup>293</sup>T. Donaldson, & L. Preston, "The stakeholder theory of the corporation: Concepts, evidence, and implications", *Academy of management Review*, 20(1), 1995, pp.65-91.

<sup>294</sup>*Ibid*

<sup>295</sup>K. Murray, & C. Vogel, "Using a hierarchy-of-effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: Financial versus nonfinancial impacts", *Journal of Business Research*, 38(2), 1997, pp.141-159; B. Ruf, et al., "An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective", *Journal of business ethics*, 32(2), 2001, pp.143-156.

deciding on schedules, workplace maintenance, etc, the company has an obligation to consider this stakeholder group.<sup>296</sup>

Those who subscribe to this view of stakeholder theory assert that managing stakeholder relations ethically is sound commercial practice; looked at from a long-term perspective, shareholder and stakeholder interests are not incompatible. When an organisation puts ethical and moral behaviour to the fore, its stakeholders will trust it, and so it is easier to create a cooperative relationship with them. When stakeholders trust and cooperate with an organisation, costs will be reduced, enhancing efficiency and giving the organisation an advantage over those who do not manage their relationship with stakeholders so effectively.

There are several attractive elements to stakeholder theory. Firstly, compared to simply being concerned with providing the maximum value for shareholders, and following the letter of the law, considering the legitimate rights and interests of stakeholders is more ethically desirable. In this model, managers have wider responsibilities than simply fulfilling their fiduciary obligations in terms of shareholders. The way in which the theory views property rights appears more just than shareholder value theory. The theory as originally stated appears to show more respect for human rights and dignity.<sup>297</sup>

Stakeholder theory has been criticized for not having a solid theoretical basis. It has been argued that without a derivation from traditional theories of ethics, the construction of a set of rules governing the ways in which a corporation should cooperate with all its stakeholders is somewhat haphazard.<sup>298</sup> There is some justification in this view because stakeholder theory can be applied from varying perspectives, for example, a feminist might not construct the same rules as an ecologist. It has been argued that "each interpretation provides us with a different set of stakeholders and stresses the importance of specific

---

<sup>296</sup>K. Gibson, "The moral basis of stakeholder theory", *Journal of business ethics*, 26(3), 2000, pp.245-257.

<sup>297</sup>E. Garriga, & D. Melé, "Corporate social responsibility theories: Mapping the territory", *Journal of business ethics*, 53(1-2), 2004, pp.51-71; G. Van der Laan, et al., "Corporate social and financial performance: An extended stakeholder theory, and empirical test with accounting measures", *Journal of Business Ethics*, 79(3), 2008, pp.299-310.

<sup>298</sup>A. Argandoña, "The stakeholder theory and the common good", *Journal of Business Ethics*, 17(9-10), 1998, pp.1093-1102.

values, rights, and interests. Hence, different stakeholder interpretations lead to a different distribution of benefits and burden, of pleasures and pain, values, rights and interests".<sup>299</sup>

Many of its adherents have offered justifications for stakeholder theory, but its inconsistencies and lack of clarity have left it open to criticism. It has been argued that organisations can effectively make up their own versions of what duty they have to stakeholders.<sup>300</sup> These arguments have their roots in the philosophy of morality, and particularly ethical relativism, which argues that moral judgments can only stem from individuals, so there are no shared moral values applicable to all people at all times. According to ethical relativism, moral values derive from environment and circumstances, so if we accept the relativist argument, nothing can be regarded as completely good or completely evil.<sup>301</sup> However many studies still use normative stakeholder theory as a basis, and it is particularly useful when examining CSR and its relationship with business ethics.<sup>302</sup> The stakeholder theory is, ultimately, an ethical theory, and so has value when studying CSR, which is essentially predicated on ethics.

### 2.9.5 The purpose of stakeholder analysis of CSR

There are two central reasons for undertaking stakeholder analysis with reference to CSR. Firstly, researchers may wish to reveal what different stakeholder groups expect from CSR. As per the previous discussion, the ways in which an organisation relates to its key stakeholder groups should be a central management concern. In order to maintain goodwill

---

<sup>299</sup>H. Hummels, "Organizing ethics: A stakeholder debate", *Journal of Business Ethics*, 17(13), 1998, pp.1403-1419.

<sup>300</sup>E. Goodpaster, "Business Ethics and Stakeholder Analysis", *Business Ethics Quarterly*, Rae, Beyond Integrity, 1991; J. Humber, "Beyond stockholders and stakeholders: A plea for corporate moral autonomy", *Journal of Business Ethics*, 36(3), 2002, pp.207-221.

<sup>301</sup>K. Ahmad, "The challenge of global capitalism: an Islamic perspective", *Policy Perspectives*, 1(1), 2004, pp.1-29.

<sup>302</sup>S. Key, & S. Popkin, "Integrating ethics into the strategic management process: doing well by doing good", *Management Decision*, 36(5), 1998, pp.331-338; E. Garriga, & D. Melé, "Corporate social responsibility theories: Mapping the territory", *Journal of business ethics*, 53(1-2), 2004, pp.51-71.

and support from its stakeholders, a company must be able to identify what societal issues and needs they want it to address. In investigating these issues, the organisation will be able to determine whether its CSR policies are a useful way of influencing public opinion and satisfying stakeholders. Secondly, the effectiveness of a CSR policy can be measured by analysing stakeholder opinion.<sup>303</sup> CSR programs will not be useful or relevant to an organisation if they do not satisfy stakeholders in terms of addressing the issues they see as important; therefore, continual monitoring of effectiveness is essential.<sup>304</sup> By monitoring the CSR program, managers and planners can aim to satisfy both the desires of the stakeholders and the interests of the company. By studying the ways in which stakeholders react to CSR, and how they perceive it, it is possible to produce a cost-benefit analysis of the advantages or otherwise of ethical and non-ethical behaviour.

## 2.10 CSR and Stakeholders' Perceptions

As, globally, the world becomes more and more interconnected, so stakeholder analysis becomes more and more vital. Any issue affecting society, for example, economic crises, low standards of education, damage to the environment, crime, climate change or terrorism, affects a wide range of people, groups, companies, and areas. Power is shared around the world, and so no particular entity completely rules any situation; there is not

---

<sup>303</sup>K. Aupperle, et al., "An empirical examination of the relationship between corporate social responsibility and profitability", *Academy of management Journal*, 28(2), 1985, pp.446-463; S. Key, & S. Popkin, "Integrating ethics into the strategic management process: doing well by doing good", *Management Decision*, 36(5), 1998, pp.331-338; M. Zairi, & J. Peters, "The impact of social responsibility on business performance", *Managerial Auditing Journal*, 17(4), 2002, pp.174-178.

<sup>304</sup>M. Clarkson, "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of management review*, 20(1), 1995, pp.92-117.

one containing organisation.<sup>305</sup> There are many entities involved, including individuals, groups, and organisations, and many of them may be responsible for taking action. When attempting to solve public problems, firstly the problem must be identified and then solutions created; in a world where power is shared, it is essential that the contributions of all stakeholders are considered.<sup>306</sup>

The identification and interpretation of stakeholder needs has now become important to many organisations, and consulting with, and managing, stakeholders has become a valuable way of doing this. By consulting with stakeholders, organisations can create an agreed vocabulary of CSR, which makes it more credible and allows for objective assessments of the success of a CSR policy.<sup>307</sup> When examining stakeholder theory literature, it is important to assess what benefits an organisation derives from CSR strategies. It has been suggested that "Institutions that incorporate stakeholder expectations and community attitudes in their strategic planning are likely better positioned to address business risks and to take advantage of business opportunities as they arise".<sup>308</sup>

Allowing stakeholders to participate is not just important for the achievement of societal recognition; it has a direct effect on the financial success or otherwise of the company. Building close ties with different groups of stakeholders is essential to company strategy. One study assessed the importance of engaging stakeholders in conversation when building a CSR strategy.<sup>309</sup> It was found that the inclusion of stakeholders when building a CSR strategy removes many of their concerns. It was suggested that banks could enhance their corporate reputation by efficiently and sustainably engaging with their stakeholders; maintaining their market placement, retaining their profit margin and retaining corporate vitality were all seen as benefits from such interactions. The corporate reputation of a bank

---

<sup>305</sup>J. Bryson, et al., "Working with evaluation stakeholders: A rationale, step-wise approach and toolkit", Evaluation and program planning, 34(1), 2011, pp.1-12.

<sup>306</sup>B. Crosby, & J. Bryson, "A leadership framework for cross-sector collaboration", Public Management Review, 7(2), 2005, pp.177-201.

<sup>307</sup>S. Waddock, & M. Boyle, "The dynamics of change in corporate community relations", California Management Review, 37(4), 1995, pp.125-140; R. Mitchell, et al., "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts", Academy of management review, 22(4), 1997, pp.853-886; A. Kolk, & R. Van Tulder, "The effectiveness of self-regulation:: Corporate codes of conduct and child labour", European Management Journal, 20(3), 2002, pp.260-271.

<sup>308</sup>C. Deegan, et al., "An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory", Accounting, Auditing & Accountability Journal, 15(3), 2002, pp.312-343.

<sup>309</sup>M. Miles, et al., "The role of strategic conversations with stakeholders in the formation of corporate social responsibility strategy", Journal of Business Ethics, 69(2), 2006, pp.195-205.

encompasses many elements, including both products and services, through which the bank and its stakeholders build their relationship. Many companies have initiated CSR programs in the belief that they will be rewarded by consumers. A study of Italian banks found that value could be created by engaging with stakeholders. By stakeholder engagement, it is meant that an organisation interacts and engages in dialogue with stakeholders in many different ways. There is a multitude of different stakeholders for each organisation, all of whom have different interests and can help the organisation to achieve its goals if they are encouraged to participate.<sup>310</sup>

It has been argued that there are three main ways in which stakeholders play a part in organisations: they establish norms for the behaviour of corporations, they are affected by the behaviour of corporations, and they judge the effects of corporate behaviour in terms of how they have come up to expectations and what effect they have had on other groups and organisations.<sup>311</sup> It can be argued that each group of stakeholders will have a different perception of organisational behaviour, and so marketing campaigns must be specifically targeted at particular groups as postulated by a study of the employees and clients of a French company.<sup>312</sup>

It is clear that management has an important and obvious role in the modern company.<sup>313</sup> The managers of a bank are obliged to do their best to keep the bank healthy. Senior managers, particularly, have this duty, and this may require them to balance many, sometimes conflicting, claims from different stakeholders. Managers also have a crucial part to play in CSR in the banking sector. Under CSR, managers are obliged not only to create policies, take decisions and pursue strategies that remain within the law; they must also take into account societal expectations.<sup>314</sup> Generally, shareholders demand better returns on investment; clients want enhanced customer service, workers demand better financial rewards and benefits, and the community within which the bank operates wishes

---

<sup>310</sup>G. Zappi, "Corporate responsibility in the Italian banking industry: creating value through listening to stakeholders", *Corporate Governance: The international journal of business in society*, 7(4), 2007, pp.471-475.

<sup>311</sup>D. Wood, & R. Jones, "Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance", *The International Journal of Organizational Analysis*, 3(3), 1995, pp.229-267.

<sup>312</sup>I. Maignan, & O. Ferrell, "Antecedents and benefits of corporate citizenship: An investigation of French businesses", *Journal of Business Research*, 51(1), 2001, pp.37-51.

<sup>313</sup>R. Freeman, "Strategic Management: A Stakeholder Approach", (Pitman, Boston, MA), 1984, pp.46.

<sup>314</sup>D. Mosley, et al., "Management, leadership in action", HarperCollins College Publishers, 1996.

for support and for their welfare to be considered. The managers of a bank must maintain relationships with all these often conflicting stakeholders.

CSR has been modeled from the perspective of managers.<sup>315</sup> It became clear that not all managers use social responsibility in ways that concord with generally accepted CSR models. If managers were aware of the place business has in society, the gaps between company behaviour and the expectations of stakeholders could be more easily bridged. In the same vein, a comprehensive study of what happens when stakeholders are not consulted and engage with has been undertaken.<sup>316</sup> It was revealed that corporate decisions are frequently left unimplemented, or only partly implemented, which led to poor performance. This failing was due to managers not engaging in thorough consultations with stakeholders, and therefore not knowing their wishes.

Other researchers have examined how important it is to manage stakeholders by looking at instances where they have been mismanaged.<sup>317</sup> One study examined major corporations, e.g., Hoover and British Gas, and it was clear that better stakeholder management was called for. It was found that many stakeholder groups interact with each other, rather than acting in isolation, as many individuals and groups fit into several groups of stakeholders.<sup>318</sup> Therefore if an organisation fails in its management of one stakeholder, this can spread to other groups of stakeholders and cause further problems, emphasising the importance of stakeholder management.

The vast majority of stakeholder analysis literature includes employees as stakeholders; employees are a unique type of stakeholder, as they will receive CSR internally and be expected to implement it externally. Therefore, it is generally agreed that companies and managers must carefully consider the interests of this group.<sup>319</sup> Researchers who have

---

<sup>315</sup>E. Pedersen, "Modelling CSR: How managers understand the responsibilities of business towards society", *Journal of Business Ethics*, 91(2), 2010, pp.155-166.

<sup>316</sup>J. Bryson, et al., "Working with evaluation stakeholders: A rationale, step-wise approach and toolkit", *Evaluation and program planning*, 34(1), 2011, pp.1-12.

<sup>317</sup>P. Whysall, "Addressing ethical issues in retailing: a stakeholder perspective", *The International Review of Retail, Distribution and Consumer Research*, 10(3), 2000, pp.305-318.

<sup>318</sup>S. Cooper, "Stakeholder communication and the Internet in UK electricity companies", *Managerial Auditing Journal*, 18(3), 2003, pp.232-243.

<sup>319</sup>M. Clarkson, "A Stakeholder Framework for Analysing and Evaluating Corporate Social Performance", *Academy of Management Review* 20, 1995, pp.92-117. And R. Freeman, "Strategic Management: A Stakeholder Approach", Boston: Pitman, 1984. And R. Mitchell, B. Agle, and D. Wood, "Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts", *Academy of Management Review* 22, 1997, pp. 853-86.

examined ways in which employees can be engaged with CSR<sup>320</sup> and the ways in which employee perceptions of CSR can be affected,<sup>321</sup> have highlighted the importance of involving employees in CSR and monitoring their perceptions of it. Employees as stakeholders have been somewhat neglected in the literature, however there are studies focusing on the employee, and these have demonstrated that the ways in which employees perceive CSR can significantly impact on many important areas, including organisational commitment,<sup>322</sup> employee behaviour and retention,<sup>323</sup> and the ways in which employees identify with their company.<sup>324</sup> A study of the effect of human resource management, focused on employees and financial performance,<sup>325</sup> demonstrated that not only were the stakeholders more straightforward to deal with, but that if effectively handled CSR can accrue financial benefits. Other researchers demonstrated that it is not only the ways in which employees are treated that affect their behaviour, they are also affected by the ways in which the organisation treats other stakeholders.<sup>326</sup> It has been demonstrated that the ways in which employees view their employing organisation is significantly affected by the organisation's CSR policies.<sup>327</sup> If employees perceive their organisation as behaving irresponsibly towards society (for example through victimisation of vulnerable groups, environmental mismanagement, or cheating the public), then negativity towards their work is likely to arise.<sup>328</sup>

The ways in which employees perceive and experience CSR is a useful yardstick for assessing the effectiveness of a CSR policy and to judge whether the policy is integral or

<sup>320</sup>P. Mirvis, *"Employee engagement and CSR: Transactional, relational, and developmental approaches"*, California Management Review, 54(4), 2012, pp.93-117.

<sup>321</sup>D. Rupp, et al., *"Employee reactions to corporate social responsibility: An organizational justice framework"*, Journal of organizational Behaviour, 27(4), 2006, pp.537-543.

<sup>322</sup>S. Brammer, Set al., *"The contribution of corporate social responsibility to organizational commitment"*, The International Journal of Human Resource Management, 18(10), 2007, pp.1701-1719; D. Turker, *"How corporate social responsibility influences organizational commitment"*, Journal of Business Ethics, 89(2), 2009, pp.189.

<sup>323</sup>S. Hansen, et al., *"Corporate social responsibility and the benefits of employee trust: A cross-disciplinary perspective"*, Journal of Business Ethics, 102(1), 2011, pp.29-45.

<sup>324</sup>H. Kim, et al., *"Corporate social responsibility and employee-company identification"*, Journal of Business Ethics, 95(4), 2010, pp.557-569.

<sup>325</sup>M. Huselid, *"The impact of human resource management practices on turnover, productivity, and corporate financial performance"*, Academy of management journal, 38(3), 1995, pp.635-672.

<sup>326</sup>R. Cropanzano, et al., *"Moral virtues, fairness heuristics, social entities, and other denizens of organizational justice"*, Journal of Vocational, Behaviour, 58, 2001, pp.164-209.

<sup>327</sup>K. Becker-Olsen, et al., *"The impact of perceived corporate social responsibility on consumer behaviour"*, Journal of Business Research, 59, 2006, pp. 46-53.

<sup>328</sup>D. Rupp, et al., *"Employee reactions to corporate social responsibility: An organizational justice framework"*, Journal of Organizational Behaviour, 27, 2006, pp. 537-543.



an afterthought.<sup>329</sup> Vitally, CSR can have multiple long-term benefits if companies examine the ways in which their employees view CSR as a whole, as well as CSR that is specifically targeted at certain stakeholders and makes adjustments according to their findings. If employees participate in the CSR process, they may become more engaged with, and dedicated to, their employer; assuming a commitment to more ethical ways of doing business adds meaning to previously mundane tasks, and the enhanced reputation of the organisation will lead to an influx of recruits who share the organisational values; this will, in turn, ensure that CSR becomes further embedded into the culture of the organisation.<sup>330</sup>

Understanding how employee perceptions are influenced, and how that can then impact upon outcomes for organisations, is necessary if the role of employees in internal CSR processes is to be understood and if it is to be replicated.<sup>331</sup> It must be recognised that every individual will have influences from the wider environment, not just from the culture of their own organisation. An individual's perception of CSR, their expectations of it and commitment to it, can be affected by anything from the current economic situation to the political situation in the country and the individual's background culture.<sup>332</sup> Studies that focus on a particular country may not be susceptible to replication into other countries. However they can be very useful as applied within the study region or culture.

Another very important stakeholder is the government.<sup>333</sup> Government is the most important factor for both business and society, given that it sets the level of taxation, builds infrastructure, and passes laws. A key driver to encouraging greater CSR are government policies that create the context within which economic actions take place. Governments that pass regulations to encourage or enforce CSR create societal expectations that corporations will behave responsibly; they also highlight to society the roles which companies can play in ameliorating social difficulties. It has been pointed out that

---

<sup>329</sup>G. Dowling, & P. Moran, "Corporate reputations: built in or bolted on?", *California Management Review*, 54(2), 2012, pp.25-42.

<sup>330</sup>G. Dowling, & P. Moran, "Corporate reputations: built in or bolted on?", *California Management Review*, 54(2), 2012, pp.25-42.

<sup>331</sup>E. Lee, et al., "Employee perception of CSR activities: Its antecedents and consequences", *Journal of business research*, 66(10), 2013, pp.1716-1724.

<sup>332</sup>D. Matten, & J. Moon, "'Implicit' and 'explicit' CSR: A conceptual framework for a comparative understanding of corporate social responsibility", *Academy of management Review*, 33(2), 2008, pp.404-424.

<sup>333</sup>M. Clarkson, "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of management review*, 20(1), 1995, pp.92-117.

companies will inevitably be affected by their political environment.<sup>334</sup> It has been suggested that if a company wants to achieve a competitive edge, it must devote the resources of the organisation to engaging in socially responsible behaviour; this will allow it to interact effectively with the political and legal worlds. By acceding to the demands of government through their activities, companies are more likely to be able to exert political influence in their interest.<sup>335</sup>

Governmental interest in enhancing company CSR performance has increased in recent times, with many governments introducing measures to oversee corporate behaviour, effectively constraining them, at least in local markets, to be "good corporate citizens".<sup>336</sup> There are extant studies that have examined the role of government in contributing to CSR improvements. It has been demonstrated that when MNEs operate in underdeveloped countries, they frequently discover that the regulatory framework is less rigorous than that pertaining in their home nation, and hence they behave less ethically.<sup>337</sup> It has been shown that organisations have complex and dynamic relationships with local governments, with each entity depending on the other, and that if companies believe they will receive favourable treatment as a result, they will make efforts to improve their CSR policies.<sup>338</sup> Studies have demonstrated that effective CSR enhances a company's legitimacy and helps them to establish a good reputation with the government; thus the prevailing political mood can be factored into interpretations of the reasons why companies choose to develop CSR.<sup>339</sup> Although it is clear that governments play a crucial role in influencing organisational CSR decisions, as of present date there is a dearth of studies investigating government perspectives of its role as a primary stakeholder in the CSR arena.

Although many empirical studies have examined the ways in which different stakeholders perceive CSR, the results are not comparable. There are three reasons for this: firstly, explorations of the ways in which stakeholders react to ethical or non-ethical business

---

<sup>334</sup>H. Hung, "Directors' roles in corporate social responsibility: A stakeholder perspective", *Journal of Business Ethics*, 103(3), 2011, pp.385-402.

<sup>335</sup>Ibid

<sup>336</sup>B. Husted, & D. Allen, "Corporate social responsibility in the multinational enterprise: Strategic and institutional approaches", *Journal of international business studies*, 37(6), 2006, pp.838-849.

<sup>337</sup>J. Manakkalathil, & E. Rudolf, "Corporate social responsibility in a globalizing market", *SAM Advanced Management Journal*, 60(1), 1995, pp.29.

<sup>338</sup>Y. Luo, "Political behaviour, social responsibility, and perceived corruption: A structuration perspective", *Journal of International Business Studies*, 37(6), 2006, pp.747-766.

<sup>339</sup>A. Hadjikhani, et al., "Network view of MNCs' socio-political behaviour", *Journal of Business Research*, 61(9), 2008, pp.912-924.

practices have only examined a limited number of types of stakeholders. Different studies have focused on different types of stakeholder, and so it is very difficult to compare the results.

The second reason is that most previous studies have not focused on the bigger picture regarding CSR, but rather have looked at a specialised area or a selected dimension. As an example, when examining whether stakeholders prefer an organisation to be socially responsible, some have looked closely at the ethics of the organisation,<sup>340</sup> some have examined organisational environmental commitments,<sup>341</sup> others have focused on HRM,<sup>342</sup> and some have simply looked at the contribution the organisation has made to charity.<sup>343</sup> It is therefore unclear how stakeholders view an organisation's responsibility towards multiple social dimensions.

The final reason for extant studies being of limited use is that the design and methodology of questionnaires may be highly influential in terms of the results obtained; there is no consistency across the questionnaires, all of them having been designed with different measurements in mind specific to the study objectives, and this may explain the reason why results are so varied. However, despite the reservations expressed above, previous empirical studies do offer a number of worthwhile observations regarding the potential of CSR to influence long-term success for companies of many different sizes, in many different sectors, and in many different nations.

<sup>340</sup>E. Creyer, "The influence of firm behaviour on purchase intention: do consumers really care about business ethics?", *Journal of consumer Marketing*, 14(6), 1997, pp.421-432; G. Weaver, et al., "Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices", *Academy of Management Journal*, 42(5), 1999, pp.539-552; E. Boulstridge, & M. Carrigan, "Do consumers really care about corporate responsibility? Highlighting the attitude-behaviour gap", *Journal of communication management*, 4(4), 2000, pp.355-368; M. Carrigan, & A. Attalla, "The myth of the ethical consumer-do ethics matter in purchase behaviour?", *Journal of consumer marketing*, 18(7), 2001, pp.560-578;

<sup>341</sup>N. Ahmed, et al., "Organizational performance and environmental consciousness: an empirical study" *Management Decision*, 36(2), 1998, pp.57-62; I. Henriques, & P. Sadosky, "The relationship between environmental commitment and managerial perceptions of stakeholder importance", *Academy of management Journal*, 42(1), 1999, pp.87-99; D. Rondinelli, & M. Berry, "Environmental citizenship in multinational corporations: social responsibility and sustainable development", *European Management Journal*, 18(1), 2000, pp.70-84; M. Cordano, et al., "Entangled affiliations and attitudes: An analysis of the influences on environmental policy stakeholders' behavioural intentions", *Journal of Business Ethics*, 49(1), 2004, pp.27-40; M. Simpson, et al., "Environmental responsibility in SMEs: does it deliver competitive advantage?", *Business strategy and the environment*, 13(3), 2004, pp.156-171.

<sup>342</sup>T. Vuontisjärvi, "Modernisation of the European Social Model and Corporate Social Responsibility: A Critical Analysis of Finnish Companies", PhD diss., University of Sunderland, 2004.

<sup>343</sup>S. Smith, & D. Alcorn, "Cause marketing: a new direction in the marketing of corporate responsibility", *Journal of Consumer Marketing*, 8(3), 1991, pp.19-35; P. Ellen, et al., "Charitable programs and the retailer: do they mix?", *Journal of retailing*, 76(3), 2000, pp.393-406.

## **2.11 Summary**

The focus of this chapter has been elaborating the CSR issue from a Western perspective through the revision and synthesising of various basic elements pertaining to its philosophical/religious background, how the concept has emerged, as well as the definitions and dimensions of CSR that has been reported in the literature. As the discussion demonstrates, it can be argued that even though a universally acceptable definition does not exist in regard to this concept, it is still widely recognised across the globe and is increasingly establishing its foothold in the corporate world. This is being identified as a long-run strategy that revolves around balancing stakeholder relationships along with corporate obligations. Various economic, environmental, and social aspects now need to be kept under consideration by organisations when it decides to do business. Moreover, it also encompasses organisations being responsible for addressing different stakeholder concerns.

However, as can be inferred from the CSR and law debate that direct regulatory initiatives are often absent in the application of CSR. On a national level, significant barriers are present that prevents governments from insuring that companies act in a socially responsible manner. Similarly, at the international level, inadequate global governance and discrepancies in social and environmental issues, no law-making treaty is yet concluded where company is directly subject to regulation in respect of its activities having social, economic and environmental impacts. This situation led to the reliance on and proliferation of self-regulatory actions related to CSR as manifested in different voluntary multi-stakeholder codes promoting social investments required by CSR, as well as other stakeholder engagements and philanthropic activities. In addition, this led to the emergence of international regulating standards setting initiatives by the ILO, the OECD and the UN for providing guidelines of corporate behaviour in relation to workers' rights, human rights, ethical business, consumer protection, and the environment.

As for the practice of CSR by banks, the wake of the financial crisis has led to this industry being more aware of the importance of behaving in a socially responsible manner rather

than merely focusing on shareholders' financial concerns. Another aspect that is particularly unique to the banking sector is their ability to cause fundamental destruction to the society by the choices they make as intermediaries, and causing harm in a secondary manner such as loaning to parties in areas related to human rights abuse. Therefore, to be able to gain the confidence and support of the society, there is a need for banks to guarantee their adherence to rising ethical cultures by avoiding illegal and immoral actions in addition to stimulating moral conduct and self-regulation among all levels of stakeholders within the organisation.

As the major aim of the study is to map out CSR practice of Saudi banks and explore the CSR issues from the perspective of multiple stakeholders, the stakeholder theory was chosen as the most suitable for the purpose of the study and hence, the extant literature has also been reviewed, looking at the results of empirical studies that have examined the ways in which stakeholders affect CSR concepts; this research has chiefly focused on a trio of important stakeholders, who are management, employees, and the government. On the whole, extant research into the ways in which different stakeholders perceive and react to CSR is in its infancy; it is difficult to make comparisons between the various studies, as most studies have focused on management perspectives, and have not viewed the broad construct of the CSR concept. It should also be noticed that most investigations of stakeholder perspectives have been undertaken in developed countries; as noted above, stakeholder attitudes are heavily influenced by the culture and regulatory environments in which they function, and so results for developing countries may show significant differences. Hence, there exists the need to study the perspectives of multiple stakeholders in a Saudi Arabian context where research in the field is still in its' infancy and the practice is not yet mature.

## **Chapter 3 CSR within the Saudi Arabian context**

### **3.1 Introduction**

This study is attempting to map the practice of CSR in Saudi Arabia, by exploring the perspectives of different stakeholders of the Saudi banking sector. After gaining an understanding of the CSR concept from a Western perspective where the concept has primarily emerged it is important to gain an understanding of how the concept fits in a Saudi Islamic culture. Saudi Arabia is a country that is distinct from Western countries in many ways. Religion, culture and politics, and the relationship between these, are among the important elements of its society that make the Kingdom different from most other countries. Therefore, this chapter will first provide a general background of the Saudi Arabian government including its political, economic, and religious positions and its stance with regards to CSR.

The behaviour and attitudes of the Saudi Arabian society is greatly influenced by Islamic principles, be they government ministers, Islamic representatives and advisors, high-level directors, or regular employees. As Saudi banks are supposedly Shari'ah compliant institutions in some or all their operations, the fabric of CSR within those institutions is similarly infused with the principles of Islam, in order to achieve acceptance.<sup>344</sup> Therefore, it is essential to provide an overview of the basic Islamic principles that form the background of all parts of the society. The concept of CSR will then be described within the Islamic context including the main elements of an Islamic responsible business and the inherent CSR characteristics of Islam and its relationship to the concept from the Western perspective.

Finally, the current state of CSR in Saudi Arabia will be discussed including the most prominent CSR initiatives supported by the government followed by a comprehensive literature review of available Saudi Arabian studies that have been conducted in relation to the reality of CSR practice by Saudi organisations in general and Saudi banks in particular focusing on the stakeholders understanding of the concept, how it is practiced, the main motives that drive organisations to adopt CSR, the roles of various stakeholders

---

<sup>344</sup>Ibp Usa, "*Saudi Arabia Central Bank & Financial Policy Handbook*", World Business, Investment and Government Library, USA International Business Publications, 2005, pp.38.

in relation to CSR and the barriers faced by these organisations preventing them from the ideal practice of CSR.

### 3.2 Saudi Arabia Background

The basis of the Saudi Arabian polity is an absolute monarchy based around a theocratic claim to legitimacy.<sup>345</sup> This creates an unusual dynamic of modern governance, in that the claim to legitimacy is not based only on modern polity, but on a religious legitimacy that is based both on the ability of the ruling class to implement a modern state but to preserve the condition of the country's holy sites and Shari'ah rules more generally.<sup>346</sup> According to the Kingdom, the Qur'an (the holy book of Islam) and Sunnah (the record of the teachings, permissions, life and expressed views of Mohammed (Pbuh) and his companions) are considered the basis for fundamental law and hence, all the laws, policies, and regulations within the country should be compatible with these two main sources.<sup>347</sup> Qur'an is the primary justification on both a political and theological level for Saudi Arabian law and hence, the development of any law should be within the confines of the Shari'ah framework.<sup>348</sup> The Shura Council or the Consultative Assembly of Saudi Arabia are the formal advisors who are the first stepping stones in legislating any law in the country, and can be considered stakeholders in both the governmental and theological realms<sup>349</sup>, again eliding some of the differences that would normally be seen in the post-Enlightenment West.

The Shura Council incorporates a number of highly experienced scholars gathered from different parts of the country.<sup>350</sup> A total of 13 specialised committees exist in this Council each of which deals with the issues related to their speciality.<sup>351</sup> Sessions are held regularly in which issues such as business, environmental, educational and social issues that are raised by the government or the people of the country are discussed. Shura council is basically controlled by the Saudi Council of Ministers.<sup>352</sup> They do not possess the power

<sup>345</sup>Al-Atawneh, Muhammad. "Is Saudi Arabia a theocracy? Religion and governance in contemporary Saudi Arabia", *Middle Eastern Studies* 45.5 (2009): 721-737.

<sup>346</sup>The Basic Law of Government

<sup>347</sup>Ibid

<sup>348</sup>R. Dekmejian, "The rise of political Islamism in Saudi Arabia", *Middle East Journal*, 48(4), 1994, pp.627-643.

<sup>349</sup>Ibid

<sup>350</sup>Majlis Ash-Shura, Shura in the Kingdom of Saudi Arabia: A Historical Background, <https://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/Historical+BG/>

<sup>351</sup>Majlis Ash-Shura, <https://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/committees/>

<sup>352</sup>The Basic Law of Government

to enforce laws, but they have the power to propose laws and regulations to the King and cabinet based on the public's views and interests. Passing any law is a power reserved solely for the King.<sup>353</sup> They are however clearly a major stakeholder in the power structure, as the legitimacy of the rule of the monarch is based around their ability to ensure the preservation of Shari'ah law and Islamic ideals. As such, the stance of the Council is important when compared to, say, the religious section of the House of Lords in the United Kingdom. Above the Shura Council is the Saudi Council of Ministers. The King in Saudi Arabia is the president of the Council of Ministers who is responsible for supervising the Council and introducing new laws.<sup>354</sup>

Economically, Saudi Arabia has an economy which can be regarded as the largest within the Middle East region. The G20 has representatives from around 19 countries as well as the head of the EU. Along with Saudi Arabia, all other countries which lie under the G20 represent the major economies and industries of the world.<sup>355</sup> Saudi Arabia's economy is dominated by the oil industry.<sup>356</sup> However, the government aims to expand its economy and encourages diversification specifically by the private sector. There are some indications that Saudi Arabia has opened the Saudi market and is attempting to attract diverse and innovative investments, even foreign investments.<sup>357</sup>

Moreover, to further encourage innovation in the country, various funding projects came into being with the purpose of providing financial support to businesses and firms.<sup>358</sup> Organisations owned by the private sector together with some governmental organisations are funding these projects such as the collaboration of the Saudi industrial development fund with the Saudi Credit Bank and other commercial banks.<sup>359</sup> Due to these changes, the government is seeking to create new regulations and laws to ensure that companies are

<sup>353</sup>R. Dekmejian, "Saudi Arabia's consultative council", *The Middle East Journal*, 1998, pp.204-218.

<sup>354</sup>The Basic Law of Government

<sup>355</sup>Since the onset of the 2008-2009 financial crisis, the Group of Twenty (G20) whose membership consists of systemically important advanced and emerging economies has emerged as the principal forum for inter-governmental economic cooperation. Together, the G20 economies account for 85% of the global economy, 80% of world trade, and two-thirds of the global population. Those simple facts underline the significant potential of the G20 as a global platform to enable international economic co-operation and policy making.

<sup>356</sup>Central Department of Statistics and Information, 2015, <http://www.cdsi.gov.sa/english/>

<sup>357</sup>Saudi Vision 2030, [http://vision2030.gov.sa/sites/default/files/NTP\\_En.pdf](http://vision2030.gov.sa/sites/default/files/NTP_En.pdf), 2016.

<sup>358</sup>E. Burton, "Business and Entrepreneurship in Saudi Arabia: Opportunities for Partnering and Investing in Emerging Businesses", John Wiley & Sons; 2016.

<sup>359</sup>Riyad bank, "Riyad Bank Launches Treasury and Credit Program in collaboration with Saudi Industrial Development Fund", 2016. <https://www.riyadbank.com/en/information/media-centre/press-releases/2016/14-11-2016>



incentivised to fulfil the goals of the Saudi Development Plan.<sup>360</sup> Consequently, the Saudi Development Plan highlighted key macroeconomic objectives including: increasing economic growth rates, combating inflation and stabilising prices, maintaining stability of the exchange rate of the Riyal, achieving balanced development in all regions of the Kingdom, diversifying the structure of the national economy, increasing contribution of the private sector to economic development, raising efficiency of markets, particularly the Saudi stock market, improving the balance of payments, national employment, strengthening economic integration with the states of the Gulf Cooperation Council in particular, with Arab states in general, and with friendly countries, caring for the needy social groups, water consumption, and the protection of environment all of which are considered goals of CSR.<sup>361</sup>

As for the religious background of the country, Shari'ah is basically a legal system that highlights the religious duties and responsibilities of an individual and links it with business dealings and human interaction. Islam tends to be the source that all the components of Saudi society should or must refer to. The first article of the basic Saudi governing system is: "Islam is the religion of the country and the "Quran" and "Sunnah" are the main sources of the law and legal system". Based on the teachings of Islam both through the Quran and Sunnah, it is a set of sources that is interpreted and applied to create a set of explanations and set of guidelines to guide individual and societal behaviour.<sup>362</sup> This includes specific guidelines, but also general concepts that are applied to new circumstances. This latter process again gives the Council and Islamic scholars considerable power, as the process of interpretation may either tend towards the conservative or liberal, and can therefore be used to justify the stance of the state and to effectively sanctify policy decisions beyond the reach of the quasi-secular elements and stakeholders of the Saudi state.<sup>363</sup>

However, it can be said that although some rules and systems can be overridden and manipulated recklessly or deliberately, generally businesses in Saudi Arabia tend to abide

---

<sup>360</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp.40-53.

<sup>361</sup>Ministry of Economy and Planning, 2010, [https://climateobserver.org/wp-content/uploads/2014/09/Saudi-Arabia\\_Ninth-Development-Plan-2010-2014.pdf](https://climateobserver.org/wp-content/uploads/2014/09/Saudi-Arabia_Ninth-Development-Plan-2010-2014.pdf)

<sup>362</sup>O. Gravem, "Corporate Social Responsibility in Saudi Arabia", (Master's thesis), 2010.

<sup>363</sup>Y. Al-Zomany, "The acceptability of Total Quality Management in the Islamic culture of Yemen", PhD Diss, University of the West of England at Bristol, 2002, pp.119.

by the Shari'ah regardless of whether these owners are Muslims or non-Muslims in order for them to be accepted by the Saudi society.<sup>364</sup> For instance, banks such as Riyadh Bank and Saudi French Bank have introduced financial products which are based on Shari'ah and are compliant to it. The religious norms of the society have thus informed a legal requirement for banking products that has prevented the presence of explicitly interest based lending in the country. Coupled with this, banks like Aljazeera Bank, Alrajhi Bank, and Alinma Bank are some Saudi banks which are supposedly solely based upon Shari'ah (although, again, the issue of what can be interpreted to be Shari'ah compliant is a major issue of stakeholder relationships in this area) and offer only those financial products which are Shari'ah compliant.

As detailed previously, the most common definitions of CSR now revolve around the role of the organisation in society,<sup>365</sup> and may include social, economic, legal and environmental obligations.<sup>366</sup> Given the centrality of stakeholder dialogue, the role of the Sharia authorities can be most usefully conceived of as merely an extra stakeholder with an unusual amount of power. This thesis takes this view on the basis that many of the obligations that are identified in modern CSR models can feature obligations that are either socially imposed or actual legal requirements, meaning that the extra stakeholders' social and legal pressures imposed by Sharia regulations fit rather neatly into the existing conceptual mappings whilst introducing a novel element to the overall stakeholder oversight patterns.

As it is apparent from the above discussion, the background is Islamic, law is Islamic, any business has to be within a Shari'ah framework and people have Islamic background, therefore the Islamic worldview has to be displayed.

---

<sup>364</sup>A. Jeffreys, *"The report. London"*, Oxford Business Group, 2011.

<sup>365</sup>H. Deresky, *"International Management: Managing Across Borders and Cultures"*, Third Edition, New Jersey: Prentice Hall Inc, 2000; D. Woodward, et al *"Some Evidence on Executives' Views of Corporate Social Responsibility"*, British Accounting Review. (33), 2001, pp. 357-397

<sup>366</sup>L. O'Riordan, & J. Fairbrass, *"Corporate social responsibility (CSR): Models and theories in stakeholder dialogue"*, Journal of Business Ethics, 83(4), 2008, pp. 745-758.

### 3.3 Normative Parameters of the Islamic Religion

In this section, the distinctive character of the Islamic normative parameters will be explored, particularly in terms of the ways in which it differs from that pertaining in the West. However, attempting to describe the full picture of the Islamic religion will be impossible and beyond the scope of this study, hence the focus will be on those parameters that are relevant to the CSR discussion. As has been described in section 2.2 of this thesis, the common Abrahamic root for Judeo-Christian and Islamic traditions clearly emphasises on actions that promote the general welfare of the society. The main aim of the Islamic religion is to change individuals and societies from "what they are" to an ideal of "what they ought to be"; it attempts to achieve this by engendering changes in both the individual and society which conform to its worldview, by offering both a set of values and institutional examples.

The Islamic worldview delineates the visions of Islam and the purpose that Muslims should have in life; it outlines the final aims of Islam and its beliefs and provides guidance as to the meaning and purpose of life. This worldview pertains to our current world and also the life beyond; our life on this earth must be lived in the knowledge that it is inextricably linked to the Hereafter, which is the ultimate and final goal. Life on Earth is regarded as a means of preparation for the Hereafter.<sup>367</sup> The entire Islamic worldview is therefore inextricably devoted to the sacred, although this does not imply that aspects of this earth are neglected or forgotten.<sup>368</sup> The Islamic worldview is highly complex and wide-ranging, and so no study can hope to provide a single definitive overview. This study is not concerned with providing such an overview, as it is not within its scope. Due to the fact that the study will analyse CSR in the context of Saudi Arabian business, and that such business is primarily regulated by Sharia precepts (and the vast majority of stakeholders will be Muslims), it is appropriate to undertake a brief examination of the Islamic

---

<sup>367</sup>The belief in the Hereafter is one of the fundamental pillars of faith in Islam. It is also known as the day of judgement whereby a Muslim believes that all deeds in the present life will be accounted for and be judged accordingly.

<sup>368</sup>U. Chapra, "Why has Islam prohibited interest?: Rationale behind the prohibition of interest", Review of Islamic Economics, 2000, pp.5-20.

worldview, which imparts to Muslims a duty to behave in a socially responsible manner, to show compassion, to nurture others, to keep a sense of balance in all areas of life, and to continually reflect on the purpose and mission of humankind.<sup>369</sup>

### 3.3.1 The Concept of Vicegerency

In the Islamic context, vicegerency is the concept that mankind has a duty of care to everything created by God.<sup>370</sup> In other words, Allah has made man His earthly representative, with responsibility for looking after His creation.<sup>371</sup> The vicegerency concept imposes a responsibility for mankind towards society, the natural world, and mankind. The concept implies that each individual is acting as a trustee for God.<sup>372</sup> Inevitably this engenders a very different perspective on the concept of private ownership, compared to the materialist worldview.<sup>373</sup> Man has entered into a covenant with the Almighty, assuming a heavy responsibility, and it is by the discharge of this obligation that he shall be judged. This applies to Islam to the conduct of business no less than in any other area, and so Islamic companies are expected to be able to demonstrate that they are fulfilling the obligations placed on them.<sup>374</sup>

All life choices made must be according to the teachings of Islam, in dealings both personal and business, with people of all faiths and of natures that include interpersonal, societal and environmental. Therefore, profit gain must not be the principle driving force of any business but rather should be driven by the willingness to achieve good in this life and to improve their well-being.<sup>375</sup> In other words, there is no inhibitions associated with economic endeavour and the right for seeking and owning personal profits – indeed it is encouraged by vicegerency – but everyone must benefit from the resources and benefits must be acquired honestly.<sup>376</sup> This is reinforced by other studies, which stated that while

<sup>369</sup>M. Siddiqi, *"The economic enterprise in Islam"*, Delhi: Markazi Maktaba Islami, (54), 1972.

<sup>370</sup>S. Farook, *"On corporate social responsibility of Islamic financial institutions"*, Islamic Economic Studies, 15(1), 2007, pp.31-46.

<sup>371</sup>Quran, 35:39.

<sup>372</sup>U. Chapra, *"Islam and the economic challenge"*, International Institute of Islamic Thought (IIIT), (17), 1992.

<sup>373</sup>M. Sulaiman, & R. Willett, *"Using the Hofstede-Gray framework to argue normatively for an extension of Islamic Corporate Reports"*, Malaysian Accounting Review, 2(1), 2003, pp.82-105.

<sup>374</sup>M. Lewis, & L. Algoud, *"Islamic Banking"*, Cheltenham, UK and Northampton, 2001.

<sup>375</sup>G. Williams, & J. Zinkin, *"Doing business with Islam: can corporate social responsibility be a bridge between civilisations?"*, 2005.

<sup>376</sup>Rice, G., *"Islamic ethics and the implications for business"*, Journal of business ethics, 18(4), 1999, pp. 345-358.

Islam permits the entitlement to owning material goods and making profits, it is necessary that this is not achieved at others' expense.<sup>377</sup>

### 3.3.2 The Shari'ah

Islamic Law is called the Shari'ah, a system of laws and ethical values applicable to every part of life.<sup>378</sup> It has been argued that there are five primary strands of Shari'ah: "Spiritual: the relation between the believer and Allah; Moral: personal traits and quality of behaviours and attitudes; Social: the quality of relations between one and another; Political: the commitment to Islamic values and rules of the political system according to the Islamic teachings; Economic: rules and values that tend to organise the economic system of the whole society".<sup>379</sup>

Shari'ah can be considered to provide a holistic view of Islam that covers not only this life, but also the hereafter and is intended to ensure that society as a whole, as well as individuals living within that society act properly, providing a legal framework for ensuring that.<sup>380</sup> Its objectives 'Maqasid Al-Shari'ah', have been defined as being 'to promote well-being, by maintaining and protecting their religion, family, life, wealth and intellect'.<sup>381</sup>

There are three principal components of the Shari'ah. Firstly, is the 'Aqeeda' Creed, concerned with faith and belief. The second component is 'Akhlaq', which governs ethics and morality. Finally, the third part of the Shari'ah is the 'Fiqh', or legal rulings, which govern people's acts. The first two components are invariant over time. However, the legal rulings of the Fiqh may develop and change over time.<sup>382</sup> Within a business context, these components can form an important bedrock for communal attitudes and thus, uniquely,

<sup>377</sup>R. Beekun, & J. Badawi, "Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective", *Journal of Business Ethics*, 60(1), 2005, pp. 131-145; S. Ullah, & D. Jamali, "Institutional investors and corporate social responsibility: The role of Islamic institution", *International Review of Business Research Papers*, 6(1), 2010, pp. 619-630.

<sup>378</sup>J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam, the UN global compact and the development of social, human and natural Capital" *CSR and Environmental Management*, 14(4), 2007, pp. 206-218.

<sup>379</sup>Y. Al-Zamany, et al., "Understanding the difficulties of implementing quality management in Yemen", *The TQM Magazine*, 14(4), 2002, pp.240-247.

<sup>380</sup>A. Dusuki, & N. Abdullah, "Why do Malaysia customers patronise Islamic banks", *International Journal of Bank marketing*, 25(3), 2007, pp. 142-160.

<sup>381</sup>Ibid

<sup>382</sup>A. Dusuki, & N. Abdullah, "Why do Malaysia customers patronise Islamic banks", *International Journal of Bank marketing*, 25(3), 2007, pp. 142-160.

direct interventions on the part of the Shari'ah authorities monitoring the business activities.

The Fiqh, Islamic legal rulings, defines permissible and forbidden actions in daily activities which apply both to personal and business activities and, as a result, can be applied to individual business transactions.<sup>383</sup> The first of these classifications is termed 'Fard' which are obligatory actions that the individual must act upon to be considered a true Muslim such as the necessity to only use Islamic products of banks in business dealings and to deliver zakat. The second classification is termed 'Mustahab' which represents strongly recommended actions from individuals, but they are not mandatory such as charities and donations. The third classification is termed 'Mubah' which represents activities that are not forbidden or obligatory, meaning they are indifferent actions such as gaining profit in a business transaction. The fourth classification is termed 'Makruh' which represents actions that, while detested, are not entirely forbidden. Unless done in excess, punishing for Makruh is not as severe as the punishment for forbidden acts, and can be seen as more equivalent to regulatory guidelines rather than hard and fast rules. The fifth and final classification is termed 'Haram' which represents actions that are absolutely prohibited and unlawful; committing an act that is haram is a serious sin. An example is engaging in a business transaction that involves interest, which would violate a direct instruction of the Quran<sup>384</sup> as it is regarded as a prominent source of unjustified advantage.<sup>385</sup>

In order to fulfil the Sharia's objectives 'Maqasid Al-Shari'ah', a number of guidelines should be respected. Initially, an individual's interests are of less importance to those of the community and a greater importance must be placed on relieving hardship than is placed on promoting benefits. In addition, greater loss may not be approved to reduce a minor loss and benefits that are greater must take priority over benefits that are smaller, in a way that can be usefully compared to the utilitarian philosophers in the Western tradition.

---

<sup>383</sup>S. Alawneh, "Human motivation: an Islamic perspective", American Journal of Islamic Social Sciences, 15(4), 1998, pp.19.

<sup>384</sup>S. Farook, "On corporate social responsibility of Islamic financial institutions", Islamic Economic Studies, 15(1), 2007, pp.31-46.

<sup>385</sup>A. Sarker, "Regulation of Islamic banking in Bangladesh: role of Bangladesh bank", International Journal of Islamic Financial Services, 2(1), 2000, pp.67.

On the contrary, a smaller harm may be prescribed if it avoids a greater one and a greater benefit achieved by dispensing with a smaller one.<sup>386</sup>

By adhering to the Shari'ah, Islamic organisations are required to behave differently from non-Islamic organisations. If adhered to, the Shari'ah will encourage the organisations to perceive obedience to Islamic rules and guidelines as more important and significant to their operations as compared to non-Islamic organisations as it will act as a mechanism for internal control that will act alongside the requirements imposed by secular legislation.<sup>387</sup>

### 3.3.3 Islamic Justice

One of the key foundations of the Islamic worldview regarding human society is justice; justice is the highest expression of the objectives of Shari'ah "Maqasid AL-Shari'ah".<sup>388</sup> Justice is not simply concerned with the letter of the law; it is integral to the personality, character and faith of each individual Muslim.<sup>389</sup> Justice must inform every area of society, and be the bedrock of the ways in which people form relationships and deal with each other. It is well understood by both legal and religious scholars that justice is an essential part of all Islamic society, and a prerequisite of progress legally, economically and in society.<sup>390</sup>

When humans interact, they should do so on the basis of trust, equity and justice.<sup>391</sup> In every dealing with each other, a Muslim must think of their basic needs and the ways in which they can help them to develop and enrich their lives. Under the concept of vicegerency, all human beings are equal, apart from their differences in character and in religious devotion. Justice exists to ensure that every person enjoys the same rights and fulfils the same obligations, and so that nowhere in life will there be excess or inequality.<sup>392</sup> For justice to exist in a society, everyone must have an equal right to have all their basic

<sup>386</sup>F. Khalid, "Islam and the Environment", *Encyclopedia of Global Environmental Change*, 5, 2002, pp.332-339.

<sup>387</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 2008, pp.132.

<sup>388</sup>S. Ahmad, "Does morality require God?", *Intellectual Discourse*, 11(1), 2003.

<sup>389</sup>M. Kamali, "Source, Nature and Objectives of Shari'ah", *Islamic Quarterly*, 33(4), 1989, pp.215.

<sup>390</sup>T. Ibn Taymiyyah (d.728) | TAHQIQ & DARASAH: 'Amir al-Jazzar & Anwar al-Baz | COVER: HARD BACKCOVER | 22 VOLUMES | 7380 PAGES | 4th PUBLICATION 2011 | PUBLISHED: Dar Ibn Hazm | Beirut, Lebanon | ISBN: 977-15-0198-4.

<sup>391</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 2008, pp.132.

<sup>392</sup>M. Kamali, "Source, Nature and Objectives of Shari'ah", *Islamic Quarterly*, 33(4), 1989, pp.215.

needs satisfied, including healthcare, food, education, transport, housing and employment.<sup>393</sup>

The aim of Islam is to build a society and economic system that is founded on justice; economic activity is a means of achieving this, it is not a final end.<sup>394</sup> Because justice is embedded in the Islamic system, it is an integral part of business activity, including contracts, management of labour, and equitable wealth distribution. All Muslims are encouraged to pay zakat (charitable donations), are prohibited from participating in Riba (usury), and encouraged to employ Alqard Al-hassan (interest-free loans); all of these mechanisms clearly demonstrate the importance of justice in the Islamic social system.<sup>395</sup>

### 3.3.4 Ehsan (perfection)

‘Ehsan’ is defined as an act of goodness, kindness, excellence, benevolence or perfection. It is considered to be a terminology that best fits with the concept of ethics in the West. One of the verses of the Holy Qur’an says, “Do good; God loves the people who do good deeds”.<sup>396</sup> This verse is interpreted as encouraging believers to do activities based on the concept of Ehsan and promises to reward them if they do so by saying, “Is the reward of goodness aught but goodness?”, something close to the concept of karma in Buddhism.<sup>397</sup> The concept of Ehsan is beyond the concept of justice and requires the person’s inner intentions and feeling to be better than his or her outward actions.<sup>398</sup>

Islam strictly orders its believers to work according to the teachings of Ehsan and carry out activities which are in line with this concept not only with human beings but also with all living things. This concept has repetitively appeared in many verses of the Holy Qur’an along with various Sunnah of the Prophet.<sup>399</sup> Ways in which the concept of Ehsan can be applied are innumerable, and are applicable to all; groups, individuals, or organisations. It is a concept that may play a significant role in eliminating corruption from the world and

<sup>393</sup>Z. Parvez, "Building a new society: An Islamic approach to social change", Revival, 2008.

<sup>394</sup>S. Ebrahim, & T. Joo, "Islamic banking in Brunei Darussalam", International Journal of Social Economics, 28(4), 2001, pp.314-337.

<sup>395</sup>B. Maali, et al., "Social reporting by Islamic banks", Abacus, 42(2), 2006, pp.266-289.

<sup>396</sup>Quran, 2:195

<sup>397</sup>Quran, 55:60

<sup>398</sup>R. Beekun, & J. Badawi, "Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective", Journal of Business Ethics, 60(1), 2005, pp. 131-145.

<sup>399</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", International Journal of Islamic and Middle Eastern Finance and Management, 1(2), 2008, pp.132.



in developing a more ethical and loveable environment.<sup>400</sup> For this reason, every business action or activity that enhances the development of individuals and supports the idea of well-being of others can be regarded as a good deed 'Ehsan', given it is not against the basic and fundamental teachings of Islam.<sup>401</sup>

### 3.3.5 Islam and Responsible Business

The Islamic perception of the economy, and therefore business responsibility, is different from that which pertains in the West in five ways.<sup>402</sup> Firstly, although the ways the market works are acknowledged, safeguards are put in place to prevent the failure of the market that can damage society and which transgress the values of equality and justice. Secondly, even if the market acts in its own interests, it must retain the essential elements of justice. Equality and social security are integral to Islam, administered by a voluntary charity (Sadaqah) and the compulsory payment to the state for the poor (zakat). Unlike in the West, charity is seen as a legal obligation. Thirdly, although everyone has a right to private property and to run their own business, the perceptions of them are completely different due to the fact that all property is effectively held in trust for the Almighty (Amana). Thus property rights are limited by moral imperatives; they are not the ultimate goal, but a way of realising the ultimate mission of Islam (Maqasid al-Shari'ah). Fourthly, the possession of capital may gather rewards, but not through lending (charging of interest is not permitted); the system is geared towards shared risks, and equity rather than debt. Lastly, all economic activity must be examined to see if it is permitted (halal) or forbidden (haram); an ombudsman (Hisbah) may be called in to decide on this and to apply sanctions for those who transgress.

Business is permitted, and indeed encouraged, in Islam, but only because it provides the means to support society, and not all types of business are acceptable. If a form of business is forbidden, nobody should practice it. Businesses are not permitted if they involve putting people's life or health at risk, so, for example, alcohol, tobacco, armaments, and gambling

---

<sup>400</sup>J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam, the UN global compact and the development of social, human and natural Capital" CSR and Environmental Management, 14(4), 2007, pp. 206-218.

<sup>401</sup>R. Beekun, & J. Badawi, "Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective", Journal of Business Ethics, 60(1), 2005, pp. 131-145.

<sup>402</sup>K. Ahmad, "The challenge of global capitalism: an Islamic perspective", Policy Perspectives, 1(1), 2004, pp.1-29.

are all forbidden.<sup>403</sup> There is a particular prohibition against gambling because not only does it entail taking away the property of others without return, but no financial gain should be made too easily.<sup>404</sup> It is also, as is commonly known, illegal to indulge in usury and lending money at interest in Islam.<sup>405</sup> Most scholars agree that this prohibition exists not because Islam is against people making a profit, but because the profit is gained without any effort, and there is not an equal share of the risk between the creditor and the debtor, and this puts the moral, social and economic well-being of society at risk.<sup>406</sup>

Business monopolies are also banned, because they are antithetical to free markets, encourage price manipulation and can be open to exploitation.<sup>407</sup> Speculation is also considered wrong because the speculator is indulging in a selfish practice in his own interests, which may impose costs on the whole of society, with the poorest having to contribute money they can ill afford.<sup>408</sup> There is a prohibition against trading when the buyer cannot see the merchandise prior to payment because this gives the seller an unfair advantage.<sup>409</sup> Trading based on uncertainties is also prohibited for the same reason.<sup>410</sup> This also applies to retail goods; a transaction which entails buying on faith is not permitted.<sup>411</sup> Caveat emptor (buyer beware) is not regarded as acceptable by Islam because no vendors should be trying to take advantage of the ignorance of a purchaser.<sup>412</sup>

### 3.4 The concept of Islamic CSR

Islam covers every single facet of life, offering its adherents a code of behaviour covering every situation. Thus, in the Islamic view, CSR is not a stand-alone concept but one which is central to Islamic belief.<sup>413</sup> A review of the major CSR theories has suggested that Muslim managers in Islamic corporations can base their practice upon Taqwa

---

<sup>403</sup>Qur'an 2: 219

<sup>404</sup>Qur'an 5: 90

<sup>405</sup>Qur'an 2: 275

<sup>406</sup>Y. Al-Qaradawi, *"The Lawful and the Prohibited in Islam: الحلال والحرام في الإسلام"*, The Other Press, 2013.

<sup>407</sup>Ibid

<sup>408</sup>Qur'an 24:55

<sup>409</sup>Sahih Muslim 1512 a, Book 10, Hadith 3613

<sup>410</sup>Qur'an 49:10

<sup>411</sup>Musnad Ahmad, Hadith 22978

<sup>412</sup>Qur'an 6:152

<sup>413</sup>A. Dusuki, & N. Abdullah, *"Why do Malaysian customers patronise Islamic banks?"*, International Journal of Bank Marketing, 25(3), 2007, pp.142-160.

(consciousness of God).<sup>414</sup> This consciousness of God is central to the view of human beings and the ways in which they relate to society.<sup>415</sup>

For Muslims, CSR is not simply a strategy to be adopted in order to gain goodwill or secure financial advantage, as suggested by some Western authors.<sup>416</sup> Neither is it an attempt to give companies legitimacy in the eyes of society, as the legitimacy and the social contract theories suggests.<sup>417</sup> In Islam, CSR is a wider concept related to the consciousness of God, whereby each individual in a corporation, conscious of their roles as servants and Vicegerents the Almighty, follows the responsibilities of every Muslim to cooperate with all others rather than indulge in competition.<sup>418</sup>

Thus, any organisation which defines itself as Islamic must, by definition, have accepted its obligations in terms of social responsibility.<sup>419</sup> However, the concept of consciousness of God that is central to this idea is, in practice, not completely fixed. Depending on the situation in which each individual finds themselves, the consciousness of God can be greater or lesser.<sup>420</sup> It has been suggested that Muslims do not share the same viewpoints with regards to their levels of religiosity as well as different perspectives on the prioritisation of economic, legal, ethical, and philanthropic responsibilities, so although the consciousness of God is inherently inclusive of CSR, individuals and companies may have very different levels of appreciation of the concept.<sup>421</sup>

A trio of categories of ethical principles that are central to Islam has been suggested, these being unity, justice, and trusteeship. These can then be linked to the normative stakeholder theory, giving an Islamic view of the obligations and rights of various groups of

<sup>414</sup>A. Dusuki, "What does Islam say about corporate social responsibility", Review of Islamic Economics, 12(1), 2008, pp.5-28.

<sup>415</sup>Ibid

<sup>416</sup>L. Burke, & J. Logsdon, "How corporate social responsibility pays off", Long range planning, 29(4), 1996, pp.495-502; G. Lantos, "The ethicality of altruistic corporate social responsibility", Journal of consumer marketing, 19(3), 2002, pp.205-232; W. Greenfield, "In the name of corporate social responsibility", Business Horizons, 47(1), 2004, pp.19-28; E. Garriga, & D. Melé, "Corporate social responsibility theories: Mapping the territory", In Citation classics from the journal of business ethics, 2013, pp. 69-96.

<sup>417</sup>M. Suchman, "Managing legitimacy: Strategic and institutional approaches", Academy of management review, 20(3), 1995, pp.571-610; C. Deegan, "Introduction: The legitimising effect of social and environmental disclosures—a theoretical foundation", Accounting, Auditing & Accountability Journal, 15(3), 2002, pp.282-311.

<sup>418</sup>A. Dusuki, "What does Islam say about corporate social responsibility", Review of Islamic Economics, 12(1), 2008, pp.5-28.

<sup>419</sup>Ibid

<sup>420</sup>Quran, 18:13; 19:76; 33:22;

<sup>421</sup>A. Dusuki, "What does Islam say about corporate social responsibility", Review of Islamic Economics, 12(1), 2008, pp.5-28.

stakeholders.<sup>422</sup> This theory has been extended to compare Western and Islamic CSR perspectives regarding environmental, philanthropic, human resource and human rights issues, and the ways in which they can be implemented in the normative stakeholder theory.<sup>423</sup>

It has been demonstrated that the normative stakeholder theory matches Islamic practices, except for the fact that in Islam every stakeholder is given rights in proportion to the stake they have in the organisation. It has been noted that Islam is fully supportive of activities intended to improve society as a whole, with justice and balance in all areas of life being a priority, as the Qur'an teaches.<sup>424</sup> In Islamic scripture it is implied that all stakeholders must be treated fairly: customers should be charged a fair price, given merchandise of good quality and have all relevant information fully disclosed; employees should enjoy fair wages, healthcare, training and profit sharing. The natural world is seen as a resource belonging to all humanity, and therefore no company has a right to exploit or damage it for private gain.<sup>425</sup>

It has also been noted that some CSR aspects that are present in Islam are similar to those in extant CSR literature.<sup>426</sup> One example is the human resources dimension, covering employees' proper training, health and safety issues, fair wages, fair working hours, equal opportunities and training/education investment, all of which are outlined in the Sunnah.<sup>427</sup> There are also aspects of human rights in the Sunnah, for example employee rights, problem resolution, human rights (both promotion and respect for), and the edicts against lending to oppressors or firms which show no respect for human rights.<sup>428</sup> There are also parts that can be seen as related to CSR's environmental aspects, including controlling pollution, stopping waste and recycling, saving energy, and promoting responsible

<sup>422</sup>S. Ullah, & D. Jamali, "Institutional investors and corporate social responsibility: the role of Islamic financial institutions", International review of business research papers, 6(1), 2010, pp.619-630.

<sup>423</sup>M. Shamim, & N. Karim, "Corporate social responsibility: contemporary thought and Islamic perspectives", Thoughts on Economics, 21(1), 2010, pp.45-66.

<sup>424</sup>Qur'an, 5: 80; 2: 279.

<sup>425</sup>M. Shamim, & N. Karim, "Corporate social responsibility: contemporary thought and Islamic perspectives", Thoughts on Economics, 21(1), 2010, pp.45-66.

<sup>426</sup>M. Shamim, & N. Karim, "Corporate social responsibility: contemporary thought and Islamic perspectives", Thoughts on Economics, 21(1), 2010, pp.45-66.

<sup>427</sup>Sunan Ibn Majah Vol. 3, Book 16, Hadith 2443

<sup>428</sup>G. Williams, & J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", Journal of Business Ethics, 91(4), 2010, pp.519-533.

environmental behaviour.<sup>429</sup> there are a number of verses in the Qur'an and the Sunnah which tallied directly with CSR's philanthropic requirements such as solving social problems, having a role in the management of the public affairs, participating in charities and projects that serve the community, and helping to forge a society that cares about more than just profits.<sup>430</sup>

Other researchers have drawn parallels between the principles of Islamic faith and the UN Global Compact's 10 principles of CSR.<sup>431</sup> The principles in the Global Compact relating to human rights equate with the Islamic belief that all people should be treated equally no matter what their gender, religion, nationality, colour or race, due to all of humanity sharing the same ancestors.<sup>432</sup> Islam also contains rules protecting the right to life and security, in that it stresses how precious human life is and decrees that capital punishment for serious crimes must be decided upon only by courts.<sup>433</sup> In terms of the right to personal freedom, Islam encourages the freedom of the individual, decrees that all should have access to justice, that it is permissible to go against superiors when they are deviating from Shari'ah, that all should be free to express themselves and worship as they choose, that the beliefs of others should be respected, and that everyone has a right to privacy.<sup>434</sup> Islam also supports the principles regarding economic, social and cultural freedom by recognising that all people have rights to minimum living standards, decrees obligatory charity giving, encourages charity for all, obliges the state to help those who are in need, and gives provisions for proper care of the dead.<sup>435</sup>

It has been argued that although Islam places a strong emphasis on justice and equality, in the workplace, it does allow some to rank higher than others, although it clearly decrees that there should be no oppression of lower ranks by those higher up. The ways in which employees should be treated are clearly defined, including giving them collective-bargaining rights, specific job definitions, fair salaries, good working conditions, and

---

<sup>429</sup>Qur'an, 2:205

<sup>430</sup>Qur'an, 64:16

<sup>431</sup>G. Williams, & J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", *Journal of Business Ethics*, 91(4), 2010, pp.519-533.

<sup>432</sup>Qur'an, 49:13

<sup>433</sup>G. Williams, & J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", *Journal of Business Ethics*, 91(4), 2010, pp.519-533.

<sup>434</sup>Ibid

<sup>435</sup>Ibid

benefits, which is all in accordance with the third principle for the Global Compact. Slavery, unpaid labour, child labour and discrimination in the workplace is not permitted in Islam, in line with principles four, five and six of the Global Compact. It can be argued that Islam exceeds the Global Compact's requirements by mandating that education should be made freely available<sup>436</sup> divided into obligatory knowledge, that is the understanding of Islam as a religion, and optional knowledge, which all believers should attempt to acquire so that they can be of more benefit to their community; science, economics, professional skills and decision-making skills all fall under this head.<sup>437</sup>

Looking at the Global Compact's principles related to the environment, it can be argued that these are integral to Islam.<sup>438</sup> The vicegerency principle decrees that human beings have a duty to care for the environment and that abusing it will merit punishment. Islam decrees that certain areas should not be developed, including "Hima" areas, reserved for forests and wildlife, and "Haram" areas around watering places which must be preserved to ensure the integrity of the water supply; this is in accord with principle seven. In Islam, the practice of moderation, eschewing waste, sustainable agriculture, and respect for biodiversity are all mandated, which is in accordance with the eighth and ninth principles of the Global Compact.

The tenth principle of the Global Compact relates to corruption; all forms of corruption are outlawed in Islam, as they represent inequality and a lack of justice. The Global Compact emphasises the secular reasons to reject corruption; Islam is similar to other religions in that rejecting corruption becomes an ethical argument. Islam has higher requirements for business transparency than the Global Compact; all transactions must have comprehensible written contracts,<sup>439</sup> and, as with Judaism, the caveat emptor principle is not recognised; all business should be conducted to the highest standards and what those standards are should be clearly declared. This makes Islamic business more transparent than is required by the 10th principle of the Global Compact.<sup>440</sup>

---

<sup>436</sup>Qur'an, 96:6203

<sup>437</sup>G. Williams, & J. Zinkin, *"Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact"*, Journal of Business Ethics, 91(4), 2010, pp.519-533.

<sup>438</sup>Ibid

<sup>439</sup>Qur'an, 2:282

<sup>440</sup>G. Williams, & J. Zinkin, *"Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact"*, Journal of Business Ethics, 91(4), 2010, pp.519-533.

The studies referenced above make considerable progress in moving CSR in the Islamic context away from being a set of purely ethical principles and demonstrate how closely Islamic teachings mirror modern day principles of CSR. It is important to note that Islam not only meets, but exceeds, the standards of Western CSR in several ways. Firstly, it extends further than traditional CSR, e.g., by requiring transparency in business dealings. Secondly, it very clearly sets out what is allowed (Halal), and what is not (Haram). Thirdly, Islam creates a very specific set of regulations (the Sharia) to be followed, and these are supplemented by both community regulation and of course the fact that all unethical behaviour will have to be accounted for on Judgment Day. In Western business, what is and is not acceptable is regulated by the legal system and regulatory bodies, and are subject to change over time. By contrast, business in the Islamic world conforms to holy principles that insist on moral behaviour, equality, fair dealing, and integrity. Thus it can be argued that Islamic CSR is, in fact, superior to more traditional forms of CSR.

Thus far this analysis has examined Islamic teaching, but it must be recognised that, in common with other systems of ethics, there may be differences between the theory and implementation; it has to be acknowledged that many Islamic nations do not appear to adhere to Islamic teachings to its core. An obvious example arises when looking at equality between the sexes; many Islamic countries do not adhere to the United Nations standards regarding equality, nor do they have transparent justice systems and basic human rights are sometimes violated.<sup>441</sup> Additionally, when judged on scales of corruption (e.g., Transparency International), Islamic countries frequently appear amongst the most corrupt. Some studies have shown that the World Values Survey indicates that in Islamic countries hierarchies are stricter, women and minorities are not treated equally, and individual rights are not respected.<sup>442</sup> However, it would be wrong to lay the blame for this directly on Islam, as there are many other societal and political elements in these countries influencing such problems; a number of comparable non-Islamic countries also score badly when measured by such scales.<sup>443</sup>

---

<sup>441</sup>R. Beekun, & J. Badawi, "Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective", *Journal of business ethics*, 60(2), 2005, pp.131-145.

<sup>442</sup>R. Inglehart, "Modernization and post modernization: Cultural, economic, and political change in 43 societies", Princeton University Press, 1997.

<sup>443</sup>G. Williams, & J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", *Journal of Business Ethics*, 91(4), 2010, pp.519-533.

One complex element which should be acknowledged is the fact that Islam focuses on the responsibility of the individual, as demonstrated by the fact that Muslims have a direct relationship with Allah, rather than through priests as in other religions. This leads to a perception of corporations as being nothing more than a legal construct, without responsibility, even though the individuals working for the corporation have their own responsibilities. It should also be noted that many traits displayed by Muslims in business are not particularly derived from Islam, but from the cultures of the Middle East, Asia and Africa.<sup>444</sup>

### **3.5 The Context of CSR in Saudi Arabia**

Despite having an excellent global position and much potential, Saudi Arabia has a number of problems that need to be resolved in the fields of economics, demographics, and politics. These include the fact that the economy is dependent upon oil, the unemployment rate is rising, and the socio-political systems are seen as neither transparent nor fair. Corruption needs to be addressed, as do economic issues and some societal issues. In order to try and ameliorate some of these problems, CSR has recently been heavily promoted in Saudi Arabia and the other GCC countries. The Saudi Arabian government and many Saudi Arabian institutions wish to find solutions to the country's economic problems and retain its position at the top table of world nations economically.<sup>445</sup> In fact, an “ambitious nation

---

<sup>444</sup>T. Ramadan, *Western Muslims and the future of Islam*, Oxford University Press, 2003.

<sup>445</sup>O. Gravem, *Corporate Social Responsibility in Saudi Arabia*, (Master's thesis), 2010.



that is responsibly enabled” is one of the main themes of the prominent 2030 vision of the Kingdom of Saudi Arabia. It is stated in the vision that:<sup>446</sup>

*‘By 2020, more than one third of our non-profit organisations’ projects should have measurable and deep social impact. The recently published regulations on non-profit organisations and on the General Authority for Endowments will help the non-profit sector become more institutionalised, formalised and more efficient. We will accelerate this shift further by supporting projects and programs with high social impact and by facilitating the establishment of non-profit organisations by high net worth families, which will promote rapid growth of the non-profit sector. We will support this growth by creating a supportive and cooperate environment in which the sector’s institutions and government agencies can collaborate. At the same time, we will encourage the non-profit sector to apply proper governance standards, facilitate high quality training to staff and promote a culture of volunteering and full-time careers in the sector. Among our goals by 2030 is to: increase household savings from 6% to 10% of total household income, raise the non-profit sector’s contribution to GDP from less than 1% to 5%, and rally one million volunteers per year (compared to 11,000 now)’*

The government of Saudi Arabia has been exhorting corporations to adopt CSR to serve the wider society; corporations are now starting to take notice of the concept, encouraged by both government and private sector CSR organisations, policies and rewards. Such initiatives generally involve advocacy for change in both philosophy and practice for all sectors of Saudi Arabia.<sup>447</sup>

Below brief descriptions are given of the origins and purpose of the most important organisations and policies in Saudi Arabia, which include the Saudi Arabian General Investment Authority (SAGIA), the King Khalid Foundation (KFF), the Saudi Arabian Responsible Competitive Index, the King Faisal Foundation, and the Saudi National Vision 2030 Training Session.

<sup>446</sup>Saudi Vision 2030, <http://vision2030.gov.sa/en/node/12>

<sup>447</sup>T. Alsaif, "An Investigation into the Relationship and Integration between Strategic Quality Management and Corporate Social", PhD diss., University of Portsmouth, 2015.

### 3.5.1 Saudi Arabian General Investment Authority

Established in the year 2000, SAGIA was tasked with making Saudi Arabia into one of the ten most competitive economies in the world.<sup>448</sup> The organisation is intended to encourage foreign investment in Saudi Arabia in order to grow the economy, and to encourage foreign investors to see Saudi Arabia as a major gateway between the East and West. The Saudi Arabian government view CSR as being closely linked to competitiveness; SAGIA shares this view, feeling that the human and social capital of Saudi Arabia can be enhanced by encouraging corporations to adopt CSR. There are several initiatives supported by SAGIA that aim to lay the groundwork for CSR to become common practice in Saudi Arabia. It is intended that this should be achieved by fostering a "pro-business environment, a knowledge-based society and developing new world-class 'economic cities.'" SAGIA has been given the task of making sure that Saudi Arabia reaches its "ten-by-ten" target by focusing on the six core roles it has been given to promote Saudi Arabia's economy and encourage investment; these include services for investors, marketing and promotion, development and the regions, stimulating start-ups, focusing on particular sectors, and energy.<sup>449</sup>

### 3.5.2 King Khalid Foundation

This foundation is a charity located in Riyadh; its web-page declares that it aims to uphold the "noble objectives, principles and values" of the late King Khalid when he served the Saudi Arabian people.<sup>450</sup> It aims to do this by creating partnerships to offer innovative strategies to solve the most important societal and economic challenges which Saudi Arabia faces. It aims to bolster the country's non-profit sector by sharing knowledge, to fund community development initiatives and improve them, and to offer the poorest and most disadvantaged communities in Saudi Arabia ongoing support through the funding of emergency assistance works.<sup>451</sup>

---

<sup>448</sup>Saudi Arabian General Investment Authority, <https://www.sagia.gov.sa/en/Pages/default.aspx>

<sup>449</sup>Saudi Arabian General Investment Authority, <https://www.sagia.gov.sa/en/Pages/default.aspx>

<sup>450</sup>King Khalid Award, <http://kka.kkf.org.sa/ar/pages/default.aspx>

<sup>451</sup>King Khalid Award, <http://kka.kkf.org.sa/ar/pages/default.aspx>

Societal development is an important focus for the KKF. In the United Nations, Human Development Index Saudi Arabia is rated highly (38 of 182 countries).<sup>452</sup> However, it is not high up in the ranking for Gender Empowerment, 38 of 188.<sup>453</sup> In an internal report referencing the need for a national plan for societal development in the Kingdom, the KKF focuses on the contribution to this aim which can be made by the private sector. The KKF suggests that private corporations can make a significant contribution in this area, as developments can feed directly into the workplace, and senior private sector figures have significant networks and considerable influence both locally and internationally.<sup>454</sup>

The report referenced above sets out certain targets that are of importance for societal development in Saudi Arabia. Two of them are entirely related to the private sector, while one covers other sectors of the Kingdom as well. The first two targets relate to the creation of a diverse economy by encouraging industry and business expansion, while the third relates to a target to swiftly expand the nation's human resources.<sup>455</sup> The KKF aim to persuade the most influential leaders in Saudi Arabia (Royal family, ministers, and religious leaders) to become more amenable to "strategic philanthropy," which is, effectively, CSR.<sup>456</sup>

### 3.5.3 Saudi Arabian Responsible Competitiveness Index (SARCI)

This index is overseen by one international organisation, AccountAbility, and two national ones, KFF and SAGIA. The aim of the index is to help companies to control their impact on society and the environment, to innovate, to aim for sustainable development, and to nurture local talent.<sup>457</sup> SARCI encourages Responsible Competitiveness, which it defines as "the strategic application of corporate responsibility. It enables businesses to find new sources of value creation, improving reputation, managing risks, increasing revenue, enhancing productivity and unlocking both product and process innovation".<sup>458</sup> This framework was created in order to assist Saudi Arabia in achieving its economic and

<sup>452</sup>Human Development Index, 2015. <http://hdr.undp.org/en/indicators/137506#>

<sup>453</sup>Ibid

<sup>454</sup>O. Gravem, "Corporate Social Responsibility in Saudi Arabia", (Master's thesis), 2010.

<sup>455</sup>Ibid

<sup>456</sup>Ibid

<sup>457</sup>A. Khan, et al., "Exploring corporate social responsibility in Saudi Arabia: The challenges ahead", Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65.

<sup>458</sup>Ibid

societal development targets and to diversify the national economy and deal with localisation.<sup>459</sup> It is based on several key sectors for responsible competitiveness; these include the construction of a national competitiveness workforce, providing innovative social development solutions, giving more power to local businesses, maintaining high-quality standards, and managing the environment responsibly.

Participation in the index is voluntary; in its first year forty companies signed up, but in 2010 there were twice as many companies on the index, demonstrating that it had become more widely known and that there was significant interest in it.<sup>460</sup>

### 3.5.4 King Khalid Award for Responsible Competitiveness

The same trio of organisations mentioned above are responsible for administering this award, which is annually given to the three best companies on SARCI. The winners are corporations who have demonstrated the best efforts towards sustainable development in the Kingdom in terms of society, economics and the environment.<sup>461</sup> This initiative aims to assist companies and policymakers in improving national regulation, creating sustainable supply chains, delivering innovative services and products, promoting responsible communication and improving governance.

This award was first given in 2008. The involvement of SAGIA is a result of national initiatives to involve the private sector in making Saudi Arabia more competitive. The aim is that this should be achieved by developing human and social capital and taking an innovative approach to the environment, communicating effectively, and supporting SARCI. The target of the initiative is to "build social and environmental innovation into the core of competitiveness strategies, identifying the opportunities and building strategies to drive national competitiveness".<sup>462</sup>

The award has been won in the past by the National Commercial Bank, the Zamil Group, the al-Fanar Company, the National Petrochemical Industrial Company, and Marafiq. They were given the award for efforts which included incorporating CSR within their corporate

---

<sup>459</sup>Saudi Arabia Responsible Competitiveness Index, SARCI report, 2009, [https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other\\_9\\_SARCI\\_january\\_09.pdf](https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other_9_SARCI_january_09.pdf)

<sup>460</sup>Ibid

<sup>461</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

<sup>462</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

policies, delivering a world-class sustainability report, and for developing effective education programs for staff and suppliers, assisting both individuals and other corporations in the Kingdom.<sup>463</sup> Other initiatives deemed worthy of the award have included the creation of strong systems of environmental management, enhancing health and safety for employees, fighting counterfeiting, having a focus on consumer satisfaction, employing more women, efficient use of resources, sourcing materials locally, assisting in the development of human and social capital, initiating road safety programs, advocating the conservation of water resources and raising public awareness of energy efficiency.<sup>464</sup>

### 3.5.5 King Faisal Foundation

The homepage of the King Faisal Foundation (KFF) states that the aim of this Foundation is to fulfill King Faisal's "vision of making the world a better place".<sup>465</sup> One of its key aims is to assist the people of Saudi Arabia in self-improvement. Private corporations are one of the key players in this area. Working with Alfaisal University, the foundation engages in research to help the citizens and Saudi Arabian society in general to develop. The foundation has a focus on persuading both companies and individuals to put money into various forms of education so that the Kingdom can enhance its human capital in the same way that charity enhances the value of religion.<sup>466</sup>

Another element of the CSR focus for KFF is to create a model for corporations to use for CSR implementation. The foundation believes that many wealthy people in Saudi Arabia would like to assist good causes financially, but have been hampered by the lack of information as to the most effective way to do this. The management model under development by KFF for companies to use intends to address this.

### 3.5.6 Saudi National Vision 2030 training session

As per above, one of the central themes of the Saudi Arabian government's 2030 vision is to "responsibly enable" the Kingdom. The government entered into a partnership with the Enable More Good Group; this group was established in 2004 in the Netherlands and has

---

<sup>463</sup>Ibid

<sup>464</sup>Ibid

<sup>465</sup>King Faisal Foundation. <http://www.kff.com>

<sup>466</sup>Ibid

approved and registered vendor status with the United Nations Global Marketplace. The group specialises in CSR strategies and Sustainable Development; it has won many awards for its work and has advised governments, corporations and non-profit organisations in many nations on CSR. The training session that this group offered was intended for those in leadership roles in every sector, particularly those responsible for CSR, and focused on bringing CSR and sustainable development into the mainstream for all Saudi Arabian organisations. The training aimed to give these senior figures an appreciation of the core issues for CSR, to allow them to share their experience of sustainable development and CSR, and to be shown exemplary models of CSR delivery. The training session focused on understanding CSR principles, reviewing the National Vision, mapping CSR overlaps and deliverables, aligning CSR with the National Vision, looking at how CSR related to the National Vision had been successfully implemented, looking at examples of best practice globally, and learning how to assess the true value of a CSR program.<sup>467</sup>

### **3.6 CSR Practice in Saudi Arabia: Review of the Available Literature**

As has been shown in section 3.4 of this chapter, Islam recognises responsible business and Shari'ah as a regulatory parameter provides clear guidelines regarding fair and equitable business practices. Hence, as Saudi Arabia is an Islamic country following the rulings of Shari'ah, one would assume that Islamic values and practices are highly regarded

---

<sup>467</sup>EMG WORLDWIDE, 2016. <http://www.emg-csr.com/national-vision-2030-training/>; Saudi National Vision 2030, <http://www.emg-csr.com/national-vision-2030-training/>

in all spheres of life including work-life and businesses which in turn would reflect on the CSR practices of the corporate world. However, the awareness of CSR in its modern and recent adoption is still new in Saudi Arabia. Currently there is an increasing interest in this area from the government, society, and public and private organisations as has been shown by the initiation of local CSR frameworks and awards. When it comes to the practical application of CSR in the country, the literature review revealed a few studies which highlight how the concept is understood and practiced by Saudi organisations.<sup>468</sup> Still, advanced research is lacking in the area especially within the banking sector.

The literature review revealed that the majority of the studies were quantitative in nature,<sup>469</sup> of which only a few reported on the sources of the questions used and the psychometric properties of the questionnaires (validity and reliability of the questionnaires). The sample sizes reported in the quantitative studies varied and ranged from 47 to 470 participants and the samples were generally predominantly male which may be a reflection of the male dominated culture within Saudi Arabia.<sup>470</sup> The literature review revealed a few studies that

<sup>468</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp.40-53.

<sup>469</sup>M. Altwaijri, "Social Responsibility in the Saudi private sector: Explorative survey", Arab Management Journal, 12(4), 1988, pp. 20-34; A. Al-Razeen, & Y. Karbhari, "Interaction between compulsory and voluntary disclosure in Saudi Arabian corporate annual reports", Managerial Auditing Journal, 19(3), 2004, pp.351-360; K. Barqawi, "Perceptions of university students about CSR: a survey study of the perceptions of male and female students of Umm Al Qura University in Mecca", The annual meeting of the centres of ahyaa in Mecca, Mecca: Saudi Arabia, 2008, pp. 11-12; Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18; S. Hidayat, & S. Alhur, "Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks", In 8th International Conference on Islamic Economics and Finance Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation, Doha, Qatar. Retrieved September, (23), 2011, pp. 2012; S. Mandurah, et al., "Corporate social responsibility among Saudi Arabian firms: An empirical investigation", Journal of Applied Business Research, 28(5), 2012, pp.1049; A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp.40-53; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; A. Khurshid, et al., "Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students", International Journal of Arts & Sciences (IJAS) Conference for Academic Disciplines, Harvard University, USA, 2013, pp. 1-23; C. Robertson, et al., "A cross-national analysis of corporate citizenship: Saudi Arabia vs. the United States", Journal of Managerial Issues, 2013, pp.284-298; N. Nalband, & M. Al-Amri, "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", Competitiveness Review: An International Business Journal, 23(3), 2013, pp.284-295; M. Azim, et al., "CSR, Employee Job Attitude and Behaviour: Saudi Bank Experience", Transylvanian Review of Administrative Sciences, 10(43), 2014, pp. 25-47; N. Al Sabban, et al., "Exploring corporate social responsibility policies in family owned businesses of Saudi Arabia", International Journal of Research Studies in Management, 3(2), 2014.

<sup>470</sup>N. Nalband, & M. Al-Amri, "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", Competitiveness Review: An International Business Journal, 23(3), 2013.

were qualitative in nature<sup>471</sup> and five studies were located that used secondary data in their studies.<sup>472</sup>

Furthermore, the vast majority of the above studies were conducted at the organisational level with only a limited number of studies that explored CSR from the perspectives of different stakeholders such as employees,<sup>473</sup> government representatives,<sup>474</sup> customers<sup>475</sup> and members of the community.<sup>476</sup> To our knowledge, there are no studies that have explored the area using the perceptions of Islamic scholars or advisors. Furthermore, the employees included in the studies were not specialised in the area of CSR and hence may not have adequate knowledge in the area.

Saudi Arabia currently ranks 30th of 137 countries on the Global Competitive Report.<sup>477</sup> In November 2008, SAGIA, working with the Harvard Kennedy School Corporate Social Responsibility Initiative (CSRI) and the King Khalid Foundation initiated a leadership discussion between senior academics, local Chambers of Commerce, international NGOs, the Saudi Arabian government and Saudi Arabian foundations in Riyadh. This discussion revealed that many parties were unaware of how to implement and practice CSR, and how to sustain it. It was suggested that this was due to the fact that CSR was not institutionalised

<sup>471</sup>Saudi Arabian General Investment Authority, "CSR in Saudi AND Globally: Key challenges, opportunities and best practices", Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp. 325-346; J. Boone, et al., "Creating sustainable value in the Kingdom of Saudi Arabia; Improving Corporate Social Responsibility effectiveness in food chains", LEI Wageningen UR, 2009; O. Gravem, "Corporate Social Responsibility in Saudi Arabia", (Master's thesis), 2010.; R. Shehadi, et al., "The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East", International Journal of Business and Management, 11(1), 2013, pp. 54; S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD. diss, RSM, Erasmus University, 2013; N. Al Sabban, et al., "Exploring corporate social responsibility policies in family owned businesses of Saudi Arabia", International Journal of Research Studies in Management, 3(2), 2014; H. Elasrag, "Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia", 2014.

<sup>472</sup>T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp. 325-346; U. Zubairu, et al., "Social reporting practices of Islamic banks in Saudi Arabia", International Journal of Business and Social Science, 2(23), 2011; S. Khan, et al., "Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead", Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78; A. Alzalabani, et al., "Theoretical Perspective of Social Entrepreneurship: A Study of Determinants of Social Entrepreneurship in the Context of Saudi Arabia", Journal of Modern Accounting and Auditing, 9(4), 2013, pp.571; R. Alsahlawi, "CSR Disclosure of the Banking Sector in Saudi Arabia", Accountancy Business and the Public Interest, 2016.

<sup>473</sup>N. Nalband, & M. Al-Amri, "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", Competitiveness Review: An International Business Journal, 23(3), 2013

<sup>474</sup>O. Gravem, "Corporate Social Responsibility in Saudi Arabia", (Master's thesis), 2010.

<sup>475</sup>Y. Alfakhri, "Youth consumers' perceptions of corporate social responsibility: an Islamic perspective", PhD diss., University of Hull, 2014.

<sup>476</sup>A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>477</sup>The Global Competitiveness Report, World Economic Forum, 2017–2018, <http://alianciapas.sk/wp-content/uploads/2017/09/TheGlobalCompetitivenessReport2017–2018.pdf>



in Saudi Arabia, i.e., it was not integral to either corporations or the business community as a whole. It was noted that the number of CSR organisations was small, as were the number of CSR consultants, initiatives for business leadership, etc. The education system was not teaching skills that were required for CSR implementation, and not enough CSR resources were being provided in Arabic.<sup>478</sup> However, it was noted that the mechanisms whereby CSR can be promoted in the Kingdom: there is already a healthy tradition of giving via zakat, the business community is starting to develop an interest in CSR, the Chambers of Commerce are establishing CSR committees, and the government are giving more support to making Saudi Arabia more economically competitive, and are therefore beginning to examine the ways in which CSR can increase competitiveness, both for corporations and the nation.

An empirical study that was undertaken in order to examine the knowledge of practical CSR in the private sector revealed that many organisations do not fully understand their societal responsibilities; the majority of CSR programs were focused on increasing local representation in the workforce.<sup>479</sup> Another study confirmed this through a survey of the managers of 78 Saudi Arabian organisations: the survey demonstrated that managers knew about CSR and were generally positive about it, but the ways in which CSR was perceived differed between employees and high-level management. The research suggested that it is still early days for CSR in Saudi Arabia, which reflects the fact that the nation's private sector is still in its infancy. It was concluded that in Saudi Arabia CSR follows the classical model and is generally viewed as being akin to philanthropy; there is little understanding of the ways in which CSR can help corporations to achieve their long-term goals.<sup>480</sup> This agrees with the Tamkeen findings that Saudi Arabia is still very much focused on charitable giving.<sup>481</sup>

In addition, according to an interview with the Chief Operating Officer of the King Faisal Foundation, there seem to be differing views of how CSR relates to traditional

---

<sup>478</sup>Saudi Arabian General Investment Authority, "CSR in Saudi And Globally: Key challenges, opportunities and best practices", Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34.

<sup>479</sup>A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013

<sup>480</sup>S. Mandurah, et al., "Corporate social responsibility among Saudi Arabian firms: An empirical investigation", Journal of Applied Business Research, 28(5), 2012, pp.1049.

<sup>481</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18.

philanthropy, depending on whether a company is smaller or internationally exposed.<sup>482</sup> Smaller companies view CSR and philanthropy as equivalent, which internationally exposed companies do not. In smaller companies, CSR tends to be seen as a matter for individuals, for example, a manager or shareholders; there appears to be a lack of appreciation of the concept of companies being integral to society and so being contributors to it, believing that human values are even more important than religious ones.

The awareness of customers rather than organisations managers was explored in a different study where 100 Saudi bank depositors were asked to complete a questionnaire in order to determine the level of their awareness with regard to the policies and conduct of the banks on the pursuit of their corporate social responsibilities. The results revealed that public awareness varied significantly between participants of different ages and educational attainment. The youngest generation was found to be more aware than the older generations and respondents with diploma degree were found to be more aware about CSR than the respondents with bachelor degree.<sup>483</sup> However, the study suffers from a number of limitations such as the absence of a sample size calculation, inclusion and exclusion criteria, whether the participants were selected at random or not, male to female ratio, in addition to the fact that although participants were selected from 11 banks, 75% of the respondents were from four banks only all of which may have affected the representativeness of the sample and the validity and reliability of the results.

Other studies have explored this area from the perspectives of University students as they are considered the main source of reliable service in the community especially with regards to CSR programs that contribute to the development of society. One hundred students were included in the survey and the results revealed that 77% of the participants acquired knowledge about CSR and only 31% indicated that this was acquired through the university.<sup>484</sup>

---

<sup>482</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

<sup>483</sup>S. Hidayat, & S. Alhur, *"Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks"*, In 8th International Conference on Islamic Economics and Finance Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation, Doha, Qatar. Retrieved September, (23), 2011, pp. 2012.

<sup>484</sup>K. Barqawi, *"Perceptions of university students about CSR: a survey study of the perceptions of male and female students of Umm Al Qura University in Mecca"*, The annual meeting of the centres of ahyaa in Mecca, Mecca: Saudi Arabia, 2008, pp. 11-12.

Similarly, another study was conducted that focused on exploring the awareness of 278 MBA students with regards to CSR, it was found that students were moderately aware of CSR and that significant differences in the level of awareness were found based on gender, length of experience, and job level of the respondents. It was concluded from the research that CSR awareness programs should be given higher priority by Saudi corporations in order to enhance the level of awareness in this regard focusing on increasing understanding amongst all the employees in the organisation, irrespective of their gender or position. Corporate strategic plans should be incorporating such activities, and the required amount of resources should be devoted towards such causes.<sup>485</sup> Still, one particular limitation of the study was that it was confined to MBA students of only one university. Therefore, generalisation of the study towards a wider audience tends to be much more challenging and debatable. The research would have been more representative had it included other managers and executives working in the corporate world, including both females and males working in different capacities. However, the majority of empirical studies on awareness provide further validation to the deductions of the Saudi Arabian General Investment Authority which suggests that CSR awareness in the country is still lacking.<sup>486</sup> This general lack of awareness of the CSR concept consequently resulted in a lack of standardised CSR mechanisms adopted by organisations in the practice of CSR and poor engagement in CSR activities which was evident in the literature.<sup>487</sup>

In contrast to the previous studies, some researchers have reported that the concept is increasingly gaining prominence amongst various private organisations and public organisations where they are now beginning to understand the advantages of being involved in responsible business activities not confined to charity. The importance and significance of CSR activities is increasingly being appreciated by organisations in the country even though the country's culture attributes such activities towards its religious

---

<sup>485</sup>A. Khurshid, et al., *"Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students"*, International Journal of Arts & Sciences (IJAS) Conference for Academic Disciplines, Harvard University, USA, 2013, pp. 1-23.

<sup>486</sup>Saudi Arabian General Investment Authority, *"CSR in Saudi AND Globally: Key challenges, opportunities and best practices"*, Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp. 1-34.

<sup>487</sup>M. Altwaijri, *"Social Responsibility in the Saudi private sector: Explorative survey"*, Arab Management Journal, 12(4), 1988, pp.20-34; Riyadh Chamber of Commerce, *"The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility"*, 2009; Tamkeen, *"The Evolution of CSR in Saudi Arabia: The Challenging Landscape"*, 2010, pp.1-18; R. Shehadi, et al., *"The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East"*, International Journal of Business and Management, 11(1), 2013, pp. 54.

and social context. This was reflected in a study that explored the contextual realities that shape the perceptions and practices of CSR in Saudi Arabia from the viewpoints of organisational managers and revealed that the business community was well tuned to the challenges facing the country such as job creation, skill gaps in the labour force, integration of women into the job market and poverty alleviation.<sup>488</sup>

Similarly, in a study that was conducted with an aim to investigate the CSR concept from the perspective of 55 branch managers of the National Commercial Bank (NCB) in Saudi Arabia, managers believed CSR to be an investment having positive effects on the banks' business and that the NCB is exercising its Islamic duties in terms of benevolence towards the underprivileged in society. It was also found that while the NCB's involvement in CSR activities enhanced its reputation, it is not a charity organisation and achieving profits is the primary function of the business. They believed that while the media is providing support for the NCB's CSR activities, little support is provided by the government. Employee specific results were also reported in this study where the managers believed that the awareness of the NCB's CSR activities among its new employees is generally low and greater efforts are required to increase their awareness and understanding of the importance of the concept for them to be able to play a bigger role in the bank's CSR implementation. Finally, the majority of the participants believed that banks' CSR practice has a positive effect on employee loyalty and greater efforts are needed to involve all its employees in its CSR activities.<sup>489</sup> A limitation of the study is the fact it included managers from one bank only, with a clear need to increase the sample size of such studies in addition to including a range of stakeholders from a range of banks to ensure that generalised conclusions can be drawn.

With regards to the realities and actual implementation of CSR by organisations in Saudi Arabia, very few studies exist that have explored this area particularly in a banking context and from a stakeholder perspective. One study that was conducted in this regard explored the major business and socio-cultural elements that have been transforming CSR in the country. This was carried out through interviewing executives from 32 organisations as

---

<sup>488</sup>T. Emtairah, et al., *"Context and corporate social responsibility: the case of Saudi Arabia"*, International Journal of Sustainable Society, 1(4), 2009, pp. 325-346.

<sup>489</sup>N. Azhar, *"The Effect of Corporate Social Responsibility in the National Commercial Bank in Saudi Arabia"*, World Academy of Science, Engineering and Technology, International Journal of Social, Behavioural, Educational, Economic, Business and Industrial Engineering, 10(4), 2016, pp.1322-1327.

well as analysing public information published by the top 100 Saudi organisations in Arab News.<sup>490</sup> The results of analysing public information indicated that Saudi Arabia was at the backend of engaged countries suggesting that the participation level of Saudi companies is rather low of which difficulties faced in accessing Saudi companies as well as poor public reporting may have been contributors to such results. As for the interviews, the results indicated that traditions and religious values affect the manner in which CSR is perceived where their perceptions are strongly influenced by their sense of responsibility stemming from their Islamic faith and as a result their understanding of CSR is skewed to the philanthropic dimension. Even when companies are engaging in other societal and environmental roles, they do not necessarily associate these activities with CSR. Other studies have also reported on the philanthropic nature of CSR practice in the Saudi private sector including Saudi Islamic banks as a consequence of their religious beliefs away from the strategic dimensions of the concept of CSR for sustainable development where most of their CSR contributions are through money, equipment and product donations.<sup>491</sup>

In addition, a questionnaire study that was conducted on 47 Saudi companies via open ended interview questions and reviewing publicly available information to understand the development of CSR in the country, it was found that 62% of the companies rarely take into account the development priorities when developing a framework for social responsibility. The majority of the companies perceive CSR as a cost rather than an investment which may be the most important reason for their limited impact in the community.<sup>492</sup> CSR areas that have not been considered sufficiently in the private sector include auspices of the unemployed and the mentally ill, divorced, as well as providing homes for the poor.<sup>493</sup> Studies have also found that organisations do not contribute in addressing the problems facing the environment in which they operate believing that this

<sup>490</sup>T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp.325-346.

<sup>491</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp.325-346; A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp.40-53; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree, 2013; S. Khan, et al., "Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead", Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78; S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD. diss, RSM, Erasmus University, 2013.

<sup>492</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18.

<sup>493</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009.

activity does not fall within the scope of their responsibilities and that they are within the governments' obligations.<sup>494</sup> Moreover, a quantitative study that was conducted to explore CSR in the MENA region via publicly available information, and interviews with corporate managers, it was found that although the majority of the participants agreed that CSR would benefit their company and that CSR is the responsibility of every company, only 34% of respondents had CSR guidelines, just 10% communicated CSR goals to employees, and only 3% had appointed a CSR officer.<sup>495</sup> The results also revealed that 25% of companies perform philanthropic activities, 36% have started energy conservation programs while none of the companies invested in welfare programs. However, a major limitation of this study is the fact that the questionnaire used was not psychometrically tested for validity and reliability and hence the results of the study should be interpreted with caution.

Furthermore, Transparency International in its 2016 Corruption Perception Index ranks Saudi Arabia at 62<sup>nd</sup> (out of 176 countries). It appears that Saudi Arabia needs to improve its image in this regard.<sup>496</sup> The other important issue is the treatment of labour force by the local companies where some are often found highly insensitive to the employees' health and safety issues, not paying them decent wages, and violation of the basic human rights and complete disregard of the labour standard.<sup>497</sup>

A study raises some interesting questions regarding adopting CSR in Saudi Arabia in context with international standards.<sup>498</sup> As most of the companies see their social responsibility firstly limited to the local community they are operating and secondly to the national level. Major differences were found in the core values between international and Saudi standards of CSR. Human rights, labour rights, environment and corruption are

<sup>494</sup>S. Baghalab, *"Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia"*, PhD. diss, RSM, Erasmus University, 2013; H. Elasrag, *"Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia"*, 2014.

<sup>495</sup>R. Shehadi, et al., *"The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East"*, International Journal of Business and Management, 11(1), 2013, pp.54.

<sup>496</sup>Transparency International, Corruption Perceptions Index, 2016.[https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)

<sup>497</sup>B. Azhar, *"CSR in Saudi Arabia: the good, the bad and the ugly"*, 2012. <http://www.wamda.com/2012/02/csr-in-saudi-arabia-the-good-the-bad-and-the-ugly>

<sup>498</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

important international CSR issues whereas the development of human and social capital is more important issues in a Saudi CSR framework.<sup>499</sup>

In contrast to the previous studies on the current state of CSR practice, other studies found that many Saudi companies are now beginning to see the merits of engaging in responsible business practices not only as a charity. The study found a positive change in CSR in Saudi Arabia and the main sectors where CSR is more active in Saudi Arabia are industrial, banking and retail business.<sup>500</sup> Furthermore, a study that used secondary data from government reports, company reports and other publications, have reported the existence of companies who are proactive in designing their CSR agenda aligned with their strategic goals such as Aramco, SABIC, Savola and NCB.<sup>501</sup> This is more common in multinational corporations as opposed to local businesses.<sup>502</sup> The practice of CSR programs towards workers such as providing health care programs, provision of housing, providing suitable environmental working conditions as well as facilitating transportation was reported.<sup>503</sup>

The SARCI report asserts that Saudi Arabian corporations are starting to become competitive in their efforts to acquire talented locals, so that there are now "companies offering scholarships, sponsoring students and setting up academies of excellence".<sup>504</sup> It was also stated that many smaller enterprises in Saudi Arabia are starting to grow and making the national economy more diverse; healthcare, transportation, and electronics were mentioned as particularly notable sectors.<sup>505</sup> It was also noted that good progress was being made towards the establishment of responsible business practices; many companies had completed their planning phase at implementing policies for the development of social and environmental capital. Companies from many different sectors were now joining SARCI, from the agricultural sector to the financial sector to the petrochemical sector.<sup>506</sup>

---

<sup>499</sup>Ibid

<sup>500</sup>Tamkeen, *"The Evolution of CSR in Saudi Arabia: The Challenging Landscape"*, 2010, pp.1-18.

<sup>501</sup>S. Khan, et al., *"Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead"*, Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78.

<sup>502</sup>C. Robertson, et al., *"A cross-national analysis of corporate citizenship: Saudi Arabia vs. the United States"*, Journal of Managerial Issues, 2013, pp.284-298.

<sup>503</sup>A. Alenazy, *"Social Responsibility of private sector in Saudi Arabia"*, King Saud university, MA Degree ,2013.

<sup>504</sup>Saudi Arabia Responsible Competitiveness Index, SARCI report, 2009, [https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other\\_9\\_SARCI\\_january\\_09.pdf](https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other_9_SARCI_january_09.pdf)

<sup>505</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

<sup>506</sup>Ibid

Within the Saudi banking context, the literature review revealed a limited number of studies that considers the practice of CSR. Annual reports of Saudi domestic banks provided by the Saudi Monetary Agency indicate that CSR programs are being run by these organisations across the country. Some of the most common outflows of CSR activities have been towards healthcare, training, education, creation of employment opportunities, and how society's under-privileged citizens can be assisted.<sup>507</sup> However, most of the studies that were located reported on the poor nature of CSR practiced by these financial institutions. This was demonstrated in a recent study that was conducted to explore the nature and extent of CSR disclosure in eleven Saudi banks over a four year period that were chosen based on the availability of annual reports. The results revealed that although all the banks provided some kind of CSR disclosure, the amount varied between the banks and the level of information in most of the categories was low. Areas that were mostly disclosed were related to the employee data. Dimensions that were the least disclosed included areas of environment, disabled employment and value added statement, while no disclosure was provided in the area of consultation with employees. The results indicate that employees appear to be the most important stakeholders to the banks but at the same time there is no interest in statutory actions with respect to informing employees, consulting employees and encouraging employee participation in addition to increasing employee financial and economic awareness. They did however, report that there was an increase in the amount of information provided in the annual reports suggesting that banks have become more aware of the importance of CSR disclosure.<sup>508</sup>

Similarly, the social reporting practices of four Islamic banks was the focus of a different study. The results revealed that from the ten dimensions that were investigated, the dimension of demonstrating the commitment of banks to debtors was the only one meeting the ideal level of disclosure. The largest incongruence between actual level of disclosures and ideal level of disclosure was under five dimensions: "environment", "zakat, charity and benevolent loans", "products and services", "commitment to community" and "vision and mission statements" demonstrating that Islamic banks have poor disclosure practices. They concluded that although these banks disclosed a reasonable amount of information

---

<sup>507</sup>Saudi Arabian Monetary Agency, "Fifty First Annual Report, Government of Saudi Arabia", 2015, [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf)

<sup>508</sup>R. Alsahlawi, "CSR Disclosure of the Banking Sector in Saudi Arabia", Accountancy Business and the Public Interest, 2016.



on their debtors and their corporate governance practices, they have disclosed very little in areas that would demonstrate their ethical identity and ultimate goal of betterment of society that separates them from their conventional counterparts.<sup>509</sup> However, a limitation of both studies is the fact that they used content analysis in reporting the disclosure of banks which focuses on the quantity of the information disclosed rather than the quality which affects the reliability of the interpretations and inferences derived from the analysis.<sup>510</sup> By using other methodological approaches such as interviews, understanding the organisations' social practice could be enhanced. In addition, these studies do not take into account other ways these companies disclose their CSR practices such as through various forms of media coverage.

Similar results were also found in a qualitative study aiming at exploring the perceptions of four Saudi Islamic banks regarding CSR and the role of the bank's Shari'ah committee in crafting CSR policies. The semi-structured interviews revealed that although the banks have the intention and desire to engage in CSR due to their Islamic values, only one of the banks displayed strategic thinking and structured plans in their practice of the economic, environmental and social dimensions of CSR as opposed to the rest of the banks where they lacked a clear vision and structure to their CSR practice. The researcher concluded that these banks do not follow Islamic CSR, furthermore it was found that the Shari'ah Board doesn't have a direct role in setting CSR policies; in fact their role is limited to set the general rules regarding the spending in social activities or to give opinions and suggestions concluding that only the top management of these banks have the power to create and establish CSR policies.<sup>511</sup>

As for the socio-cultural drivers and motives to practice CSR within Saudi Arabia, one of the first studies documented in the literature in this regard, was carried out long before the concept began to gain attention in Saudi Arabia. In this study around 110 organisations were investigated, and the focus was on highlighting the presence of social responsibility

---

<sup>509</sup>U. Zubairu, et al., "Social reporting practices of Islamic banks in Saudi Arabia", International Journal of Business and Social Science, 2(23), 2011.

<sup>510</sup>U. Zubairu, et al., "Social reporting practices of Islamic banks in Saudi Arabia", International Journal of Business and Social Science, 2(23), 2011; R. Alsahlawi, "CSR Disclosure of the Banking Sector in Saudi Arabia", Business Administration Department, University of Dammam-Saudi Arabia, Accountancy Business and the Public Interest, 2016.

<sup>511</sup>S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD. diss, RSM, Erasmus University, 2013.

in the private sector's administrative structure.<sup>512</sup> The results of the study indicated that such activities by organisations are rather superficial and failed to meet the planned objectives. It also highlighted that for organisations, profit is the primary consideration, as also supported by Friedman's view. The researchers drew the conclusion that economic objectives were comparatively more important for organisations than social objectives.<sup>513</sup> The notion that organisations are focused on economic growth was also reported by other studies who attributed this phenomenon as being a result of exposure to the teachings of Western business schools and the practice of the free market economy which influenced Saudi thinking and business priorities.<sup>514</sup> Similarly, within the Saudi banking context, studies have reported that Saudi banks mainly focus on short-term profits as opposed to long-term profits. For example, banks focus on individual financing gearing away from financing larger projects that requires more time but at the same time benefiting both the bank and the community as their aim is to achieve profits.<sup>515</sup>

In an interview with the Chief Operating Officer of the King Faisal Foundation, it was stated that there were a number of different value layers, which were the human value layer, shared between all human beings, and the religious value layer, which is different for each religion.<sup>516</sup> It was stated that those with religious values try to help the poor, but human values could stop people becoming poor. Religious values had their roots in human values, and so there is a religious influence on supporting human values.<sup>517</sup> It was felt that corporations which had international exposure shared the same values as Western international corporations, but as the majority of Saudi Arabian corporations are not international, the majority have their values more founded in religion than human values. As a consequence, they were likely to prefer giving to religious charities, for example funding a new mosque, rather than supporting human values, for example funding a human rights organisation. Several factors contribute to the reason for this focus. Islam has a charitable tradition; Muslims are aware of it, and are aware of how giving to charity can

---

<sup>512</sup>M. Altwaijri, "Social Responsibility in the Saudi private sector: Explorative survey", Arab Management Journal, 12(4), 1988, pp. 20-34.

<sup>513</sup>A. Khurshid, et al., "Developing an Islamic corporate social responsibility scale", 19th International Business Information Management Conference Proceeding, Barcelona, Spain, 2012, pp.1263-1270.

<sup>514</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp. 40-53.

<sup>515</sup>F. Zehri, & N.M. Mbarek, "Banks' Performance in KSA during Financial Distress: A Comparative Study Islamic and Conventional Banks", Arabian J Bus Manag Review S1:009, 2016.

<sup>516</sup>O. Gravem, "Corporate Social Responsibility in Saudi Arabia", (Master's thesis), 2010.

<sup>517</sup>Ibid

help others and ultimately help themselves. It has the dual function of not only assisting fellow humans but also helping the giver to be looked on favourably in the hereafter. It is also the case that, in general, the giver to religious charities can see the results within a short space of time, for example, once the mosque is built. Giving to human value causes may not show results for a considerable period, for example, investment in education will only become apparent when a cohort of children have passed through the funded institution and begun to make their mark on society.

In contrast, a study that was focused on exploring the CSR activities undertaken by family owned businesses, interviews were conducted with family members of the six most successful family owned businesses in Saudi Arabia.<sup>518</sup> The idea was to understand the various policies guiding such businesses, how they affect business growth, and how they affect the community in which they are operating. As a result of these interviews, it was found that active participation is taken by these businesses towards CSR not only locally but internationally as well where they all agreed that it is a completely different procedure. These activities while helping them contribute to society, they also prove to be a vital marketing instrument. Even though the concept of CSR has been around for a while, a significant amount of development can further be carried out in this regard. As a result, CSR policies are now being developed by a number of organisations alongside integrating them into their strategic objectives. One of the major reasons for such a stance revolves around the enhanced value that businesses enjoy as a result of such initiatives.

In addition, a quantitative study was conducted that investigated the relationship of banks CSR practices and the job satisfaction, engagement and organisational citizenship of 266 employees that had been working in different domestic banks across the country. Approximately 3/4th of the respondents were male, while the remaining were females. Almost all the participants in the study possessed work experience of about 5-10 years. It was garnered from the results that CSR activities carried out by the banks allow employees to feel as if they are part of a socially responsible organisation. Eventually, as a result, positive behaviours are displayed by employees alongside the organisation accomplishing higher job satisfaction, employee engagement, organisational commitment, and increased

---

<sup>518</sup>N. Al Sabban, et al., "Exploring corporate social responsibility policies in family owned businesses of Saudi Arabia", International Journal of Research Studies in Management, 3(2), 2014.

organisational citizenship behaviour. It was concluded by the researcher that all these different aspects are in a manner positively correlated with CSR initiatives. This has important implications for management, as it suggests that an enthusiastic and motivated workforce can be cultivated through investing in such initiatives.<sup>519</sup>

According to the literature, there are many factors that may have contributed to the lack of engagement in CSR practices by Saudi organisations. The literature review revealed that the majority of these factors are related to the organisations themselves such as the lack of structured plans that covers all the dimensions of CSR, lack of strategic thinking,<sup>520</sup> the absence of clear policies managing CSR programs,<sup>521</sup> lack of institutionalisation of CSR within the companies and within the business community,<sup>522</sup> lack of effective tools for evaluating CSR programs,<sup>523</sup> the absence of independent CSR departments, prioritising profits, the and finally, the belief that CSR is the responsibility of the government.<sup>524</sup>

In addition, factors related to deficiencies in the role of the government was also mentioned in the literature such as the near absence of market drivers and incentives for CSR activities,<sup>525</sup> the inability to leverage the tax system to generate financial benefits from social investments,<sup>526</sup> and bureaucratic regulations and procedures set out by the government being a challenge and hindering the practice of CSR by the organisations.<sup>527</sup>

<sup>519</sup>M. Azim, et al., "CSR, Employee Job Attitude and Behaviour: Saudi Bank Experience", *Transylvanian Review of Administrative Sciences*, 10(43), 2014, pp. 25-47.

<sup>520</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD. Diss, RSM, Erasmus University, 2013.

<sup>521</sup>A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; C. Robertson, et al., "A cross-national analysis of corporate citizenship: Saudi Arabia vs. the United States", *Journal of Managerial Issues*, 2013, pp.284-298.

<sup>522</sup>Saudi Arabian General Investment Authority, "CSR in Saudi and Globally: Key challenges, opportunities and best practices", Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013.

<sup>523</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18.

<sup>524</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", *MEP* 19(4), 2012, pp.40-53; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013.

<sup>525</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; H. Elasrag, "Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia", 2014.

<sup>526</sup>T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346.

<sup>527</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013.

Other studies attributed this to the absence of the role of Islamic scholars in creating a clear connection between the principles of CSR and the Islamic principles. As a consequence, organisations were not very keen on applying the Islamic ethics in their business dealings which would have otherwise inherently encouraged them to apply the CSR principles with more efficiency.<sup>528</sup>

Other studies have reported that the lack of uniformity of regulation in Saudi law, corruption, visa requirement, legal system, labour, IP and investment laws and lack of support from the government agencies as the main obstacle in implementing CSR in Saudi Arabia. There are few fiscal incentives available for companies to undertake CSR related initiative and no set framework to coordinate CSR activities at the national level.<sup>529</sup>

Furthermore, some researchers attributed the lack of engagement to educational factors such as the mismatch between the need for CSR practices and the skills taught by local colleges and universities,<sup>530</sup> the lack of integration of CSR materials in educational institutions, business schools, and universities<sup>531</sup> in addition to the absence of CSR resources available in Arabic.<sup>532</sup>

Other factors that have been mentioned in the literature include the medias' deficiency in disseminating a culture of social responsibility as well as their deficiencies in covering the contributions made by companies in Saudi Arabian CSR, leading to the populations' belief that these companies are not achieving there CSR roles.<sup>533</sup> In addition, community members were also found to be responsible due to their lack of awareness of the importance of the concept,<sup>534</sup> and their insufficient efforts in putting sophisticated demands on

<sup>528</sup>S. Baghalab, *"Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia"*, PhD diss., RSM, Erasmus University, 2013.

<sup>529</sup>N. Nourafchan, *"Apartheid, profits, and corporate social responsibility: A case study of multinational corporations in Saudi Arabia"*, Dartmouth LJ, 9, 2011, pp.1.

<sup>530</sup>Saudi Arabian General Investment Authority, *"CSR in Saudi AND Globally: Key challenges, opportunities and best practices"*, Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34.

<sup>531</sup>Khan, et al., *"Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead"*, Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78.

<sup>532</sup>Saudi Arabian General Investment Authority, *"CSR in Saudi AND Globally: Key challenges, opportunities and best practices"*, Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34; Khan, et al., *"Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead"*, Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78.

<sup>533</sup>Tamkeen, *"The Evolution of CSR in Saudi Arabia: The Challenging Landscape"*, 2010, pp.1-18; H. Elasrag, *"Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia"*, 2014.

<sup>534</sup>A. Alenazy, *"Social Responsibility of private sector in Saudi Arabia"*, King Saud university, MA Degree ,2013.

companies to practice CSR in addition to collaborating and contributing to make CSR institutionalised and meaningful in the Saudi context.<sup>535</sup>

### **3.7 Summary**

The Saudi Arabian economy being the largest in the Middle East region renders it as a popular destination for establishing international and local businesses. This is coupled with the government's efforts in diversifying the country's economy and reducing its dependence on oil revenues by supporting the private sector. As a result of the governments' development plan in supporting the private sector in addition to the 2030 vision of the Kingdom, both the government and the private sector have become ever more aware of the centrality and worth of CSR mechanisms. As the Qur'an and Sunnah's instruction largely shapes the Saudi Arabian basic legislation and legal frameworks, any business should be conducted within the Shari'ah framework, which includes specific guidelines, but also general concepts that are applied to new circumstances giving Islamic scholars and representatives considerable power to justify the stance of the country to

---

<sup>535</sup>T. Emtairah, et al., *"Context and corporate social responsibility: the case of Saudi Arabia"*, International Journal of Sustainable Society, 1(4), 2009, pp.325-346; Khan, et al., *"Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead"*, Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65-78.

effectively sanctify policy decisions and hence, are considered powerful stakeholders within the Saudi business world.<sup>536</sup>

The tenets of Islam are the guide for the ethical and virtuous choices and activities of Muslims taken in relation to CSR, with the all-inclusive perspective of social obligation for Muslims providing a significant parallel to various ethical approaches devised in the West. CSR in relation to Islam can be comprehended through the underlying principles that Islam ordains, as well as the principle of God-consciousness that provides the background to Islamic CSR perspectives. It was explained how, mindful of practical considerations and developing circumstances, CSR is seen in an all-encompassing manner from the perspective of Islam, through an in-depth discussion of CSR's tenets and values. Consequently, Islam itself can be considered as innately aligned with CSR tenets. Resultantly, the real principle and philosophy of Islam and the practice of Islamic principles by businesses is not far removed from the ability to incorporate CSR principles.

In addition to the inherent CSR principles accommodated by the Islamic teachings that the government is built upon, the government is striving to change the management philosophy and practices of both the private and public sectors in terms of CSR as reflected in the initiation of governmental and semi-private CSR organisations, frameworks, and awards such as SAGIA, the King Khalid Foundation, the SARCI, the King Faisal Foundation, and the Saudi National Vision 2030 Training Session. However, CSR's implementation is still in its infancy, as evidenced by current research, despite the societal and religious environment of Saudi Arabia being conducive to CSR's implementation. Studies have shown that the CSR concept is not well understood with a lack of strategic frameworks guiding its practice. Although the literature revealed that organisations are increasingly recognising the importance and benefits of engaging in CSR activities many factors have been found to hinder its ideal practice.

It can be concluded from the available literature relating to the practice of CSR by Saudi organisations in general and by Saudi banks in particular, that the practice of CSR is still in its infancy and very few organisations and stakeholders understand the true meaning of CSR as well as their role in enhancing CSR practice. Profit maximisation is the primary

---

<sup>536</sup>Y. Al-Zomany, *"The acceptability of Total Quality Management in the Islamic culture of Yemen"*, PhD diss, University of the West of England at Bristol, 2002, pp.119.

concern of organisations and any CSR activities conducted are mainly relating to the philanthropic dimension and not tied to a strategic framework. However, internationally exposed companies displayed higher awareness of the CSR concept than local companies and more focused on the human values as opposed to religious values. In addition, as there is a growing interest in CSR amongst the private and public sectors, organisations are more aware of the benefits of engaging in CSR activities and the literature revealed that some organisations use CSR as a marketing instruments while other organisations use it to achieve organisational citizenship behaviour.

In terms of current CSR practice in Saudi Arabia, it is at the backend of engaged countries. However, companies that are proactive in designing there CSR agenda and have strategic goals do exist but are more common among multinational corporations. CSR areas that have been covered by Saudi organisations are mostly to develop the human and social capital such as citizen's employment, health care, housing, suitable working conditions, benevolence towards the underprivileged, charity and zakat. CSR areas that have been reported to be deficient and requiring more attention include anticorruption, environment, labour rights (e.g. increasing female work force, job creation, health and safety, decent wages, etc.), and human rights (e.g. supporting the disabled, divorced, mentally ill, and providing housing for the poor). The poor engagement of these organisations with many of the CSR aspects are due to a number of factors relating to the organisations themselves, the government, Islamic representatives, the community, the media, and factors related to education.

Finally, as indicated by the above studies, much more research needs to be carried out in this regard specifically when it comes to Saudi banks. The focus should be on moving towards an approach where banks are important social actors contributing to the country and not just a financial wing. The limited number of studies in a Saudi banking context makes it difficult to draw conclusions on how this can be achieved. The vast majority of the literature located have focused on the perspectives of managers rather than exploring the concept from the perspectives of multiple stakeholders that have a role in shaping the practice of CSR such as CSR employees, the government, and Islamic advisors. Exploring the CSR from the perspective of employees specialised in CSR with varying years of work experience can add depth to the results as they are internal stakeholders with potential knowledge of the ideologies of their respective organisations. In addition, gaining the



perceptions of the government can be considered essential due to the high need of the banking sector in maintaining the support of the government and their views can prove to be useful especially with regards to identifying the governments' political orientation. It is also important to understand the CSR practice from the perspective of Islamic Advisors particularly in a country that is driven by religion and how various religious elements can affect the policy practice. Such deficiencies need to be addressed, to be able to overcome or reduce CSR implementation barriers, in addition to selecting appropriate CSR strategies, and developing the right CSR techniques and tools.

## **Chapter 4 Research Methodology**

### **4.1 Introduction**

The purpose of this research is to explore and map the practice of CSR in Saudi Arabia via multiple Saudi bank stakeholders. To achieve the purpose of the study, a number of decisions regarding the most appropriate research approach is required to be able to address the study objectives and subsequently answer the main research question. The study requires the collection of rich data through exploratory qualitative research methods to be able to understand the area in a comprehensive and deep manner.

This chapter provides a comprehensive research plan explaining every step considered to achieve the study aim and objectives. This includes the research approach adopted and the methodological strategies selected including the rationale behind every selection process.

Also, a brief background of the structure of the Saudi banking sector was provided from which the banks and stakeholders were selected. This will then be followed by the methods that were adopted to conduct the document analysis including the selection process of the documents and the analysis procedure. The methods used to conduct the semi-structured interviews will then be displayed including the selection and recruitment of the research participants and the ethical considerations in relation to the study. This will then be followed by a comprehensive description of the interview process, the questions used to conduct the interviews and the process and steps involved in analysing data collected from the documents and the interviews. Finally, the procedures of research evaluation used in the study to ensure the reliability and validity of the findings of the research will be described.

## 4.2 Research approach

The current thesis will adopt an inductive rather than a deductive research approach which is basically a process of theory building or explanations of a phenomena.<sup>537</sup> In inductive research, the initial step deals with collection and gathering of data. Once data has been collected, it is studied and analysed to describe, to uncover deep meaning, to explain, or to build theory.<sup>538</sup> An inductive research approach seemed to be a better option to carry out this research as to our knowledge no study has yet been conducted that explores the perspectives of multiple stakeholder groups in an effort to map the practice of CSR within Saudi Arabia and in particular in a Saudi banking context. This approach does not limit the themes that might emerge from the data and often results in generating new knowledge. The induction is based on data from real life cases. Inductive approach prevents the

---

<sup>537</sup>K. Hyde, "Recognising deductive processes in qualitative research", *Qualitative market research: An international journal*, 3(2), 2000, pp. 82-90.

<sup>538</sup>M. Saunders, "Research methods for business students", 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 124.

researcher from taking a biased view on the matters, allowing the significant issues to be identified from all types of sources.<sup>539</sup>

One of the basic sources of data collection was the published literature that contained certain details about the purpose of the study which can also be referred to as secondary data.<sup>540</sup> The literature was inductively collected and reviewed eventually developing a broad idea about the area studied. From the literature review that has been demonstrated in Chapter two of the thesis, it was concluded that the majority of the studies that have adopted the stakeholder approach used a limited number of stakeholder categories mainly focusing on managerial perspectives, in addition to focusing on a limited facet of the broad CSR concept and were mainly conducted in developed countries rather than developing countries. These findings led to the realisations that a gap exists in the literature and how stakeholders might perceive a single firm carrying out multiple social responsibility actions at the same time (on the same or different dimensions) was unclear especially in the developing countries. This in turn led to the review of the literature in the Saudi Arabian context (Chapter three). As has been demonstrated, the Saudi Arabian culture and background is different from that of the West where religion forms an essential part of the stakeholders, in addition, the stakeholders that may prove beneficial to achieving the aim of the study are different from the stakeholders of the West such as the Shari'ah board of banks. Furthermore, the literature review revealed a clear lack in studies conducted in the Saudi context adopting a stakeholder approach all of which justified the need for the collection and analysing primary data that adopts an inductive approach to explore the field before attempting to make generalisations.<sup>541</sup>

The first part of the empirical research involved the conduction of a document analysis of the latest CSR information published in the local Saudi Bank's websites and annual disclosure reports. This was mainly due to the limited CSR literature that was available within a Saudi Arabian context. It was considered important to gather more information to be able to draw a clearer picture of the nature of CSR within a Saudi Arabian context and

---

<sup>539</sup>L. Altinay, & A. Paraskevas, "*Planning Research in Hospitality and Tourism*", Elsevier Ltd. Oxford, 2008, pp.170.

<sup>540</sup>Ibid.

<sup>541</sup>M. Saunders, "*Research methods for business students*", 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 85.

especially within the banking sector that will help create a context within which the interviewees reside in the second part of the empirical study.

The second part of the empirical study was in the form of interviews which were semi-structured. The views of various Saudi bank stakeholders were taken into consideration by making them answer a set of open ended questions based on the purpose of the study. This enabled the generation of rich and deep information based on the participants' views that was then used to produce an overall understanding of the dataset using semantic (rather than latent) themes.<sup>542</sup> Patterns of themes or groups of meaning within the data were identified and reported allowing the systematic categorisation of the data into higher-order key themes addressing the overall research question.<sup>543</sup>

### 4.3 Research choices

For the purpose of the study qualitative research methods have been adopted which focuses more on the descriptive aspect.<sup>544</sup> The characteristics of such research includes that it explores the actual lives of people and is conducted within real life conditions and highlights the opinions and perceptions of the participants taking into consideration the background conditions related to the people being studied. In addition, it describes the behaviours of humans in a social context and utilises various sources of information.<sup>545</sup> The focus of the research is on understanding processes, actions and motivations rather than collecting quantified data.<sup>546</sup>

---

<sup>542</sup>V. Braun, & V. Clarke, *"Using thematic analysis in psychology"*, Qualitative Research in Psychology, 3 (2). 2006, pp. 77-101.

<sup>543</sup>Ibid.

<sup>544</sup>A. Bryman, & E. Bell, *"Business Research Methods"*, 3<sup>rd</sup> ed., Oxford university press, 2011.

<sup>545</sup>R. Yin, *"Qualitative research from start to finish"*, New York: Guilford Press, 2010.

<sup>546</sup>L. Goodson, & J. Phillimore, *"Qualitative Research in Tourism: Ontologies, epistemologies and methodologies"* Routledge. London, 2004.

In the current study, the qualitative research method developed a richer and deeper understanding of the area being investigated which was achieved through the inductive analysis of the documents and the subjective data collected from the participants in the study. Qualitative research is particularly useful when the researcher has little prior expectation of the research outcomes e.g. when the study is in an area which has not been examined previously, in this case mapping out the practice of CSR in Saudi Arabia by stakeholders of banks. Researchers have suggested that in order to answer some research questions, it is necessary to obtain an in-depth understanding of the phenomenon being studied as to merely look at the surface does not give a full picture, and that qualitative research is a way of achieving this.<sup>547</sup>

The reasons for selecting qualitative methods in this study are threefold: first, the majority of the CSR literature has focussed on the views and understandings of CSR which are prevalent in countries of the Western world.<sup>548</sup> As the findings of a study reflect the context in which the study was carried out, they cannot always be generalised beyond that context.<sup>549</sup> Second, as has been established from Chapter 3 (CSR in a Saudi Context) studies that have been conducted in the field of CSR is lacking in both quality and quantity focusing mainly on a single stakeholder's perspectives and limited dimensions of the CSR concept, hence, no readily available quantitative measure can be utilised to help in mapping the practice of CSR by these organisations and simultaneously producing generalisable results. Finally, the majority of the studies that have been conducted in a Saudi context were quantitative in nature using either generic measures that were not culturally specific or measures that were not validated and hence resulted in findings that could not be considered as entirely reliable. Therefore, conducting the study using qualitative techniques will enable the exploration of the perspectives of stakeholders that have a direct impact on the practice of CSR by banks resulting in more in depth information and understanding of the underlying facts that will eventually serve the purpose of the study.

---

<sup>547</sup>S. Bigger, "A Handbook for Teacher Research: from design to implementation", Journal of In-service Education, 31(3), 2005, pp.593-608.

<sup>548</sup>O. Weber, & S. Remer, "Social banking: introduction", Social Banks and the Future of Sustainable Finance, 2011, pp.1-14.

<sup>549</sup>G. Morgan, & L. Smircich, "The case for qualitative research", Academy of management review, 5(4), 1980, pp.491-500.

Some researchers do not seem to be in favour of qualitative research and regard it as a method that is not completely transparent complicating its replication, is subjective and not subject to generalisation. However, the idea to make use of qualitative data in exploratory research is highly supported by other researchers.<sup>550</sup> Therefore, in this study, every attempt was made to focus on these disadvantages and attempt to reduce them as much as possible to enhance the reliability and effectiveness of the study which will be described in more detail in section 4.9 of this chapter.

#### 4.4 Research strategies

A case study seemed to be the most appropriate strategy to achieve the purpose of this study and explore areas such as the level of awareness of stakeholders, their views on the current practice of CSR by their banks, and the drivers and barriers to CSR practice, as here the study is seeking to answer questions of "What, How or Why" for a specific situation.<sup>551</sup> The choice of case study approach is also justified when a topic needs to be explained in detail and depth which is the case in the current study.<sup>552</sup>

---

<sup>550</sup>B. Blumberg, et al, "*Business research methods*", McGraw-Hill Higher Education, 2008, pp. 146.

<sup>551</sup>M. Saunders, "*Research methods for business students*", 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 141.

<sup>552</sup>R. Yin, "*Case study research: Design and methods*", California: Sage Publications, Incorporated, 2009, pp. 1-3.

In addition, to comprehend and assess the practice of CSR in Saudi Arabia from the viewpoints of different stakeholders, exploratory research is used.<sup>553</sup> Along with exploration of the data, proper explanation of all that has been discovered through the research process is required. Therefore, it is necessary to properly explain the reasons behind the links and associations that were discovered in the study.<sup>554</sup>

Yin held the view that in case study research, various sources should be used to gather information.<sup>555</sup> Out of the six sources that he highlighted of evidence, literature review, documents and interviews were considered as three of the most applicable and feasible sources of evidence for this research study. However, the documents and interviews turned out to be the best source of evidence since it aided in obtaining in depth information about the main purpose of the study.<sup>556</sup>

The document analysis is a qualitative method that makes use of the available organisational documents such as reports and records.<sup>557</sup> Yin highlighted the usefulness of using documents to complement the field interviews and considered it a rich source of data.<sup>558</sup> The document analysis was conducted on the latest CSR information published in the websites and annual disclosure reports of all the local Saudi banks which was thematically analysed. The process of choosing the documents for the study and the process of analysis is explained in section 4.5.2 of this chapter.

As for the interviews, they were semi-structured in nature as this ensured data collection of the key areas required while at the same time providing certain freedom and flexibility for the collection of rich and deep information by giving the interviewers the chance to respond to the interviewee and develop new themes and issues as they arise.<sup>559</sup> As for the way the interview was conducted, the first priority was given to the face-to-face interviews

<sup>553</sup>R. Suddaby, "From the editors: What grounded theory is not", *Academy of management journal*, 49(4), 2006, pp. 213.

<sup>554</sup>N. Blaikie, "Analyzing quantitative data: From description to explanation", Sage, London, 2003, pp.116.

<sup>555</sup>R. Suddaby, "From the editors: What grounded theory is not", *Academy of management journal*, 49(4), 2006, pp. 140; R. Yin, "Case study research: Design and methods", California: Sage Publications, Incorporated, 2009, pp. 101-102.

<sup>556</sup>A. Bryman, & E. Bell, "Business Research Methods", 3<sup>rd</sup> ed., Oxford university press, 2011.

<sup>557</sup>R. Suddaby, "From the editors: What grounded theory is not", *Academy of management journal*, 49(4), 2006, pp. 152.

<sup>558</sup>R. Yin, "Case study research: Design and methods", California: Sage Publications, Incorporated, 2009, pp. 101-102.

<sup>559</sup>M. Cachia, & L. Millward, "The telephone medium and semi-structured interviews: a complementary fit", *Qualitative Research in Organizations and Management: An International Journal*, 6(3), 2011, pp. 246; A. Bryman, & E. Bell, "Business Research Methods", 3<sup>rd</sup> ed., Oxford university press, 2011.

but in case participants were unwilling or unable to attend an interview for any specific reason, telephone interviews were used alternatively.<sup>560</sup> As compared to face-to-face interviews, telephone interviews fails to provide as much in depth and detailed information as face-to-face interviews, in addition it does not take into account non-verbal aspects of communications.<sup>561</sup> Since every method has various pros and cons attached to it, some researchers have tried to shed light upon the benefits that telephone interviews have over face-to-face interviews. Firstly, participants can be reached more easily and is a flexible way of interviewing. Moreover, it is considered relatively less costly and requires less time as well as considered much more convenient for the interviewees.<sup>562</sup> Due to these advantages, it was taken up as an alternative of face-to-face interviews. However, when conducting these interviews, the disadvantages associated with telephone interviews was taken into consideration and reduced which will be discussed within the limitations of this Chapter.

## 4.5 Data collection

This section will describe the process of banks selection, document collection, sampling, and recruiting the research participants. However, before this is described it is important to provide a brief background of the structure of the Saudi banking sector from which the documents and participants were selected.

### 4.5.1 Saudi Arabia's Banking Systems

This thesis explored the practice of CSR in Saudi Arabia using the banking sector as the proxy. This is due to the fact that the banking sector in the country is one of the most

---

<sup>560</sup>M. Cachia, & L. Millward, "The telephone medium and semi-structured interviews: a complementary fit", *Qualitative Research in Organizations and Management: An International Journal*, 6(3), 2011, pp. 265.

<sup>561</sup>M. Cachia, & L. Millward, "The telephone medium and semi-structured interviews: a complementary fit", *Qualitative Research in Organizations and Management: An International Journal*, 6(3), 2011, pp. 265.

<sup>562</sup>Ibid. pp. 246.



powerful, largest and fastest growing markets in the Middle East<sup>563</sup> and hence the results obtained from this sector will potentially provide a reflection of the CSR practice in Saudi Arabia. Saudi Arabia's financial system consists of the Saudi Arabian Monetary Authority (SAMA, Saudi Arabia's central bank), licensed retail banks, private investment programs, specialised lending institutions, and the stock market. SAMA was established to supervise banks and financial institutions, manage monetary policy, oversee the financial and insurance systems, and to maintain soundness within the banking system. The banking sector has been organised under regulations stemming from a Royal Decree in 1966.<sup>564</sup> Bank licenses are issued by the Council of Ministers upon the recommendation from the Finance Minister and a review by SAMA. The government's stake in commercial banks is less than 10 percent, as adequate monetary flows enable fair price funding.<sup>565</sup>

There are 12 domestic banks licensed in Saudi Arabia: The National Commercial Bank (NCB), the Saudi British Bank (SABB), Saudi Investment Bank, Alinma Bank, Banque Saudi Fransi, Riyadh Bank, SAMBA Financial Group, AL Awwal Bank, Al Rajhi Bank, Arab National Bank, Bank Al Bilad, and Bank Al Jazira.

It has been reported that Islamic banking has become an important aspect of the Saudi banking industry. Saudi Arabia, in terms of pool of funds, is the largest player in the global Islamic finance market. Strong government involvement and increasing demand for Islamic products and a Shari'ah based financial system with the purpose of saving and mobilising Muslim's money have contributed to the growth in the Saudi Islamic banking industry.<sup>566</sup> Islamic banking started to become as a feasible and viable alternative to conventional banking only in the early 1970s.<sup>567</sup> This was after the launch of the First International Conference on Islamic Economics organised by King Abdul Aziz University in Makkah, Saudi Arabia. Thereafter, Islamic banking showed a double digit average annual rate of growth. Its size grew from a few hundred thousand dollars in 1975 to reach

---

<sup>563</sup>M. Azim, et al., "CSR, employee job attitude and behaviour: Saudi bank experience", *Transylvanian Review of Administrative Sciences*, 10(43), 2014, pp.25-47.

<sup>564</sup>International Monetary Fund, Saudi Arabia: Financial System Stability Assessment, including Reports on the Observance of Standards and Codes on the following topics, Monetary and Financial Policy Transparency, Banking Supervision, and Payment Systems, IMF Country Report No. 06/199, 2006.

<sup>565</sup>International Monetary Fund, "Financial System Stability Assessment paper on Saudi Arabia", IMF Country Report No. 17/318, Washington, D.C., 2017.

<sup>566</sup>SAMA, Speech of H.E. the Governor of SAMA at the First Islamic Banking and Finance Research Conference, 2016, <http://www.sama.gov.sa/en-US/News/Pages/News14032016.aspx>

<sup>567</sup>M. Iqbal, & P. Molyneux, "Thirty Years of Islamic Banking: History Performance and Prospects", London: Palgrave Macmillan, 2005, pp.190.

hundreds of billions of dollars by 2005 with 280 Islamic banks in 48 countries.<sup>568</sup> In Saudi Arabia, three Islamic retail banks (Al-Rajhi, Al-Jazira and Al-Bilad) reported at the end of the 2006 that all their operations were conducted in a Shari'ah-compliant manner (full pledge).<sup>569</sup> Seeing the potential growth and excellent performance achieved by these banks as well as the growing interest from non-Muslim customers, conventional banks began to give attention to Islamic finance by opening a small unit or window in each of their banks.<sup>570</sup> Figure 4.1 displays all the target banks in the Saudi banking sector.

As discussed in Chapter three all the local Saudi banks whether Islamic or conventional are required to have a Shari'ah Board (SB) to be accepted by the society. The SB is a control body that must observe and control the banks' products, contracts, applications and transactions. It consists of highly qualified and trustworthy scholars carefully selected with a knowledge in Islamic jurisprudence, law, and finance and they have the ability to issue fatwa (religious rulings) on financial transactions.<sup>571</sup> The SB is a very important governance system that guarantees the banks' compliance with Shari'ah.<sup>572</sup> A search through the individuals' banks websites revealed that the majority of the banks have common members within the SB.

---

<sup>568</sup>M. Iqbal, & P. Molyneux, *"Thirty years of Islamic banking: History, performance and prospects"*, Springer, 2016.

<sup>569</sup>S. Hidayat, & S. Alhur, *"Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks"*, In 8th International Conference on Islamic Economics and Finance Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation, Doha, Qatar. Retrieved September, (23), 2011, pp. 2012.

<sup>570</sup>Ibid

<sup>571</sup>H. Paino, et al., *"Shariah, social responsibilities and corporate governance of the Islamic banks in Malaysia"*, European Journal of Social Sciences, 23 (3), 2011, pp. 382- 391.

<sup>572</sup>M. Besar, et al., *"The practice of Shariah review as undertaken by Islamic banking sector in Malaysia"*, International Review of Business Research Papers, 5(1), 2009, pp. 294-306.

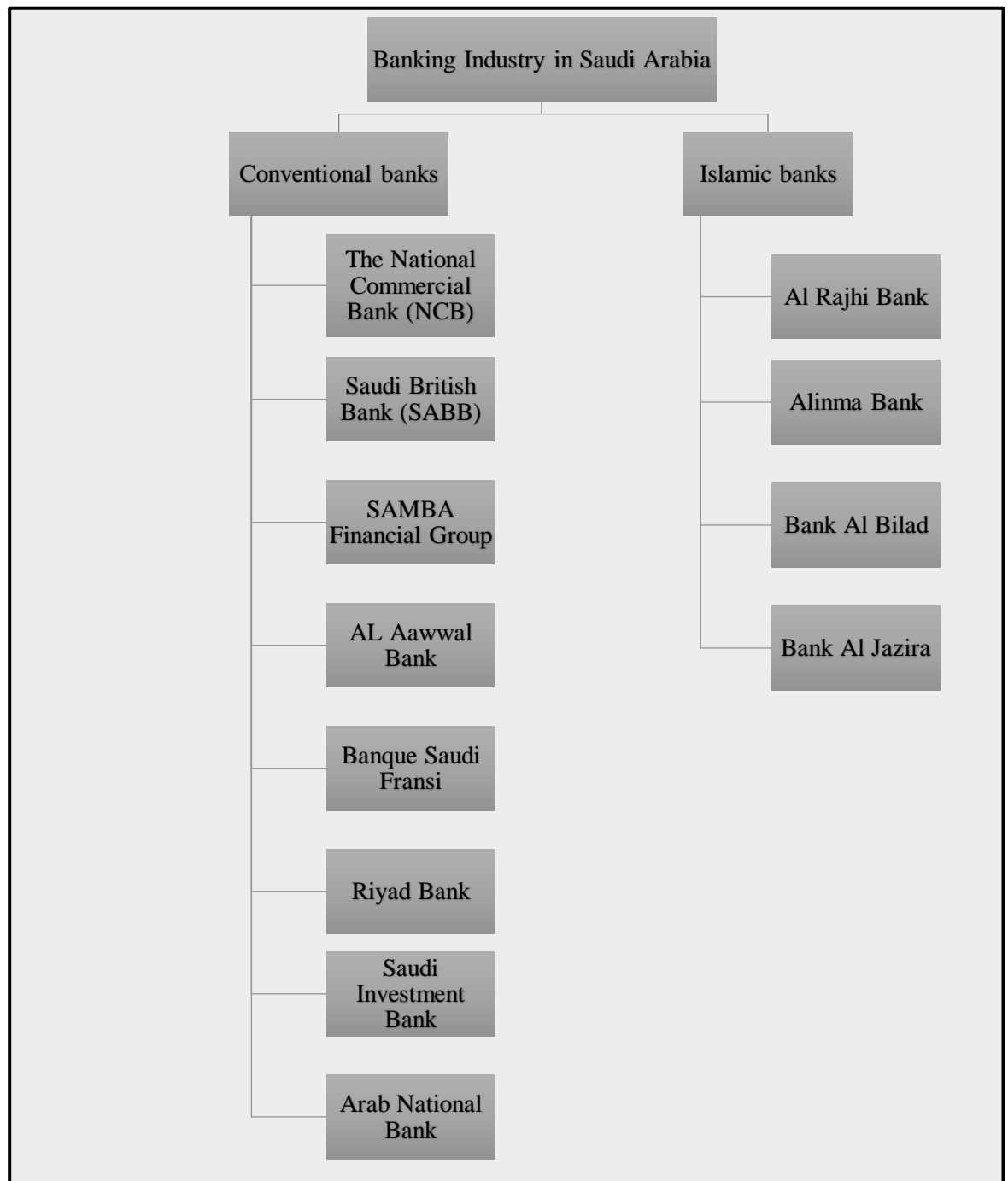


Figure 4-1 All the local Saudi banks falling under the conventional or Islamic banking systems

### 4.5.2 Document Analysis

As has been shown in Chapter three, CSR studies within a Saudi Arabian context are limited and does not draw a complete picture of the nature of CSR within a Saudi Arabian context and especially within the banking sector. Another way of exploring the CSR background of a specific country or business sector is to conduct a document analysis of CSR information that is provided and published by the banks. Document analysis is a systematic procedure for reviewing or evaluating documents both printed and electronic (computer-based and Internet-transmitted) material. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge.<sup>573</sup>

In this study the document analysis was conducted to investigate the current CSR implementation by the Saudi banks as reported in their websites and annual disclosure reports. In addition to the document analysis being a supplementary source of research data, it provided data on the context within which the research participants operate. The data drawn from documents were used to contextualise the data collected during the interviews.<sup>574</sup> Furthermore, the document analysis was used in combination with the semi-structured interviews as a means of triangulation and to seek convergence and corroboration with regards to the current CSR implementation by the Saudi banks.<sup>575</sup>

#### 4.5.2.1 Sample design and Data source

The websites of all the twelve local Saudi Banks (Figure 4-1) were searched for the latest annual CSR disclosure reports. In developed countries, banks have started to focus more on reporting their CSR activities through CSR disclosure reports which can be regarded as a tool that the banking sector employs to increase and legitimise its economic performance and also appears as the application of the basic principles of business ethics.<sup>576</sup> However, in Saudi Arabia like many other developing countries,<sup>577</sup> CSR disclosure reports are not

<sup>573</sup>A. Strauss, & J. Corbin, *"Basics of qualitative research: Grounded theory procedures and techniques"*, Sage Publications, Inc, 1990; T. Rapley, *"Doing conversation, discourse and document analysis"*, Sage, 2008.

<sup>574</sup>G. Bowen, *"Document analysis as a qualitative research method"*, Qualitative research journal, 9(2), 2009, pp.27-40.

<sup>575</sup>N. Denzin, *"The research act: A theoretical introduction to sociological methods"*, Routledge, 2017 PP. 291.

<sup>576</sup>C. Lentner, et al., *"Corporate social responsibility in the banking sector"*, Zeszyty Naukowe ZPSB Firma i Rynek, (1 (51)), 2017, pp.53-64.

<sup>577</sup>R. Alsahlawi, *"CSR Disclosure of the Banking Sector in Saudi Arabia"*, Accountancy Business and the Public Interest, 2016.

always available, in which case the websites were searched for the latest annual financial reports which was checked to make sure it included information on CSR for the analysis. In addition, any information provided on the websites regarding CSR was also reviewed as evidence shows that more and more firms are using alternative ways to inform stakeholders about their commitment to CSR, including company websites.<sup>578</sup> Some organisations name CSR differently, such as responsible care, corporate responsibility, sustainability reports or corporate citizenship. In this case the content and meaning of the concepts were checked to be certain whether it meant the same or not. The search located five CSR disclosure reports<sup>579</sup> and seven annual financial reports containing CSR information.<sup>580</sup> In addition, CSR related information was found published on the webpages of all the twelve Saudi banks' websites. These documents concurrently underwent thematic analysis alongside the analysis of the interviews.

#### 4.5.2.2 Analysis procedure

An interpretative approach to the analysis was adopted where the analysis is more narrative, describing content by capturing the meaning by "disaggregating narrative into

<sup>578</sup>S. Williams, & C. Pei, "Corporate social disclosures by listed companies on their web sites: An international comparison", *The International Journal of Accounting*, 34(3), 1999, pp.389-419.

<sup>579</sup>The National Commercial Bank, <https://www.alahli.com/en-us/about-us/csr/Pages/default.aspx#AhalinaOverview>; <https://www.alahli.com/en-us/about-us/Pages/NCB-Sustainability-Reports.aspx>; The Saudi British Bank, <https://www.sabb.com/en/about-sabb/csr/>; The Saudi Investment Bank, [https://www.saib.com.sa/sites/default/files/SAIB\\_Integrated\\_Report\\_2017\\_0.pdf](https://www.saib.com.sa/sites/default/files/SAIB_Integrated_Report_2017_0.pdf); <https://www.saib.com.sa/en/corporate-social-responsibility>; Bank Al Jazira, <http://www.baj.com.sa/about-us.aspx?page=community-service&id=146>; <https://www.baj.com.sa/pdf/CSR-Book-2017x.pdf>; Alawwal Bank, <https://www.alawwalbank.com/en/about-us/about-us>; <https://www.alawwalbank.com/content/csrpageen.pdf>.

<sup>580</sup>Samba Financial Group, <http://www.csr.samba.com>; <https://www.samba.com/en/about-us/our-group/general-principles-for-financial-consumer-protection.html>; Al Rajhi Bank, <https://www.alrajhibank.com.sa/en/investor-relations/about-us/pages/corporate-social-responsibility.aspx>; [https://www.alrajhibank.com.sa/en/investor-relations/documents/annual\\_report\\_2017\\_en.pdf](https://www.alrajhibank.com.sa/en/investor-relations/documents/annual_report_2017_en.pdf); Arab National Bank, <https://www.anb.com.sa/Default.aspx?tabid=1692&language=en-US>; <https://www.anb.com.sa/Portals/0/ANB%20Annual%20Report%20-%20Part%201.pdf>; Banque Saudi Fransi, <https://www.alfransi.com.sa/english/the-bank/profile>; <https://www.alfransi.com.sa/library/assets/Gallery/Documents/AnnualReports/AnnualReport2017Eng.pdf>; Alinma Bank, [https://www.alinma.com/wps/portal/alinma/Alinma/MenuPages/TheBank/News/NewsItem/alinma%20bank%20approves%20sar%20745%20million%20dividend%2C%20reinforces%20social%20responsibility%20role!/ut/p/z0/fY5BDolwFESv0gNoPiKCLIkLjKSRhIXYjflAxR9K27SExNtLuByJu9NBgS0IDSuNOJCRqMK-SnSF7\\_nybVKDIXUnIuoKMo65XI8jOoMGqnHBuI\\_FFZixy98BGFx-exJvw20qEjPyDrUEONrnVmlZx4dy5ITm0mpcIENtNIg9bBjTm6a6zfI9IQqNN4a7akjRcuXOaMk2Kl8\\_ADd7c3i/](https://www.alinma.com/wps/portal/alinma/Alinma/MenuPages/TheBank/News/NewsItem/alinma%20bank%20approves%20sar%20745%20million%20dividend%2C%20reinforces%20social%20responsibility%20role!/ut/p/z0/fY5BDolwFESv0gNoPiKCLIkLjKSRhIXYjflAxR9K27SExNtLuByJu9NBgS0IDSuNOJCRqMK-SnSF7_nybVKDIXUnIuoKMo65XI8jOoMGqnHBuI_FFZixy98BGFx-exJvw20qEjPyDrUEONrnVmlZx4dy5ITm0mpcIENtNIg9bBjTm6a6zfI9IQqNN4a7akjRcuXOaMk2Kl8_ADd7c3i/); [https://www.alinma.com/wps/wcm/connect/alinma/b1855cba-808a-4eb4-9ebf-25788bd0e194/Alinma+Annual+RE+2017+-low.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18\\_MA161940L0OG50AQAK1OKV30K7-b1855cba-808a-4eb4-9ebf-25788bd0e194-mpdad1j](https://www.alinma.com/wps/wcm/connect/alinma/b1855cba-808a-4eb4-9ebf-25788bd0e194/Alinma+Annual+RE+2017+-low.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18_MA161940L0OG50AQAK1OKV30K7-b1855cba-808a-4eb4-9ebf-25788bd0e194-mpdad1j); Riyad Bank, <https://www.riyadbank.com/en/about-us/corporate-social-responsibility>; [https://www.riyadbank.com/en/Images/Riyad-Bank-Annual-Report-2017-en\\_tcm8-15190.pdf](https://www.riyadbank.com/en/Images/Riyad-Bank-Annual-Report-2017-en_tcm8-15190.pdf); Bank Albilad, <http://www.bankalbilad.com/sites/en/SocialResponsibility/Pages/albiladSocialResponsibility.aspx>; [http://www.bankalbilad.com/sites/en/Documents/Albilad%20Annual%20Report%202016\\_English.pdf](http://www.bankalbilad.com/sites/en/Documents/Albilad%20Annual%20Report%202016_English.pdf).

its constituent parts and then describing the contents of each disaggregated component”.<sup>581</sup> Initially, the documents were skimmed (superficial examination), read (thorough examination), and interpreted. This iterative process combined elements of content analysis and thematic analysis. Content analysis is the process of organising information into categories related to the central questions of the research. In this study, the content analysis was not conducted to quantify mass texts which is typical for this kind of analysis, rather, it entailed a first-pass document review, in which meaningful and relevant passages of text or other data are identified, in other words, pertinent information is identified and separated from that which is not pertinent.<sup>582</sup>

The following step involved a thematic analysis which is a form of pattern recognition within the data with emerging themes becoming the categories for analysis. The process for the thematic analysis of the documents followed the same steps of interview data analysis procedure which is described in detail in section 4.8 of this chapter. However, it is important to note that because the document analysis was supplementary to the information received from the interviews, in some instances predefined codes were used. Some of the codes used in the interview transcripts, for example, were applied to the content of documents.<sup>583</sup>

### 4.5.3 Semi-Structured interviews

#### 4.5.3.1 Identification of Stakeholders within the Saudi Banking Sector

When considering the stakeholder groups that effect or are affected by an organisation, it should be acknowledged that these stakeholders may differ between different industries.<sup>584</sup> According to Freeman and as discussed in section 2.9.4 of this thesis, stakeholders are "any group or individuals who can affect, or are affected by, the achievement of the organisation's objectives".<sup>585</sup> Such groups of stakeholders can be divided into internal stakeholders such as managers, employees, and owners, and external stakeholders such as

---

<sup>581</sup>G. Bowen, "Document analysis as a qualitative research method", *Qualitative research journal*, 9(2), 2009, pp.27-40.

<sup>582</sup>A. Strauss, & J. Corbin, "Basics of qualitative research: Grounded theory procedures and techniques", Sage Publications, Inc, 1990.

<sup>583</sup>G. Bowen, "Document analysis as a qualitative research method", *Qualitative research journal*, 9(2), 2009, pp.27-40.

<sup>584</sup>D. Ince, "Corporate, social and environmental reporting (CSER): an application of stakeholder theory", PhD diss., University of Exeter, 1998.

<sup>585</sup>R. Freeman, "Strategic Management: A Stakeholder Approach", (Pitman, Boston, MA), 1984, pp.46.

shareholders, the government, the clients, suppliers, the environment and the community as a whole.<sup>586</sup> The primary external stakeholder groups of banks operating under the Shari'ah umbrella include customers, depositors, shareholders, the government and the local community. While, the primary internal stakeholders of these banks include Managers, employees, owners in addition to the Shari'ah board.<sup>587</sup> In the current study, three internal stakeholder groups (directors, employees, Shari'ah board) and one external stakeholder group (the government) were chosen for the empirical study which will be further described in the following section.

#### **4.5.3.2 Recruitment**

For the purpose of the study, it was considered suitable to include only the local banks when selecting the participants due to the fact that these banks are compliant to Saudi legislations only and are not affected by other international legislations or policies and hence providing a true reflection of the Saudi CSR practice. Two full pledged Islamic banks and six conventional banks with an Islamic window were included in the empirical study from which the employees, directors and members of the SB were recruited in addition to a government representative from SAMA. It was intended to recruit the targeted stakeholders from all listed Saudi banks. However, despite the efforts made, the access to all the listed banks was not possible, while other banks declined to participate or simply did not reply. Therefore, recruitment was continued until a level of saturation was reached where no new information was arising from the interviews making sure that the full picture of the area being studied was captured. For the purpose of anonymity and respecting the participants' wishes, the names of the banks will not be revealed. As the study is attempting to map the practice of CSR by these banks, it was important that the directors and employees have sufficient knowledge in the field and hence, only directors of CSR departments and employees working within the CSR department of the banks were included in the study.

A series of interviews were conducted with research participants across the following groups (Figure 4.2):

---

<sup>586</sup>M. Polonsky, "A stakeholder theory approach to designing environmental marketing strategy", *Journal of business & industrial marketing*, 10(3), 1995, pp.29-46.

<sup>587</sup>A. Dusuki, "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 2008, pp.132.

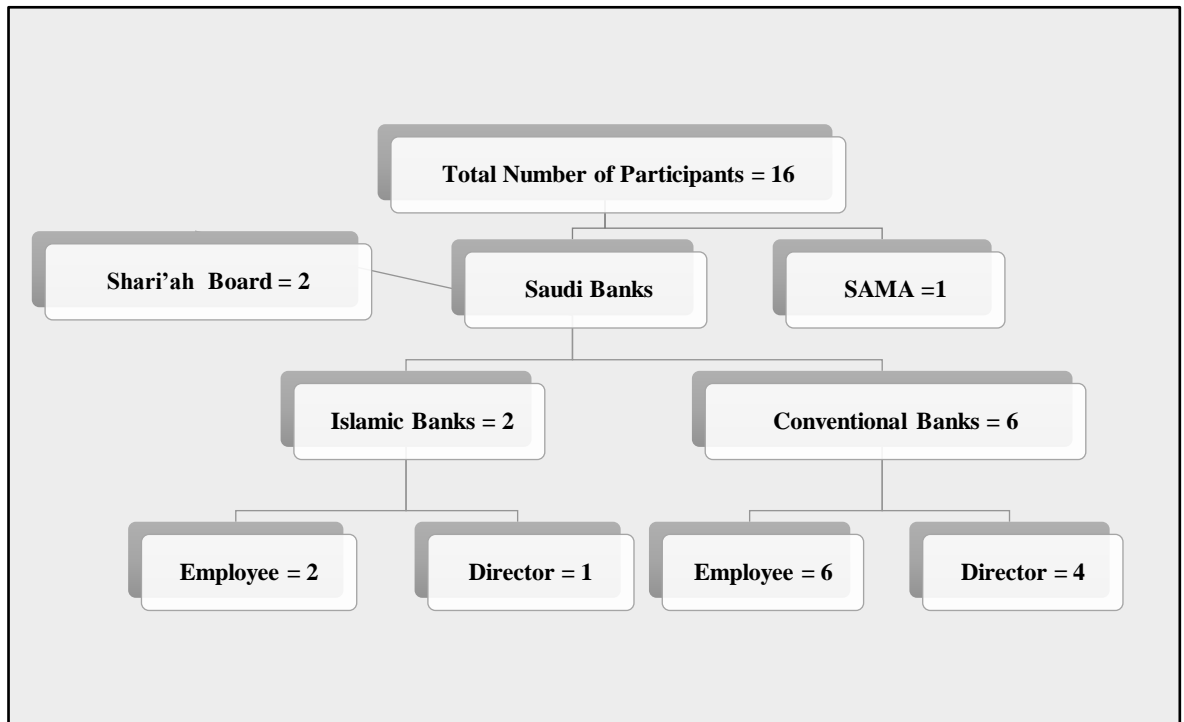


Figure 4-2 The range and number of participants included in the interviews.

### CSR Directors

The study included five directors, of which four were directors of the CSR departments of conventional banks while one was a CSR director of an Islamic bank. It was important to interview CSR directors as they have decision power in CSR, knowledge in CSR activities and policies as well as their connections with higher authorities in the banking hierarchy. Directors were initially recruited by locating their contact information via personal contacts and contacting them directly via the telephone. After interviewing them the participants were asked if they had contact information of other CSR directors who might be willing to participate and so on (snowball sampling method).

### CSR Employees

Six employees within the CSR department of the conventional banks and two employees within the CSR department of Islamic banks were recruited to take part in the interviews. The CSR employees were chosen since they are the ones who plan the CSR policies and implement or supervise the activities. The employees were recruited by asking each



interviewed director to nominate employees who work in the CSR department and might be willing to participate (snowballing sampling method).

### **Shari'ah Board (SB)**

The decision to interview members of the SB was based on their religious legislative authority and their expertise in Islamic jurisprudence, law, and finance. Two members of the SB were recruited who demonstrated the Islamic views into CSR. As it was difficult to reach the members directly, the help of an Islamic scholar was needed to contact the first SB member who then recommended the second.

### **Government Representative (GR) from SAMA**

As discussed above, SAMA is the central bank of the Kingdom of Saudi Arabia which is a governmental agency having several functions: of specific interest to this study is the function of supervising Saudi banks. Efforts were made to select someone who can be regarded as a representative of the agency and at the same time have a role and understanding of CSR practice by the banks. One highly positioned representative (elite) was interviewed in this agency as an external stakeholder and for the purpose of maintaining anonymity, the interviewee's position in the agency is withheld by the researcher.

#### **4.5.3.3 Interviews**

Emails were sent out to all the potential participants so that appointments for the interview could be made. All the interviews took place in the city of Riyadh which is the capital of Saudi Arabia and where all the bank's headquarters are located. The headquarters of SAMA was also located in Riyadh city. The participants were invited initially through the telephone and after gaining initial approval an introduction letter along with a consent form was emailed prior to the interview date.

The first step was to send out invitations for face-to-face interviews but when conducting the interviews face-to-face seemed not possible, requests were sent to hold telephone interviews. The numbers of each type of interviews held are displayed in Table 4.1.

All interviews would begin by going through the consent form and asking the participants if they agree to be recorded and interviewed. In the case of face-to-face interviews the

participants were asked to sign the consent form and in the case of telephone interviews the participant were requested to sign the consent form, scan it, and email it back to the researcher.

The participants were given the chance to openly answer questions and give away as much relevant details as they wanted considering it was within the areas of investigation. During the interview, notes were taken about the participants including their emotions and details about the atmosphere.

The total time for the interviews was from half an hour to one and a half hour during which some participants responded better than others. Section 4.9.2 highlights the reasons behind this variation. Great efforts were made to convince the participants to give maximum amount of information and also to ensure neutrality during the interview.

#### ***4.5.3.4 Interview Questions***

The topic guide (interview questions) were intended to start the interview with more general questions, after which more specific questions were asked. The questions were developed after conducting a thorough literature review according to the aim and objectives of the study (see Appendix 5 for the topic guide). The interviews explored the awareness and perceptions of the participants towards the CSR concept asking them to define the concept and provide their views on its dimensions and whether they think it should be applied banks and why. In addition, the interviews aimed at exploring the specificities of the banks' CSR practice including their areas of interest, their roles in this practice and their perceptions of the different CSR activities. They were then asked to provide their insights on what they believe to be the motivating factors that drive banks to apply CSR as well as the barriers and obstacles preventing a coherent CSR practice. The participants were then asked if they were interested in providing any more information or if they think there are aspects that were not discussed in the interviews. It should be noted that almost every aspect was already discussed in every interview but in different order depending on the situations of the participant.

Interviews were carried out in the city of Riyadh, Saudi Arabia in Arabic which is the native language of the country. Conduction of interviews in Arabic was practical since the interviewer had fluency in both languages and thus faced no problems in communicating

with the participants. To reduce all the possibilities of participants not responding to the guide due to any sort of language barrier, it was converted into Arabic language.<sup>588</sup>

To check the reliability of the translation, a useful and one of the most frequently employed methods was used, known as the back translation method.<sup>589</sup> This method plays an essential role in identifying almost all the problems and issues that may exist in the translation.<sup>590</sup> The first translation was carried out by an experienced interpreter who translated the interview questions from English into Arabic language and this was followed by another translation from Arabic to English by another professional translator. To check how effective, the entire process of translation is, a comparison was then carried out of the original version in English with the one which was translated back in English from the Arabic version. This led to the identification of few mistakes which were corrected and finally the Arabic version of the questions was piloted.

#### 4.6 Ethical Consideration

It is very important to be aware and fully understand all the potentials for risk, abuse, harm and disrespect the participants may be exposed to during the process of data collection. Therefore, going through the process of ethical review enabled the ethical issues of the study to be identified.

A favourable ethical opinion was granted by the University of Westminster Law School Faculty Ethics committee (Reference number VRE1516-0095) after making a few changes on 1st Dec 2015 (Appendix 2). The main ethical issues considered for this study was: informed consent, confidentiality and consequences of participation. In advance of the interview, the participants were prepared by distributing a detailed information sheet about the interview together with a consent form and explanation of the purpose of the study, reasons for involvement, and possible risks and benefits of taking part. This information was written in English and translated into Arabic for distribution to interviewees (Appendix 3). In line with the 1998 Data Protection Act, it was ensured that all participants understood the purpose of the study as well as the general topics of the semi-structured

---

<sup>588</sup>M. Saunders, *“Research methods for business students”*, 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 155.

<sup>589</sup>S. Tuncalp, *“The marketing research scene in Saudi Arabia”*, European Journal of Marketing, 22(5), 2007, pp. 15-22.

<sup>590</sup>M. Saunders, *“Research methods for business students”*, 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 155.

interview by asking them verbally before commencing each interview as well as signing the consent form.

The voluntary nature of their participation and their freedom to withdraw at any time point was stressed. Confidentiality was also ensured during the consent process and the fact that anonymity will be maintained by not revealing any identifiable information in any of the reports written.

In addition, cultural considerations were taken into account including any religious barriers. For example, some females may not find it acceptable to interact directly with a male personnel due to her beliefs in which case the option of telephone interviews were given.<sup>591</sup>

## **4.7 Limitations faced during the the document analysis and semi-structured interviews**

### **4.7.1 Document analysis**

Although the literature has proved that document analysis is an efficient, readily available and cost effective method of collecting data that can be considered as ‘unobtrusive’ i.e. unaffected by the research process, and ‘unreactive’ i.e. the investigator’s presence does not alter what is being studied, it has inherent limitations. These include the fact the document analysis methods are insufficient in themselves to give a full account of the communicator’s intention.<sup>592</sup> In addition, the original texts may mean different things to different users.<sup>593</sup> Other limitations include low retrievability, where documents are sometimes not available or deliberately blocked which may suggest biased selectivity where the available (selected) documents are likely to be aligned with corporate policies and procedures and with the agenda of the organisation’s principals. This study also deployed semi-structured interviews to cover the areas that have not been covered in this phase and answer the research questions of the study.

---

<sup>591</sup>M. Saunders, “*Research methods for business students*”, 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 155.

<sup>592</sup>C. Tilt, “*The content and disclosure of corporate environmental policies: an Australian study*”, In First Asian Pacific Interdisciplinary Research in Accounting Conference, 1998.

<sup>593</sup>C. Tilt, “*The content and disclosure of corporate environmental policies: an Australian study*”, In First Asian Pacific Interdisciplinary Research in Accounting Conference, 1998.

The main recruitment strategy used was the snowball sampling method. There were occasions when personal contacts were used to locate directors of departments of CSR in some banks who consequently directed the researcher to other potential directors of different banks or to appropriate employees within the same department. Nevertheless, the access to all the listed banks was not possible, while other banks declined to participate or simply did not reply. Therefore, recruitment was continued until a level of saturation was reached where no new information was arising.<sup>594</sup>

#### 4.7.2 Semi-structured interviews

The type of interview that was primarily conducted was face-to-face interviews but the option of telephone interviews was given as well if participants weren't satisfied with face-to-face interviews due to certain reasons. Reasons for which participants preferred telephone interviews over direct face-to-face interviews included the following:

- Certain participants were reluctant to give time out of their working hours for interviews neither did they want the interview to be conducted at their work place preferring to give time after work which led to the telephone interviews being more convenient. In an attempt to guarantee their participation, their wishes were conformed to.
- Telephone interviews seemed to be more convenient for some interviewees as they did not want to specify a time for the conduction of the interview but only an agreement was given by the participants to be a part of the study.

The interviewer was aware that the quality and quantity of the data collected from the telephone interviews may not be similar to face-to-face interviews as it does not allow the interviewer to observe the interviewees' nonverbal aspects neither gives them the chance to note down notes about the surrounding environment.<sup>595</sup> However, every effort was made to take into consideration all sorts of feelings that could be observed through the conversation such as moments when the interviewees paused, their voice reactions, or

---

<sup>594</sup>C. Goulding, "Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research", *European journal of Marketing*, 39(3/4), 2005, pp. 294-308.

<sup>595</sup>M. Cachia, & L. Millward, "The telephone medium and semi-structured interviews: a complementary fit", *Qualitative Research in Organizations and Management: An International Journal*, 6(3), 2011, pp. 272.

when hesitating in answering a question. All these observations were noted down in the transcribed interviews to further add richness to the data collected.<sup>596</sup> Hence, it was found that the quantity and quality of the data were quite similar for both types of interviews. The number of participants who took part in each type of interview is shown in table 4.1.

Method of Interviewing	Directors	Employees	Shari'ah Board	Government Representative
Face-to-face	2	5	0	1
Telephone	3	3	2	0
Total	5	8	2	1

*Table 4-1 Number of participants involved in face-to-face and telephone interviews*

It was also observed that some interviewees were reluctant to talk freely during the interviews especially in what they considered sensitive areas such as CSR barriers. Every effort was made to reduce this reluctance by ensuring anonymity and confidentiality.

#### **4.8 Analysis of the documents and interviews**

As mentioned earlier in the chapter, an inductive research approach was adopted and hence the documents and interviews were analysed inductively. A thematic analysis was conducted where patterns of themes or groups of meaning within the data were identified and reported. This allows the systematic categorisation of the data into higher order key themes addressing the overall research question. Analysis of the themes occurring in the interviews proceeded in parallel with the interviews which enabled the identification of new themes as patterns in the initial interviews giving the opportunity to ask more detailed questions about the new emerging patterns in later interviews. This proceeded until no new topics arose (data saturation).<sup>597</sup> At this point the thematic analysis of the documents commenced and some of the codes that were identified from the interview transcripts were

<sup>596</sup> Ibid, pp.272

<sup>597</sup> J. Ritchie, et al., eds., *"Qualitative research practice: A guide for social science students and researchers"*, Sage, 2013.

used in the document analysis.

The language used to conduct the interviews was Arabic which was known by all participants as it was their first language. Due to this reason, each interview was transcribed, thematically analysed and organised in Arabic. The themes and sub-themes were then translated from Arabic to English and any quotes used in the reporting of the findings was also translated into English. The analysis of the data was conducted in its original language to insure that meaning is not lost in translation and to enhance the validity of the data which may be compromised if it was translated and to save time and additional unnecessary cost.<sup>598</sup>

An Arabic-fluent and experienced transcriber carried out the entire process of transcribing scripts while the process of translating the coding framework, quotes and the single interview into English was carried out by a professional individual who had fluency in both the languages. To make sure that no errors exist, all translations were rechecked by another experienced translator who too had fluency in both languages. Few mistakes were identified which were corrected. This was checked again by the researcher and more amendments or corrections were made wherever needed. As, for the documents, they were all in English and so no translation procedure was required.

As recommended by Bowen, the qualitative analysis of documents take the form of thematic analysis, and hence, the data analysis process were identical for both the documents and interview data. The analysis procedure was carried out following recommendations set out by Ritchie and Lewis which comprised of six basic steps which are: data familiarisation, constructing an initial thematic framework, indexing and sorting, reviewing data extracts, and, constructing categories, reporting findings and conclusions. A description of each of these steps is provided in the sub sections below.<sup>599</sup>

#### **4.8.1 Data Familiarisation**

The process of data familiarisation involved the reading of three documents and transcripts twice. No note taking or coding was performed in the first reading, rather an attempt was

---

<sup>598</sup>J. Smith, et al., "Language and rigour in qualitative research: problems and principles in analysing data collected in Mandarin", *BMC Medical Research Methodology* 8.1, 2008, pp. 1.

<sup>599</sup>J. Ritchie, et al., "Qualitative research practice: A guide for social science students and researchers", Sage, 2013.

made to understand the depth and breadth of the content. In the second reading, notes were created about what was significant about the texts applying as many codes as possible for the topic under discussion. The repetition in reading the transcripts enabled the immersion in the data facilitating the discovery of patterns and themes that exist in the issue being researched.

Codes can be described as labels that are used to assign certain meaning to units of data that is gathered during a research.<sup>600</sup> The main reason behind carrying out coding is to move towards the concerns of the research and away from the raw data in a gradual way.<sup>601</sup> When coding the data, a label is given to the key terms of the data which are used to describe the themes. This was done by writing codes to segments of the texts in the margins of the document ensuring that all actual data extracts was given a code. In some instances a response would address more than one topic of discussion, in which case they were coded under multiple codes.<sup>602</sup>

#### **4.8.2 Constructing an Initial Thematic Framework**

Following the first phase of familiarisation, a list of topics is generated and the extracts of data from individual documents and transcripts were copied and collated under their respective codes. During this step, it was insured that a little of the surrounding data was kept if relevant to avoid losing its context. In addition, in some instances a data extract was given more than one code. When codes that have similar meanings arise, they are merged to reduce the number of codes generated from the analysis. This step is very important as it can be considered as a summary of the data by focusing on the key aspects of the data.<sup>603</sup>

Some of the information that was gathered from the interviews were sometimes considered confidential or personal. However, it was ensured that such information wasn't revealed and wasn't included in the study to prevent any sort of violation or leakage of participants' confidentiality. All information which wasn't relevant to the research was eliminated; codes were then further developed and grouped into themes or sub-themes according to

---

<sup>600</sup>T. Basit, "Manual or electronic? The role of coding in qualitative data analysis" *Educational Research*, 45(2), 2003, pp. 144.

<sup>601</sup>C. Auerbach, & L. Silverstein, "*Qualitative Data: An Introduction to Coding and Analysis*", New York Universities Press, 2003, pp. 35.

<sup>602</sup>J. Ritchie, et al., "*Qualitative research practice: A guide for social science students and researchers*", Sage, 2013.

<sup>603</sup>G. Gibbs, "*Analysing Qualitative Data*", Sage, 2008.



different levels of generality. When a certain idea was presented using terminology that is considered similar and delivers the same idea, it was considered a repeating concept or idea.<sup>604</sup> By discovering repeating concepts, themes and subthemes were generated. Each theme was also given a description or definition to help in maintaining focus throughout the analysis. Organising the data in this way generated an initial thematic framework with a hierarchical arrangement of themes and subthemes, enabling the researcher to hold the overall structure in his head, rather than becoming lost in proliferation of more specific labels.<sup>605</sup>

#### **4.8.3 Indexing and Sorting**

Next, indexing was conducted where each phrase or sentence of the data being assigned to the appropriate theme and labelled accordingly. The items were then charted and rearranged so that items with similar content or properties were located together, using a thematic structure that allowed the analyst to focus on each subject in turn, as well as allowing intensive review of the content, a process called ‘fractured discourse’.

#### **4.8.4 Reviewing Data Extracts**

After dividing the topics into themes, all the texts were repeatedly re-read considering the validity of their assignment to each theme. During this review process, it was carefully determined whether any topics had been missed or misclassified in the earlier coding insuring that all the texts were grouped under the appropriate themes. Themes that were irrelevant were discarded. Themes that seemed to be similar, were again merged. Large themes with many topics or separate elements were subdivided to make them more specific.<sup>606</sup>

#### **4.8.5 Constructing Categories**

This is the process of developing categories from the codes and themes and attaching units of data to each category.<sup>607</sup> The different elements of the texts were identified, as well as the dimensions that differentiated them, grouping the phrases that were judged to be

---

<sup>604</sup>Ibid

<sup>605</sup>J. Ritchie, et al., *"Qualitative research practice: A guide for social science students and researchers"*, Sage, 2013.

<sup>606</sup>J. Ritchie, et al., *"Qualitative research practice: A guide for social science students and researchers"*, Sage, 2013.

<sup>607</sup>M. Saunders, *"Research methods for business students"*, 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 588.

similar. The data was examined again and the elements were combined into different types of phrases to yield a set of categories and higher order classifications that discriminated between the different manifestations of the data.<sup>608</sup>

Grouping of themes into categories was done in order to develop a clearer image of data analysis. An analogy was created between a staircase and the phases of coding where the analysis was similar to a staircase, the coding process allows one to move from the lowest level which is the raw text or transcripts to the highest level of understanding the research concerns.<sup>609</sup>

#### 4.8.6 Findings and Conclusions

This was done after coding the text and generating the final themes and subthemes for all the documents and transcripts. This step is considered the actual analysis of the data from which the author extracted the findings of the data and subsequently the conclusions. In this step, the relationships between the different themes and categories are explored. The aim of this research is to understand and map the practice of CSR in Saudi Arabia using banks as the proxy and the entire process of coding was dependent upon the information that was received from the document analysis and through the conduction of interviews. Hence, passages from the documents were displayed next to each subtheme generated from the document analysis and quotations were added from the responses of the interviewees as a source of proof for all the findings and conclusions reported. Since this study is completely qualitative in nature, all the findings and interpretations of this research are based upon the personal ability of comprehending data of the researcher and his theoretical ability.<sup>610</sup> It has been reported that a good quality research is one that provides adequate amount of description to help the reader understand the writers' interpretations of the findings while at the same time provide sufficient interpretations allowing the reader to comprehend what has been described.<sup>611</sup> Therefore, every effort was made to maintain a balance between the description and interpretation of the gathered information.

---

<sup>608</sup>J. Ritchie, et al., *"Qualitative research practice: A guide for social science students and researchers"*, Sage, 2013.

<sup>609</sup>C. Auerbach, & L. Silverstein, *"Qualitative Data: An Introduction to Coding and Analysis"*, New York Universities Press, 2003, pp. 35.

<sup>610</sup>A. Bryman, & E. Bell, *"Business Research Methods"*, 3<sup>rd</sup> ed., Oxford university press, 2011, pp. 725.

<sup>611</sup>M. Patton, *"Qualitative research & evaluation methods"*, California: Sage Publications Incorporated, 2001, pp. 503-504.

#### 4.9 Research Evaluation

Validity and reliability are two words used widely in the evaluation of qualitative research. While validity means how meaningful the data is and if the tools used are measuring what they are intended to measure, reliability is concerned about the repeatability of the study and whether or not it would yield the same results if repeated.<sup>612</sup> Both the factors play a significant role in figuring out the authenticity of the results and appropriateness of the tools utilised to gather the data. To make sure that credible conclusions are achieved, five evaluation processes were undertaken from three different viewpoints including the viewpoints of the researcher (Research reflexivity and Triangulation), the participants (Member-checking) and those external to the study but experienced in the field of the research (Thick description).<sup>613</sup> During the early phase of this research, a pilot study was carried out which is also an evaluation procedure. The different procedures of research evaluation should ideally aim to be comprehensive and cover all the stages of a research as can be seen in table 4.2. The following sections provides greater detail of each procedure that was used to enhance the reliability and validity of the results.

Procedures	Design	Collection	Analysis	Reporting
Pilot study	X	X		
Reflexivity	X	X	X	X
Triangulation		X		
Member checking		X		
Thick description	X	X	X	X

Table 4-2 Research evaluation procedures conducted on the study

<sup>612</sup>N. Golareshani, "Understanding reliability and validity in qualitative research", *The qualitative report*, 8(4), 2003, pp. 597-607.

<sup>613</sup>J. Creswell, & D. Miller, "Determining validity in qualitative inquiry", *Theory into practice*, 39(3), 2000, pp. 125.

#### 4.9.1 Pilot study

A pilot study was undertaken specifically for the interview phase of this study, with the aim of improving and refining various aspects of the interview process including the overall design, the instruments used for collection of data, procedures utilised, or analysis of the results.<sup>614</sup> Equally it was considered that experimentation and testing enhanced the appropriateness and suitability of the methods used in the design of the research all of which enhanced the validity and reliability of the final results.<sup>615</sup>

The pilot study for this research was done with one CSR director of a bank and one employee of a bank within the CSR department. Interviewees were informed that it was a pilot study to ensure that the questions being asked are appropriate and achieving what it was designed to. They were also informed about the fact that their names wouldn't be disclosed.

There were certain responses which answered more than one question prompting the need to rephrase certain questions along with clarifying other questions. In addition to this, the interviewer brought amendments in his style of questioning and added greater detail to each question while interviewing to be able to get more relevant responses.

Each interview was timed to be within 45 to 60 minutes which resulted in the last questions being answered briefly with lesser details while the questions asked initially received comprehensive replies. Since the time limit was acting as an obstacle in gathering precise responses, efforts were made to manage time properly and divide it sufficiently among all questions.

#### 4.9.2 Reflexivity

The researcher is considered to be the major tool behind a qualitative research and thus it becomes essential to have a detailed biography of the researcher.<sup>616</sup> The reflexivity procedure aims to highlight all the information, either professional or personal, that could

---

<sup>614</sup>Ibid

<sup>615</sup>K. Pritchard, & R. Whiting, "Autopilot? A reflexive review of the piloting process in qualitative e-research", *Qualitative Research in Organizations and Management: An International Journal*, 7(3), 2012, pp. 338.

<sup>616</sup>M. Patton, "Qualitative research & evaluation methods", California: Sage Publications Incorporated, 2001, pp. 566.

be related to the process of data collection, its analysis and interpretation.<sup>617</sup> Doing so would give the reader the required information to be able to judge the effect of the researcher on the results of the study. Such processes enhance the dependability and authenticity of research.<sup>618</sup>

Hence, the researcher is a Saudi citizen who gained his undergraduate degree in Jordan from the Applied Science University Law School in the city of Amman. He has practiced law for approximately four years in two different law firms. He has also worked as a legal consultant in the Saudi Chamber of commerce for one year. He gained an LLM degree in Law from the University of Westminster. He is now a lecturer in the University of Tabuk Law Department. Although the author made every effort to reduce possibility of bias by his own influence he was aware that this may not completely diminish. The factors related to the researcher that may result in bias includes his passion with regards to the concept of CSR and awareness of its impacts. Also, the researchers' objectivity may have been affected by the fact that the study was undertaken in his home country and his desire for transparency, responsibility and control of CSR within his country. In addition to this, the author as a Muslim holds beliefs of the positive roles of Islamic religion on CSR. This risk of bias was kept to a minimum by a number of ways such as including everything related to CSR in the analysis of the documents as well as including everything the participants mentioned during the interviews in the transcripts not being in any way selective of the information included. Also, as mentioned earlier in this chapter, the interviews and analysis were conducted in Arabic to reduce the bias from translation, and translation of the coding framework and quotes were conducted by a professional translator and rechecked by another professional researcher, as well as member checking which will be described in section 4.9.4 of this chapter.

General facts regarding those taking part in the study should be highlighted by the researcher. These facts should be those which may have some sort of impact on the kind of responses received by the participants, their attitudes observed, and the level of openness experienced. The majority of the participants acquire only a limited amount of academic

---

<sup>617</sup>Ibid

<sup>618</sup>A. Riege, "Validity and reliability tests in case study research: a literature review with "hands-on" applications for each research phase", *Qualitative Market Research: An International Journal*, 6(2), 2003, pp.84.

knowledge when compared to the author and most of their knowledge is based on their practical experience.

Therefore, every effort was made to ask questions in multiple ways to ascertain clarity to the interviewees in order to receive proper and relevant responses. On occasions, some terms were found to be difficult for the participants to comprehend despite the fact those terminologies and practices were practically being implemented by the organisations which these participants were representing. For example, the abbreviation 'CSR' was familiar by most of the interviewees but for some it was not in which case the full terminology 'corporate social responsibility' was used. Furthermore, although all the interviewees requested to be interviewed in Arabic, there were times when the interviewer had to make use of English words to explain the exact meaning of certain terminologies such as the word 'sustainability'.

The extent to which participants are comfortable with giving out information varies from person to person. In the current study, some interviewees were hesitant to be part of an interview, in which case the consent form was gone through verbally in Arabic with the interviewee as well as reinforcing confidentiality and the fact that they are free to withdraw from the study at any point during the interview.

#### **4.9.3 Triangulation**

Triangulation aids in reducing the chances of bias occurrence in a research by validating and authenticating the various stages and components of a qualitative study. It is a process of validation that falls within the researchers' lens and allows the study to become stronger and more reliable by merging various methods or different kinds of data.<sup>619</sup> There are four kinds of triangulation: theory triangulation, data triangulation, investigator triangulation, methods triangulation.<sup>620</sup> Method triangulation was employed in this research by conducting both document analysis and semi-structured interviews to seek convergence and corroboration between the results of the two methods.<sup>621</sup> In addition, Data triangulation was also employed in this study by including the use of more than just one information

---

<sup>619</sup>M. Patton, "*Qualitative research & evaluation methods*", California: Sage Publications Incorporated, 2001, pp. 274.

<sup>620</sup>J. Creswell, "*Qualitative inquiry and research design: Choosing among five approaches*", California, SAGE Publications Incorporated, 2012, pp. 126.

<sup>621</sup>N. Denzin, "*The research act: A theoretical introduction to sociological methods*", Routledge, 2017 PP. 291.

source. In addition to the data generated from the document analysis, the interviews were conducted with employees and directors of banks CSR department, government representative (SAMA), and members of the SB all of which provided more than one source of data allowing to address the objectives of the study from different angles resulting in a deeper understanding of the phenomenon.<sup>622</sup>

#### 4.9.4 Member-checking

The procedure of member-checking plays a significant role in validating the findings of research from the perspective of participants. This procedure ensures that the transcripts as well as its interpretation matches the point of views of the participants by showing them the transcripts and the interpretation.<sup>623</sup> Member-checking is also referred to as “respondent validation”,<sup>624</sup> and is one of the most significant processes to ensure credibility and authenticity of data.<sup>625</sup> This view is further supported by other researchers who identify it as a procedure implemented in qualitative studies to establish reliability and integrity of the data collected.<sup>626</sup>

Respondent validation was ensured by sending all the transcripts and its interpretations to the interviewees via email. A week’s time was given to each respondent to thoroughly go through the transcribed interviews and provide their feedback. The concept of passive consent was applied here which means that no reply from the respondent would automatically be considered as consent. Certain amendments were made by few respondents in the transcribed interviews while the others did not respond at all and thus their content was assumed to be accepted and agreed upon.

#### 4.9.5 Rich and Thick description

In order for the reader to properly comprehend the findings of this research, its transferability, and to understand the trends and themes of this study, every effort was

<sup>622</sup>A. Guion, et al., “*Triangulation: Establishing the validity of qualitative studies*”, Department of Family, Youth and Community Sciences, University of Florida, 2011, pp. 1.

<sup>623</sup>J. Creswell, “*Qualitative inquiry and research design: Choosing among five approaches*”, California, Sage Publications Incorporated, 2012, pp. 252.

<sup>624</sup>D. Silverman, “*Interpreting qualitative data*”, London: Sage Publications Limited, 2011, pp. 369.

<sup>625</sup>J. Creswell, “*Qualitative inquiry and research design: Choosing among five approaches*”, California, Sage Publications Incorporated, 2012, pp. 252.

<sup>626</sup>A. Riege, “*Validity and reliability tests in case study research: a literature review with “hands-on” applications for each research phase*”, *Qualitative Market Research: An International Journal*, 6(2), 2003, pp. 75-86.

made to describe the process of the document analysis, semi-structured interviews, characteristics of the interviewees and the setting, as well as the themes of the research in as much detail as possible. And since it has already been done through the entire thesis, there is no separate section to separately explain this process.<sup>627</sup> Transferability can be defined as the applicability of the research findings on any other setting if the research and the setting share common attributes enhancing the reliability of the findings.<sup>628</sup>

#### 4.9.6 Generalisability and representativeness

With regards to the document analysis, all the local Saudi banks were included in the sample, and hence, the results of this phase can be considered generalisable to the area being studied. However, it may not be generalisable to other sectors in the country because banks are considered more experienced organisations with respect to the application of CSR and the data may be presumed to be more wide-ranging than the less experienced or smaller sectors. As for the semi-structured interviews, the snowball sampling method was adopted which may have limited the chances for generalisability.<sup>629</sup> Efforts were made to explore the concept of CSR from as many angles as possible, gaining the perspectives of employees, directors, SB members and government officials. In addition, the employees were chosen from Islamic and conventional banks. To ensure a broader range of information and data, the characteristics of the participants varied, such as their sex and level of experience. It is assumed that other organisations which possess similar characteristics with that of the organisations under observation in this study can also benefit from the conclusions of this study. These characteristics may include the challenges these organisations face, their values, and their company ethics. For instance, other Islamic states or areas where the culture adheres to a monotheistic belief could find this research useful. Also, the findings of this study may also prove to be useful for organisations which implement CSR in similar ways. Furthermore, the methods used in this study can be replicated in other sectors to gain more generalisable results.

---

<sup>627</sup>J. Creswell, & D. Miller, "Determining validity in qualitative inquiry", *Theory into practice*, 39(3), 2000, pp. 129.

<sup>628</sup>J. Creswell, "Qualitative inquiry and research design: Choosing among five approaches", California, Sage Publications Incorporated, 2012, pp. 252.

<sup>629</sup>M. Saunders, "Research methods for business students", 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 213.



## **Chapter 5 Findings**

### **5.1 Introduction**

This chapter will firstly collate and examine the collected data from the published CSR information within the most recent annual CSR reports, annual financial reports, and the CSR information within the websites of the twelve local Saudi banks. The main aim of the document analysis was to investigate how banks apply/implement CSR according to the latest published information in the banks' websites and annual disclosure reports. This will provide the reader with an overview of the current CSR areas of focus by the banks creating a context for the second part of the study involving the semi-structured interviews.

The second part of the chapter will display the results of the analysis of the responses from interviewing the 16 different stakeholders of Saudi Banks including 8 CSR employees and 5 directors of CSR departments, one government representative in SAMA, and two members of the Shari'ah board who serve a number of Saudi banks. The main aim of the interviews was to map the practice of CSR in Saudi Arabia by exploring the perspectives of different key stakeholders. To achieve this semi-structured interviews were conducted to gauge the participants awareness and perceptions of the CSR concept. The interviews also aimed at investigating the actual implementation of CSR and the areas focused upon by the banks from the interviewees perspectives. Finally, the reasons behind the practice of CSR and the barriers facing the ideal practice of CSR was also explored.

## **5.2 CSR Practice in Saudi Arabia: Results of Document Analysis of Publicly Available CSR Information on Websites and Disclosure Reports**

The websites of twelve local Saudi banks were searched for their latest CSR disclosure reports and if not available, for the latest CSR information published on their websites. Five of the twelve banks provided their CSR disclosure reports in their websites,<sup>630</sup> seven

<sup>630</sup>The National Commercial Bank, <https://www.alahli.com/en-us/about-us/csr/Pages/default.aspx#AhalinaOverview> ; <https://www.alahli.com/en-us/about-us/Pages/NCB-Sustainability-Reports.aspx>; The Saudi British Bank, <https://www.sabb.com/en/about-sabb/csr/>; The Saudi Investment Bank, [https://www.saib.com.sa/sites/default/files/SAIB\\_Integrated\\_Report\\_2017\\_0.pdf](https://www.saib.com.sa/sites/default/files/SAIB_Integrated_Report_2017_0.pdf); <https://www.saib.com.sa/en/corporate-social-responsibility>; Bank Al Jazira, <http://www.baj.com.sa/about-us.aspx?page=community-service&id=146>; <https://www.baj.com.sa/pdf/CSR-Book-2017x.pdf>; Alawwal Bank, <https://www.alawwalbank.com/en/about-us/about-us>; <https://www.alawwalbank.com/content/csrpageen.pdf>.

banks provided limited CSR information within their financial reports,<sup>631</sup> and all the banks published some information regarding their CSR activities within their websites.

The CSR information disclosed in the CSR disclosure reports, financial reports, and the websites were classified into five dimensions: Society, Environment, Employees, Costumers, and Shareholders.

### 5.2.1 CSR and Society

From the information, it was found that the largest amount of information from the majority of the banks was towards the society. All the banks have reported on their activities towards the society with some being more active than others providing a wider range of activities. The majority of the information found was related to charitable activities followed by supporting the youth, creating jobs, supporting the disabled, corporate volunteering, and finally sustainability.

<sup>631</sup>Samba Financial Group, <http://www.csr.samba.com>; <https://www.samba.com/en/about-us/our-group/general-principles-for-financial-consumer-protection.html>; Al Rajhi Bank, <https://www.alrajhibank.com.sa/en/investor-relations/about-us/pages/corporate-social-responsibility.aspx>; [https://www.alrajhibank.com.sa/en/investor-relations/documents/annual\\_report\\_2017\\_en.pdf](https://www.alrajhibank.com.sa/en/investor-relations/documents/annual_report_2017_en.pdf); Arab National Bank, <https://www.anb.com.sa/Default.aspx?tabid=1692&language=en-US>; <https://www.anb.com.sa/Portals/0/ANB%20Annual%20Report%20-%20Part%201.pdf>; Banque Saudi Fransi, <https://www.alfransi.com.sa/english/the-bank/profile>; <https://www.alfransi.com.sa/library/assets/Gallery/Documents/AnnualReports/AnnualReport2017Eng.pdf>; Alinma Bank, [https://www.alinma.com/wps/portal/alinma/Alinma/MenuPages/TheBank/News/NewsItem/alinma%20bank%20approves%20sar%20745%20million%20dividend%2C%20reinforces%20social%20responsibility%20role!/ut/p/z0/fY5BD0IwFESv0gNoPiKCLIKLjKSRhIXYjflAXR9K27SExNtbLuByJu9NBgS0IDSuNOJCRqMK-SnSF7\\_nybVKDIXUnluoKMo65Xl8jOoMGqnHBuI\\_FFZixy98BGFx-exJvw20qEjPyDrUE0NrnVmlZx4dy5ITm0mpcIENtNIg9bBjTm6a6zfI9IQqNN4a7akjRcuXOaMk2Kl8\\_ADd7c3i/](https://www.alinma.com/wps/portal/alinma/Alinma/MenuPages/TheBank/News/NewsItem/alinma%20bank%20approves%20sar%20745%20million%20dividend%2C%20reinforces%20social%20responsibility%20role!/ut/p/z0/fY5BD0IwFESv0gNoPiKCLIKLjKSRhIXYjflAXR9K27SExNtbLuByJu9NBgS0IDSuNOJCRqMK-SnSF7_nybVKDIXUnluoKMo65Xl8jOoMGqnHBuI_FFZixy98BGFx-exJvw20qEjPyDrUE0NrnVmlZx4dy5ITm0mpcIENtNIg9bBjTm6a6zfI9IQqNN4a7akjRcuXOaMk2Kl8_ADd7c3i/); [https://www.alinma.com/wps/wcm/connect/alinma/b1855cba-808a-4eb4-9ebf-25788bd0e194/Alinma+Annual+RE+2017+-low.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18\\_MA161940L0OG50AQAK1OKV30K7-b1855cba-808a-4eb4-9ebf-25788bd0e194-mpdad1j](https://www.alinma.com/wps/wcm/connect/alinma/b1855cba-808a-4eb4-9ebf-25788bd0e194/Alinma+Annual+RE+2017+-low.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18_MA161940L0OG50AQAK1OKV30K7-b1855cba-808a-4eb4-9ebf-25788bd0e194-mpdad1j); Riyad Bank, <https://www.riyadbank.com/en/about-us/corporate-social-responsibility>; [https://www.riyadbank.com/en/Images/Riyad-Bank-Annual-Report-2017-en\\_tcm8-15190.pdf](https://www.riyadbank.com/en/Images/Riyad-Bank-Annual-Report-2017-en_tcm8-15190.pdf); Bank Albilad, <http://www.bankalbilad.com/sites/en/SocialResponsibility/Pages/albiladSocialResponsibility.aspx>; [http://www.bankalbilad.com/sites/en/Documents/Albilad%20Annual%20Report%202016\\_English.pdf](http://www.bankalbilad.com/sites/en/Documents/Albilad%20Annual%20Report%202016_English.pdf).

### 5.2.1.1 Charity

The majority of the CSR activities that were grouped under ‘charity’ included financial donations that were mainly intended to sponsor medical treatment by providing medical devices and systems (B4, 10, 12), covering the cost of treatment for patients (B4), building and equipping clinics (B4), and organising blood donation campaigns (B9). Other financial donations were directed towards various charitable and social institutions (B1, 5, 6), sponsoring Umrah and Haj for orphans and people with special needs and their families (B2), sponsoring education for orphans and people with special needs (B1, 3), sponsoring national events (B7), provision of winter clothes annually to people in need (B10), and finally supporting the care of mosques (B12).

Other CSR activities related to charity as reported in the websites and disclosure reports were related to education. A number of banks reported on their educational CSR activities by creating specialised education centres for the orphans and people with special needs (B1, 7), summer programs and scholarships for orphans (B2, 8), supporting children and youth education (B2, 8), teacher training (B8), drug awareness programs (B3), and health education programs (B4).

Other activities that were reported but to a lesser extent include housing projects such as providing new homes and furniture to people in need (B3, 4) and renovating homes (B2). One bank reported on its project to prevent domestic violence through creating a child support hotline and awareness messages on ATM screens (B9); (Table 5-1).

<b>Financial Donations</b>	<b><i>Sponsoring medical treatment</i></b>	<p>B4. We also recently signed an agreement with King Fahad Medical City to help 600 ill men and women travel to other centres for their medical treatment, a project worth SR 500,000 annually.</p> <p>B12. Supporting patients in need of various medical devices in cooperation with the Patients Friends Committee in Riyadh.</p> <p>B2. Sponsor a bed providing full rehabilitation treatment to several children from disadvantaged families around the Kingdom.</p> <p>B4. Our pledge to the Friends of the Sick helped provided a total of 600 medical machines and equipment for those in need.</p> <p>B4. Al Rajhi Bank, along with the Anti-smoking Foundation, have laid the ground in building and equipping a clinic, and supporting</p>
----------------------------	--	--

		<p>its operation for a total of 3 years in the Al Ahsa region, a project worth SR 4.5 million.</p> <p>B9. The bank organized several blood donation campaigns in cooperation with King Faisal Specialist Hospital and Research Centre and Prince Sultan Military Medical City.</p> <p>B10. An integrated program adopted by the bank to provide requirements for medical institutions and patients with different types of medical systems to raise the quality and level of health care provided to the children of the nation.</p>
	<b><i>Donation's to charitable institutions</i></b>	<p>B1. 41 initiatives of Donation Program with direct impact on the community.</p> <p>B5. Invested SAR 4,013,387 in the community. We have continued and grown our Alkhair initiative, which allows customers to redeem their loyalty program points in the form of charity donations. In 2016, our customers donated SAR 1,002,175 to almost 20 AlKhair partners. We expect these numbers to grow as we identify additional strategic charity partners.</p> <p>B6. The Bank is fully committed to act, at all times, as a good corporate citizen. It assumes its social responsibility role through the advancement of community causes and the continuous support to charitable and social institutions across the country.</p>
	<b><i>Sponsoring Umrah and Haj</i></b>	<p>B2. Donating school bags and stationery as well as sponsoring Umrah and Hajj programmes for the orphans and their families.</p> <p>B2. sponsors Hajj and Umrah trips that are organised by various charity organisations for people with special needs, the elderly and orphans.</p>
	<b><i>Education</i></b>	<p>B1. 14 charity organizations have been equipped with 16 training rooms throughout the kingdom.</p> <p>B3. contributed to over 60 Saudi charities, educational institutions and worthy causes in the Kingdom, including orphanages, programs for the disabled and initiatives aimed at giving greater participation and empowerment to women.</p>
	<b><i>Sponsoring national events</i></b>	<p>B7. National and Islamic Participation, and Events of Social Responsibility aims to participate and sponsor national events and those related to social responsibility.</p>
	<b><i>Winter Clothes</i></b>	<p>B10. A voluntary initiative has been launched by the Bank since 2009, with the collaboration of its employees and affiliates. The initiative is specially designed to help the poor families with their needs at the beginning of winter every year.</p>
	<b><i>Mosques</i></b>	<p>B12. Supporting the charitable institution to care for the mosques of the roads "Msajidona" with three vehicles to facilitate the institution task in the maintenance and cleanliness of road mosques.</p>
<b><i>Education</i></b>	<b><i>Orphans and special needs education</i></b>	<p>B1. Forming Specialized Education Centre Projects, 30 Centres have been established since the program started in 2010.</p> <p>B7. Educational and Cultural Programs, and Social Participation aim to highlight the role the "Khair Aljazira le Ahl Aljazira" program plays in humanitarian and charity work, and social solidarity, through establishing business incubators and computers factories, in addition to organizing and hosting open festivals for orphans.</p> <p>B8. Banque Saudi Fransi Academy launched the "Let's be Part of their Future" program in collaboration with the Charitable Society for the Care of Orphans (Ensan). This developmental program</p>

		consists of training orphans during summer vacation, providing them with the necessary skills and knowledge, and helping them set short and long-term personal and professional goals. B2. Sponsors the orphans' enrolment in diploma programmes relevant to their interests, enabling them to acquire qualifications in different fields.
	<b>Children and youth education</b>	B2. sponsored the International Programme called "Kids Read" at a number of schools in Saudi. B8. Banque Saudi Fransi Academy launched the Educational Program "Taaleem" in collaboration with the Private Education Agency at the Ministry of Education. This integrated development program consists of providing the Private Education Agency employees with training offered by a group of highly experienced coaches. "Taaleem" is considered as part of the social responsibility that Banque Saudi Fransi holds towards the Kingdom.
	<b>Drug awareness</b>	B3. sponsored the first regional seminar on combating drugs and promoting the exchange of information.
	<b>Health education</b>	B4. Al Rajhi Bank and Enaya, an association formed to care for the ill, organized an educational road show to prevent blindness caused by diabetes, a project worth SR 4 million.
<b>Housing</b>	<b>Providing new homes and furniture</b>	B3. leading community-based project including the provision of 500 furnished housing units over the next five years. B4. we provide housing and furniture, to the Friends of the Sick, in a project worth SR 4 million. B4. In agreement with the Prince Salman Housing Project, we have undertaken to pay for 20 housing units between the areas of Al Kharj and Al Mzahmeiya, with an estimated cost of SR 6 million.
	<b>Renovating homes</b>	B2. Renovation of Needy Family Homes" Programme, which aims to refurbish and repair homes of needy families in various areas.
<b>Preventing domestic violence</b>		B9. The "Child Support Line" campaign was launched in collaboration with the National Family Safety Program for Childhood Service in Saudi Arabia. The campaign aimed at protecting families from violence, and was executed through awareness messages on Alinma ATM screens and via social media networks.

Table 5-1 *Subthemes, and elements related to the theme 'Charity'*

### 5.2.1.2 Supporting the Youth

A number of activities related to 'supporting the youth' were reported by the banks (Table 5-2). The majority of these activities were related to the general education of the youth by developing education centres and training programs for the disabled and people in need (B1, 2), providing business training programmes for the purpose of future employment

(B1, 2, 7), and collaboration with other local universities to support the education sector (B3, 9) and to enhance a number of aspects such technological skills, financial skills and Islamic banking knowledge (B2, 11, 12). The second most reported on CSR activities related to supporting the youth are the support of SMEs through financial loans (B1, 10) and business training (B1).

<b>Education</b>	<b><i>Collaboration with Universities</i></b>	<p>B9. Alinma Bank collaborated with a number of Saudi universities in training students and helping them complete the training requirements for their degree programs. During 2016, more than 120 students (male and female) availed themselves of these opportunities. Alinma has a long-standing relationship with local universities in this regard.</p> <p>B11. The Bank has partnered with pioneering institutions to provide an educational platform on which Saudi students, male and female, can learn more about technology and innovations and how can they use it to enhance their skills and fulfil a more meaningful role in society.</p> <p>B12. Establishing “Albilad Research Chair for Electronic Commerce” in cooperation with the Saudi Electronic University, which aims to achieve the scientific leadership and success in the field of research and development of applications and tools in e-commerce, as well as to identify the circumstances and nature of appropriate growth in building electronic systems that serve the electronic commercial transactions which has more technical safety and is easier for the community to handle.</p> <p>B12. Organizing visits to postgraduate students specialized in the Islamic economy and Islamic banking to the headquarters of Bank Albilad to learn about the practical aspect of applying Islamic banking standards in the various sectors of the bank.</p> <p>B3. bank sponsors and participates in several career fairs and events held by a number of highly regarded educational institutes across the country and overseas.</p> <p>B3. established promising partnerships with several academic and university institutions in line with its goal of supporting the education sector and developing its output.</p> <p>B2. established an Investment Research Centre for both male and female students at the Business College of Al Yamamah University. The Centre helps students of the Investment and Finance schools, as well as MBA students, gain real-time experience in financial market applications.</p>
	<b><i>Business training for the purpose of employment</i></b>	<p>B1. Educational Development Program: 15,255 male &amp; female students have been trained within the Saudi “Injaz” Initiative since 2007.</p> <p>B2. Sponsored the "Develop skills in 30 days" Programme, which aims to train 1,800 trainees through 35 training courses, which will enable them to acquire the skills they need to qualify for the job market.</p> <p>B7. Training and Rehabilitation for Business Market Program aims to train youth of both genders and prepare them for the</p>

		labour market which helps them to open up their horizon and build their own future.
	<b><i>For the needy and disabled</i></b>	<p>B1. Forming Specialized Education Centre Projects for Needy Families' Members Training Project, 665 male &amp; female students have been trained in this project since 2010.</p> <p>B1. Launching the new "Management Self-Building" training program to train orphans from both genders through Orphan Program.</p> <p>B2. Training Centre for Blind: In collaboration with the Blind Association Charity, established a fully equipped computer and Braille training centre for men and women.</p>
<b>Support of SMEs</b>	<b><i>Financial loans</i></b>	<p>B1. Micro Loans Project: 271 micro loans have been provided since 2009.</p> <p>B1. Financing Small Projects: This programs is for graduates who want to start up their own small projects.</p> <p>B1. helped 81 entrepreneurs to start small businesses.</p> <p>B3. Contribution to the SME financing program helps to support business start-ups and owners of SMEs.</p> <p>B10. This program includes a comprehensive package and an integrated system of services, financing facilities, banking and investment advisory, adopted by the bank to support the Small and Medium Enterprises sector in the Kingdom to enhance their contribution to the national economy.</p>
	<b><i>Business Training</i></b>	B1. Entrepreneurs Program: Trained 1647 both male and female entrepreneurs.

Table 5-2 Subthemes, and elements related to the theme 'Supporting the youth'

### 5.2.1.3 Supporting the Disabled

The analysis of the information revealed that 'supporting the disabled' was the focus of some banks through enhancing disabled services such as developing disabled friendly facilities, transportation services and educational tools (B2, 10, 12). Other activities are related to rehabilitating the disabled by providing them with the necessary skills to engage with society (B7, 8, 10, 12). Two banks reported on supporting the disabled by the creation of job opportunities (B2, 10); (Table 5-3)



<b>Services</b>	<p>B2. sponsors this national Programme to transform regular public facilities into disabled-friendly locations.</p> <p>B2. sponsors the Prince Salman Centre for Disability Research (PSCDR) programme, which not only conducts research on disability, but also implements projects related to human development and progress. promotes disability awareness and improves the standard of living for disabled people by helping them make the most of their inherent capabilities.</p> <p>B10. A development project sponsored by the bank in collaboration with the Associations of Physical Disabilities in the Kingdom, to provide those alliances with specially equipped buses to facilitate the movement of disabled people.</p> <p>B12. Providing medical and educational tools and equipment for the blind to facilitate their day-to-day work in cooperation with Blind Charity Association (Roya).</p>
<b>Rehabilitation</b>	<p>B7. People with Special Needs Program: aims to help people with special needs of both genders to acquire the necessary skills and abilities to overcome the isolation imposed on them and to open the way for them to communicate with the outside community.</p> <p>B8. We also signed cooperation agreement with Disabled Children Association (DCA) that shows our commitment to social responsibility. DCA is non-profit organization that provides comprehensive care for disabled children. By the end of 2017, more than 68,500 customers have subscribed to Jana membership which exceeded our expectations.</p> <p>B10. rehabilitating the young nationals with mental disabilities for the labour market through developing their skills in the field of agriculture.</p> <p>B12. Providing medical and educational tools and equipment for the blind to facilitate their day-to-day work in cooperation with Blind Charity Association (Roya).</p>
<b>Creating of job opportunities</b>	<p>B2. sponsored an Employment Programme for people with special needs, which aims to enhance employment opportunities for disabled persons.</p> <p>B2. held several forums in various cities across the Kingdom to which people with special needs as well as companies interested in hiring them were invited.</p> <p>B10. Social project carried out in partnership with Al Turath group, targeting to find a source of livelihood for national women with disabilities, through supporting their creations of artifacts and providing them with marketing channels.</p>

Table 5-3 Subthemes, and elements related to the theme 'Supporting the disabled'

#### 5.2.1.4 Creating Jobs

With regards to 'creating jobs' a number of banks published their efforts in the "Saudization" of the banking workforce by direct employment (B1, 10), finding and attracting talents (B3, 9) and training followed by employment (B4, 5, 12). Only one bank published its effort to provide career advice for future employees (B11); (Table 5-4).

<b>Sa ud iza tio</b>	<b>Direct employment</b>	B1. Direct Employment Program has helped 7,847 young men & women find jobs.
----------------------------------	--------------------------	---

		B10. The bank has recorded 93% Saudization rate of its total staff leading the national institutions in this area
	<b>Identify and employ talents</b>	B3. Financial Group makes consistent and rigorous efforts to identify, attract, and retain the best Saudi talent. B9. The Bank continued to support the employment of talented young Saudis by participating in a number of employment and training exhibitions at Saudi universities and educational institutions.
	<b>Training followed by employment</b>	B4. Al Rajhi Bank signed an agreement with the Ministry of Social Affairs, setting up a training and development program for both men and women, eventually offering them employment in banking. B5. Provide opportunities for the promising Saudi youth and support and develop them to raise their skills to achieve success in the Bank. B12. Participating in the program of the Ministry of Education “Your Job and Your Scholarship” to employ a number of graduates of the program in the bank after they received their university degree.
<b>Career advice</b>		B11. Bank has become an active participant in events that seek not only to introduce individuals to available job opportunities but also to help them prepare themselves for placing their feet on the first rung of the ladder of success and the pursuit of a long-term, rewarding career in the field of their choice.

Table 5-4 *Subthemes, and elements related to the theme ‘Creating jobs’*

#### 5.2.1.5 Supporting Businesses

Only a limited number of banks published their efforts in supporting businesses through their support of family owned businesses in a number of ways including the provision of financial loans (B1, 2, 7), training (B1,2, 4), equipment (B2), and marketing (B7); (Table 5-5).

<b>Financial Loans</b>	B7. Qard Hasan Loans Program aims to help families in need by granting them the chance to establish their small enterprises, through providing finance in cooperation with charities.
------------------------	---

	B1. Financed 2186 women beneficiaries through Productive Families Financing Program. B2. supporting underprivileged families and individuals, enabling them to be financially independent and productive members of the community.
<b>Training</b>	B4. We collaborated with the Women's University in preparing diplomas in the fields of body and hair care, and other related fields. The diploma programs train women and eventually provide them with the support required to establish their own small business ventures. B1. Trained 800 women through Productive Family Training Program. B2. Training programme designed to 66 women to produce school uniforms for more than 3,000 orphans.
<b>Equipment</b>	B2. establish 15 fully-equipped flowers and aromatic plant kiosks for 15 needy families.
<b>Marketing</b>	B7. Marketing of Productive Families Products Program aims to help families in need to provide their members with a decent lifestyle, through giving them access to outlets to market and sell their products.

Table 5-5 *Subthemes, and elements related to the theme 'Supporting businesses'*

#### 5.2.1.6 Corporate Volunteering

Four of the twelve banks provided information regarding 'corporate volunteering' in the form of provision of paid volunteer hours (B1, 5) and participation in various volunteering activities such as educational volunteering, blood donations, food distribution, and hospital visits (B2, 5, 10); (Table 5-6).

<b>Paid volunteer hours</b>	B1. More than 500 staff participated in volunteering activities. B5. employee volunteering policy, which enables employees to donate up to 24 hours (3 days) per calendar year toward an organization. This donated time is considered paid time off (and does not affect other types of leave), and is also counted towards bonus scores for the employees at the end of the year in the balanced score card evaluation.
-----------------------------	--

<b>Various volunteering activities</b>	<b><i>Educational volunteering</i></b>	B2. Bank staff participated in Kids Read Programme by reading books to the children, taking part in their arts activities, and performing administrative roles.
	<b><i>Blood donations</i></b>	B5. SAIB Staff including Volunteers participated in this worthwhile activity donating over 47,000 millilitres of blood.
	<b><i>Food distribution</i></b>	B10. A series of aid convoys adopted by Riyadh Bank since 2008. This is a voluntary work carried out by the employees of the bank during the holy month of Ramadan every year to distribute food to poor families in various parts of the Kingdom.
	<b><i>Hospital visits</i></b>	B10. A voluntary contribution adopted by the bank's employees in various cities of the Kingdom, to organize visits to hospitalized children and distribute gifts to alleviate them from their pain and see them smile again.

Table 5-6 *Subthemes, and elements related to the theme 'Corporate volunteering'*

### 5.2.1.7 Sustainability

An area that was only mentioned once by one bank is 'sustainability' through training individuals to become specialised experts in social work (B7); (Table 5-7).

<b>Sustainability</b>	B7. Rehabilitation of Social Work Leaderships programs aims to support rehabilitation programs that target those working in charities with the objective of enhancing their talents. This helps in developing specialized experts in social work.
-----------------------	---

Table 5-7 *Subthemes, and elements related to the theme 'Sustainability'*

## 5.2.2 CSR and Employees

The second most mentioned activities in the reports and websites are CSR activities that are directed towards the employees (Table 5-8). The majority of these activities were to ensure a positive working environment through the continuous update and revision of human resource policies and adherence to international human rights laws (B3, 4, 5), enhancing work ethics (B9), elimination of discrimination (B5), employee training (B3), and the support of female workforce (B10).

Other activities were related to the engagement of employees by creating an open door policy between the employees and management through surveys, annual performance

reviews, and direct meetings to ensure their loyalty, satisfaction, and positive performance (B3, 4, 5). Only one bank reported on their initiative to support the families of deceased employees (B10).

<b>Working Environment</b>	<b><i>Human resource policies</i></b>	<p>B3. updating human resources policies and procedures, providing career growth opportunities from within and recognizing the contributions and loyalty of employees.</p> <p>B3. Several additional human resources initiatives are undertaken as a part of our HR strategy, including the revision and refinement of many policies and procedures.</p> <p>B3. The bank adheres to, and remains fully compliant with all regulatory requirements related to HR.</p> <p>B4. Our bank operates within approved policies regarding employment, equipment purchasing, project management, and internal maintenance, through which the bank upholds the highest levels of social responsibility.</p> <p>B5. Comply with all local and international laws and regulations to respect and protect human rights.</p>
	<b><i>Working ethics</i></b>	<p>B9. Bank has been building a business environment that is committed to the highest ethical standards stemming from Shari'ah rules, regulations and guidance issued by the supervisory authorities.</p> <p>B9. The Bank also encourages its employees through training and awareness programs to adhere to the accountability, honesty, innovation and respect to all partners and colleagues at work, together with avoiding any acts that may contradict with the Islamic values, the bank values or regulations and supervisory controls.</p>
	<b><i>Discrimination</i></b>	<p>B5. Turn our diverse work environment into an all-inclusive environment for all employees by prohibiting explicitly all forms of discrimination and harassment.</p>
	<b><i>Training</i></b>	<p>B3. committed to the training and development of our employees, providing a supportive and enabling work environment in which they can perform to the best of their abilities, updating human resources policies and procedures, providing career growth opportunities from within and recognizing the contributions and loyalty of employees.</p>
	<b><i>Supporting female employees</i></b>	<p>B10. female employees make up 25% of the total number of the bank's employees, who contribute to important roles in all sectors of the bank.</p>

<b>Employee Engagement</b>	<p>B3. Through employee surveys, annual performance reviews, salary benchmarks, task forces and open door policy, we maintain sharp focus on our human capital, its strength and its development.</p> <p>B3. internal stakeholders being fully engaged to integrate CSR into business strategy, operations and culture.</p> <p>B4. The Bank values maintaining social responsibility in the HR sector, establishing mutual loyalty and a personal relationship with each staff member. Employer and employee alike share the same vision, thus building an extended family within our organization</p> <p>B5. Open opportunities for dialogue between employees and management to ensure understanding and response to their needs and expectations and provide them with all the information and knowledge that helps them to succeed.</p>
<b>Employees' Families</b>	<p>B10. A humanitarian initiative designed to support deceased former employee families of the bank and provide a decent life for them.</p>

Table 5-8 Themes, subthemes, and elements related to the category 'CSR and employees'

### 5.2.3 CSR and the Environment

According to the amount of published CSR information provided in the reports and websites, CSR towards the environment comes in third place (Table 5-9). The majority of these activities are related to 'environment protection' in the form of reducing waste through the reduction of paper waste, water saving plumbing and irrigation and the reduction of power consumption (B2, 3, 5, 10). In addition, a couple of banks reported on their efforts to support education and training programs in the area of environment protection (B2, 10). One bank reported their participation in global environment days and

support of wildlife protection programs (B2), while another bank reported on their efforts in including environmental risk management policies within their codes of conduct (B5).

Other reported activities were related to 'energy saving'. This included green building initiatives that aim to preserve water and energy (B2, 3), in addition to educating employees and society on the importance and ways of saving energy and water (B2, 3, 5).

<b>Environment protection</b>	<b><i>Reducing waste</i></b>	<p>B2. Bank has been implementing policies to control paper and plastic waste, as well as to reduce energy and water usage.</p> <p>B2. Conserving energy: Replaced old monitors where applicable with LCD monitors and Installed light sensors to schedule light switch off in Bank premises after end of working hours to avoid any excess consumption of power.</p> <p>B3. Initiatives to improve usage of resources such as water &amp; electricity, minimize paper waste, and incorporate green building design to the extent possible in new premises such as our new head office tower, currently under construction, in King Abdullah Financial Centre.</p> <p>B5. Monitor, minimize and report negative environmental impacts, including energy consumption, greenhouse gas emissions, paper and water consumption and waste treatment.</p> <p>B2. The bank is moving towards a paper-less environment, and the following actions were taken: Discontinue the process of printing and filing of some systems reports because these can be viewed and actioned electronically. Set automatic double-side printing on printers wherever it's appropriate. Discourage print out of internal correspondence and external as well.</p> <p>Introduction of dry and wet waste bins to improve recycling of paper.</p> <p>B10. Concrete steps made by the bank to activate its contributions to the preservation of the environment and raise awareness of its importance.</p>
	<b><i>Education and training</i></b>	<p>B2. sponsors scientific teams to study the negative effects of human activity on marine environments around the Kingdom, as well as the cultivation of mangrove flora and the ways in which they can be protected from extinction.</p> <p>B2. internal staff awareness campaign was launched to reduce paper wastes, to save water consumption, to conserve energy and to reduce impact on climate changes.</p> <p>B10. Concreted steps made by the bank to activate its contributions to the preservation of the environment and raise awareness of its importance</p>



	<b><i>Participation in global environmental days</i></b>	B2. Employees regularly volunteer in the ‘Cleaning One Million Square Metres’ project. B2. participates in the World Environment Day, held annually on 5 June. This aims to raise the community’s awareness of the importance of taking serious steps to protect the environment.
	<b><i>Support wildlife protection programs</i></b>	B2. sponsors a range of programmes organised by Saudi Wildlife Commission (SWC).
	<b><i>Codes of conduct and policies</i></b>	B5. Foster environmental risk management policies and procedures by supporting the processes involved in their management, reporting relevant practices and training our employees.
<b>Energy and water saving</b>	<b><i>Green building</i></b>	B2. Conserving energy: Replaced old monitors where applicable with LCD monitors and Installed light sensors to schedule light switch off in Bank premises after end of working hours to avoid any excess consumption of power. B2. Changed water taps to infrared in Bank premises kingdom wide. Adjusted automatic water taps at 5 seconds interval to reduce water consumption. Usage of underground water for toilets whenever possible and changed toilets flushing systems with lower water consumption system. B3. Initiatives to improve usage of resources such as water & electricity, minimize paper waste, and incorporate green building design to the extent possible in new premises such as our new head office tower, currently under construction, in King Abdullah Financial Centre.
	<b><i>Education</i></b>	B2. Bank participates in several locations across the Kingdom by switching off non-essential lights and highlighting to its employees the problems of global warming and encouraging individuals to turn off non-essential lights and appliances for one hour to save energy. B3. The Bank is a supporter of a number of programs, developmental projects, and initiatives, including the Prince Sultan Bin Abdul Aziz International Prize for Water. B5. Ensure that employees understand the importance of taking environmental considerations into daily work activities and facilitate access to the required training tools and opportunities.

Table 5-9 Themes, subthemes, and elements related to the category ‘CSR and the environment’

## 5.2.4 CSR and Costumers

CSR activities towards costumers were reported by only four banks (Table 5-10). These activities were mainly targeting ‘costumer engagement’ to enhance customer service,



communication, and satisfaction with products (B3, 5,8). Other activities that were mentioned but to a lesser extent are the delivery of ‘Shari’ah compliant products and services’ (B4), ‘professional costumer treatment’ (B5), ‘easy access to services’ (B5), ‘fair products’ (B8), and costumer protection against fraud’ (B5).

<b>Costumer engagement</b>	<p>B3. Our focus on customers is enabled through a number of mechanisms embedded into our operation through access points (e.g. branches, contact centre, website); functions (e.g. relationship managers, customer service unit, market intelligence); and processes (e.g. compliance processes such as ‘know your customer’ and ‘transaction profiling’; customer surveys, mystery shopper program, dip-stick surveys, focus groups and market research).</p> <p>B5. SAIB is committed to maintain different communication channels with the customer, allowing the Bank to receive inquiries and complaints and any other comments and observations, and forward such to the competent authorities in a timely, streamlined and effective manner</p> <p>B5. Adopt the opinions, suggestions and expectations of customers in initiating new products to cope with their changing needs.</p> <p>B8. Cultivating the banking journey of the next generation of customers has been one of retail banking’s key initiatives. The “Jeel” program, specifically designed for individuals aged 25 and below, customizes our client communication, banking offers and customer care to bring about development of long-term relationship of young clients with Banque Saudi Fransi.</p>
<b>Shari’ah compliant products and services</b>	B4. As one of the first Islamic Banks in the world, our products have been adopted as models by other banks locally, regionally and internationally. Each of our products is fully Sharia Compliant, carefully studied and approved, by our Sharia Committee; a group of the Kingdom’s most prominent and esteemed Islamic scholars
<b>Professional costumer treatment</b>	B5. Ensure that we have employees who give the customer utmost care and attention to foster loyalty to deal with SAIB.
<b>Easy access to services</b>	B5. Facilitate our services to existing and potential customers by increasing the channels and methods of access to those services and implementing new means, methods and techniques.
<b>Fair products</b>	B8. New products: Retail has widened its product offering on savings accounts by launching Recurring Deposits and Save-to-own-Home to help promote savings culture among clients and help them develop personal financial wellness.
<b>Costumer protection against fraud</b>	B5. Combat corruption in all its forms, including fraud and bribery, by following a systematic strategy and methods for managing these risks.

Table 5-10 Subthemes, and elements related to the category ‘CSR and costumers’

### 5.2.5 CSR and Shareholders

The least amount of CSR information provided was regarding the shareholders where one bank published their efforts in ‘setting down policies’ that are compliant with international standards and regulations to ensure best practice (B5), while another bank reported on their

efforts to ‘enhance business’ by seeking shareholder feedback in a variety of ways and ensuring they are satisfying the shareholders (B3); (Table 5-11).

<b>Setting down policies</b>	B5. SAIB’s management and its Board of Directors ensure that the Bank complies with the regulations and policies of relevant regulators. B5. Bank complies with local and international standards and guidelines as manifested in the best practices of sustainability management, including but not limited to the Global Reporting Initiative (GRI), the Sustainability Reporting Guidelines, the UN Global Charter (UNGC)
<b>Enhancing business</b>	B3. Seek feedback from our shareholders through multiple periodic processes such as general assemblies, board meetings and executive committees of the board. The bank endeavours to deliver sustained and predictable financial performance.

Table 5-11 *Ssubthemes, and elements related to the category ‘CSR and shareholders’*

### 5.3 CSR Practice in Saudi Arabia: Results of Semi Structured Interviews

The responses from interviewing the 16 different stakeholders of Saudi Banks including 8 CSR employees and 5 directors of CSR departments, one government representative in SAMA, and two members of the Shari’ah board who serve a number of Saudi banks were collated and thematically analysed.

Each transcript obtained by the interviewer was reviewed several times in an attempt to identify all the possible codes. These codes were then suitably arranged and categorised in an attempt to identify potential themes and sub-themes. The results will be displayed under four main categories. The first category will describe the participants perceptions of the CSR concept and its definition and dimensions. The second category will display the participants perspectives on the actual implementation of CSR by the banks. The third category displays the reasons behind the practice of CSR by the Saudi banks and the fourth and final category demonstrates the barriers that hinder the ideal practice of CSR (Figure 5.1). Each category revealed a number of themes and subthemes which will be described separately.

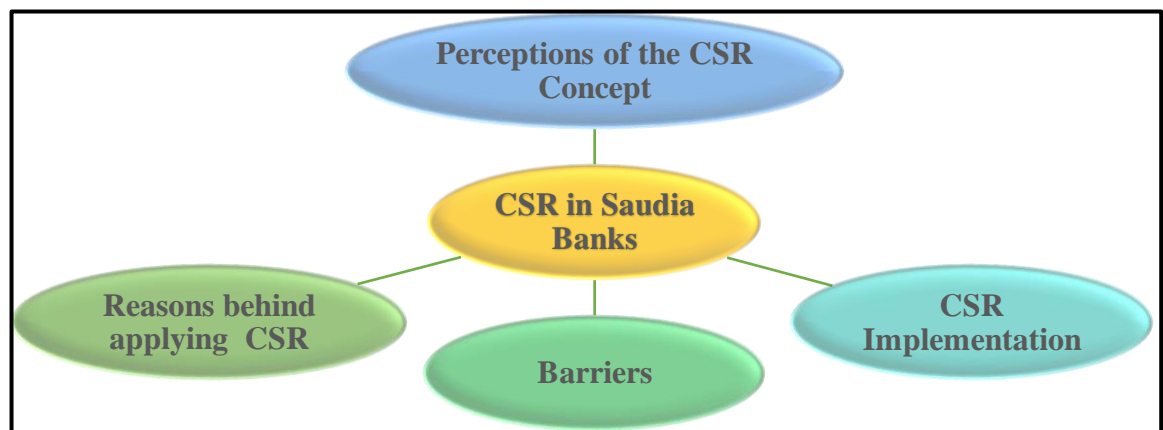


Figure 5-1 The main categories derived from the analysis of the interviews

#### 5.4 Perceptions of the CSR concept

One of the objectives of the interviews was to understand and explore the interviewees perceptions and awareness of the CSR concept. In general, there were varying views with regards to what CSR entails, and it was observed that those with higher educational levels and longer working experience were more comfortable and confident when trying to describe the concept and reflected a higher level of knowledge. Based on the interviewees answers with regards to how they can define CSR, the analysis revealed four themes under this category namely: ‘nature of CSR’, ‘stakeholders benefiting from CSR’, ‘mechanism

of CSR’, and ‘outcome of CSR’ (Table 5.1).

1. Nature of CSR	2. Stakeholder benefiting from CSR
<ul style="list-style-type: none"> <li>• Variable definitions</li> <li>• Voluntary</li> <li>• Compulsory</li> </ul>	<ul style="list-style-type: none"> <li>• Society <ul style="list-style-type: none"> <li>○ Poor families</li> <li>○ Unemployed</li> <li>○ Disabled</li> </ul> </li> <li>• Environment</li> <li>• Employees</li> <li>• Owners</li> <li>• Shareholders</li> <li>• Customers</li> <li>• Suppliers</li> </ul>
3. Mechanism of CSR	4. Outcome of CSR
<ul style="list-style-type: none"> <li>• Services</li> <li>• Products</li> <li>• Regulation <ul style="list-style-type: none"> <li>○ Internal legislation</li> <li>○ External legislation</li> <li>○ Islamic rulings</li> <li>○ Ethical standards</li> <li>○ Best practice</li> </ul> </li> <li>• Education <ul style="list-style-type: none"> <li>○ Educating members of society</li> <li>○ Training new employees</li> </ul> </li> <li>• Voluntary activities</li> <li>• Charity</li> <li>• Zakat</li> </ul>	<ul style="list-style-type: none"> <li>• Practical <ul style="list-style-type: none"> <li>○ Improve productivity</li> <li>○ Increasing income</li> <li>○ Balance between elements of society</li> <li>○ Sustainable development</li> <li>○ Social justice</li> <li>○ Security</li> </ul> </li> <li>• Spiritual <ul style="list-style-type: none"> <li>○ Unity</li> <li>○ Cohesiveness</li> <li>○ Love</li> <li>○ Intimacy</li> <li>○ Mercy</li> <li>○ Stable society</li> <li>○ Prosperity</li> </ul> </li> </ul>

Table 5-12 Themes, subthemes, and elements related to the category (perceptions of the CSR concept)

#### 5.4.1 Nature of CSR

Only the GR was able to display the controversy with regards to the available definitions, stating that no single definition exists and that it differs according to the CSR targets and activities of each company in addition to the nature of CSR which can be compulsory or voluntary:

*‘There is no specific agreed definition of social responsibility worldwide. The definitions have varied according to the dimensions, purposes and concepts targeted by those definitions. These definitions also differed according to the*

*different social responsibility activities of the private sector companies where some define it as compulsory and others as voluntary commitment. '(GR)*

#### **5.4.2 Stakeholders benefiting from CSR**

A wide variety of definitions have been proposed by the participants where the concept of CSR was viewed from different angles according to the interest of the stakeholder involved. There was a general consensus with regards to the definition of CSR from the perspective of the directors. All the directors considered CSR to be focused on the obligation to serve society:

*'To contribute to all the groups in a society both morally and materialistically'.  
(D2)*

The role of CSR towards the environment was considered in addition to society by another director:

*'The role of an organisation towards the environment and the society in which they live in'. (D1)*

The definitions proposed by the employees were much more variable, although some employees reported similar view-points to those proposed by the majority of the directors that CSR is a responsibility towards the society:

*'The organisations' responsibility to serve the surrounding society'. (E2)*

One employee was more precise in identifying the different groups within the society targeted by CSR:

*'It is the customised programs targeting poor families, unemployed and disabled individuals of a community'. (E3)*

Other stakeholders as primary beneficiaries of CSR that have been mentioned by the employees include internal stakeholders such as employees, owners and shareholders as well as external stakeholders including the customers, suppliers and the environment:

*'The organisations' concern over the stakeholders' interest including the community, employees, owners, customers, suppliers and the environment'. (E1)*

The GR also focused on the stakeholders benefiting from CSR by citing the CSR definition provided by the World Bank:

*'The World Bank has defined corporate social responsibility as the commitment of business owners to sustainable development by working with their employees, their families, the community and society as a whole, with the aim of improving the standard of living in a manner that serves both trade and development.'* (GR)

### 5.4.3 Mechanism of CSR

A few of the interviewees included the different mechanisms by which an organisation can implement CSR activities. This included the services and products delivered provided as well as the regulatory mechanisms such as internal and external legislations:

*'The extent of any organisation's commitment to a positive relationship with both the internal and external stakeholders through its services, products, and, internal and external legislation'. (E4)*

The definitions of the SB members also reflected the importance of adhering to the Islamic rulings and ethical standards in order to perform CSR in an ideal manner:

*'This should be achieved through compliance with laws and adherence to ethical standards.'* (SB1)

*'through adhering to the rights and duties in addition to the Islamic orders and prohibitions in various areas of social life'. (SB2)*

The GR on the other hand, mentioned the adherence to best practice guidelines as a form of regulatory mechanism in CSR:

*'by committing to best practices in the various fields of work of the establishment in a manner that ensures the balance between its interests and the interests of society.'* (GR)

In addition to regulatory mechanisms, a few of the participants included education and training of new employees as well as different members of society in their description of what CSR is:

*'Educating the society to transfer them from a position of need to a position where they are able to help others'. ((E6)*

*'To acquire professional expertise in a particular field and to transfer this to new employees to enhance the production'. (E7)*

Finally, the GR mentioned zakat, charity, and volunteering as ways to implement CSR stressing that these terms are not interchangeable with CSR but rather inclusive of these terms. The definition also displayed a focus on the general outcome of performing CSR to achieve sustainable development and social justice:

*'In my opinion it is a series of practices that achieve comprehensive sustainable development and social justice. I believe that there is confusion in the Saudi society between zakat, charity, volunteer work, social development and social responsibility.' (GR)*

#### **5.4.4 Outcome of CSR**

Some of the definitions that were reported by the interviewees included the outcome of CSR. The outcomes were divided into practical and spiritual outcomes. Examples of practical outcomes include increasing income of citizens and improving productivity:

*'Social responsibility is to support a party or an individual who in turn trains the beneficiaries to transfer them from a position of need to a position where they are able to help others'. (E6)*

*'Providing social services to citizens to increase their income'. (E8)*

*'To acquire professional expertise in a particular field and to transfer this to new employees to enhance the production'. (E7)*

Other practical outcomes that have been mentioned by the interviewees included the creation of a positive relationship between external and internal stakeholders and achieving balance between elements of the society:

*'best means to achieve communication among the members of society.' (SB1)*

*'Corporate responsibility as instigated by Islam is a social arrangement*

*established to build a stable and cohesive society in which all cultural, social, economic, political and other elements are balanced. '(SB2)*

*'to create a good relationship between them and the surrounding society and maintain that relationship to achieve societal development, prosperity, security and safety of society by committing to best practices in the various fields of work of the establishment in a manner that ensures the balance between its interests and the interests of society. '(GR)*

In addition, other interviewees mentioned sustainable development, social justice, interdependence, security and safety of the society:

*'In my opinion it is a series of practices that achieve comprehensive sustainable development and social justice. '(GR)*

On the other hand, the members of the SB's perceptions of the CSR concept was more motivational in nature and focused on the spiritual outcome of performing CSR activities such as achieving stability, unity and cohesiveness, love, intimacy, and mercy within the society:

*'The concept of social responsibility can be summed up in 'giving back to society'. Doing good or giving to society is considered the most effective means of achieving unity and interdependence in society and the best means to achieve communication among the members of society. (SB1)*

*'Corporate responsibility as instigated by Islam is a social arrangement established to build a stable and cohesive society in which all cultural, social, economic, political and other elements are balanced. It is not limited to material or charitable contributions, but extends it to instil the spirit of love, intimacy and mercy to create a stable Muslim society. (SB2)*

## **5.5 CSR Implementation**

One category that was developed from the analysis is the 'CSR implementation' which basically covers the areas on how Saudi banks currently practice CSR including their areas of interest with regards to the stakeholders benefiting from the practice and the dimension



focused on, in addition to providing examples of the latest CSR initiatives implemented by these banks. The participants' perceptions of how Saudi banks apply CSR and the areas covered by these banks were divided into five main themes that reflected the stakeholders addressed including 'society', 'environment', 'shareholders', 'employees', and 'customers'. (Figure 5.2).

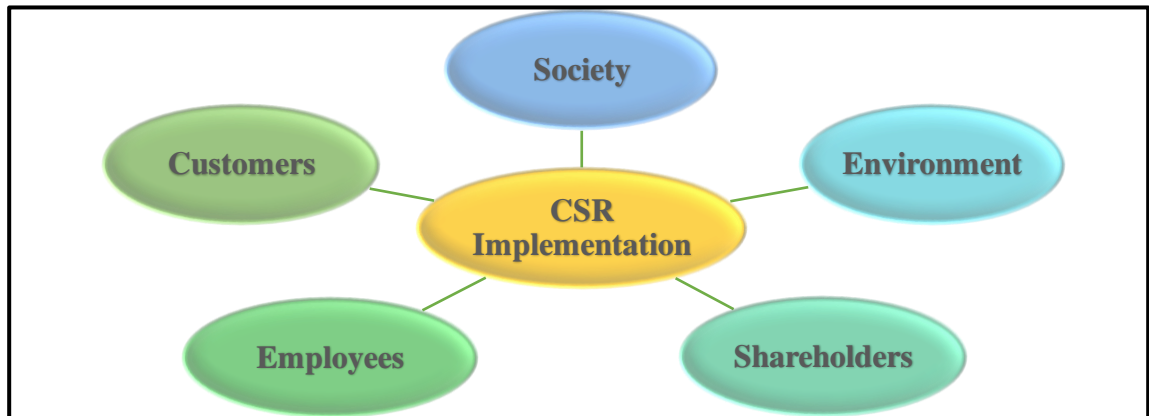


Figure 5-2 The main themes derived from the participants' perceptions of CSR implementation in their banks

### 5.5.1 CSR and Society

From the analysis of the interviews, six sub-themes were identified relating to CSR and society. These sub-themes are: 'supporting the disabled', 'supporting the young', 'creating jobs', 'charity', 'volunteering', and 'sustainability' (Table 5.2).

1. Supporting the disabled	2. Supporting the youth
<ul style="list-style-type: none"> <li>• Financial funding               <ul style="list-style-type: none"> <li>○ Disability centres and institutions</li> <li>○ Prosthetics and rehabilitation centres</li> <li>○ Leisure centres for orphans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Support of SME               <ul style="list-style-type: none"> <li>○ Financial</li> <li>○ Access to supplies</li> <li>○ Education</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>○ Educational programmes for people with Downs' syndrome and autism</li> <li>○ Financing research</li> <li>• Enhancing services <ul style="list-style-type: none"> <li>○ Banks with disabled and elderly facilities</li> <li>○ Specialised branches</li> <li>○ ATM machines</li> </ul> </li> <li>• Creation of job opportunities</li> <li>• Shortcomings <ul style="list-style-type: none"> <li>○ Disabled access</li> <li>○ Employees training</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Training</li> <li>○ Government support</li> <li>• Financial education <ul style="list-style-type: none"> <li>○ Methods of investment</li> <li>○ Business growth</li> <li>○ Saving money</li> <li>○ Establishment of research centre</li> </ul> </li> <li>• General education <ul style="list-style-type: none"> <li>○ New schools</li> <li>○ Universities</li> <li>○ Scholarships</li> <li>○ Supporting higher education programmes</li> </ul> </li> <li>• Developing skills <ul style="list-style-type: none"> <li>○ Industrial</li> <li>○ Traditional</li> </ul> </li> </ul>
<b>3. Creating jobs</b>	<b>4. Charity</b>
<ul style="list-style-type: none"> <li>• Supporting productive families <ul style="list-style-type: none"> <li>○ Financing</li> <li>○ Purchase of equipment</li> <li>○ Training of entrepreneurs</li> </ul> </li> <li>• Saudization <ul style="list-style-type: none"> <li>○ Male and females</li> <li>○ Training and education</li> <li>○ Government pressure</li> </ul> </li> <li>• Opening new bank branches</li> </ul>	<ul style="list-style-type: none"> <li>• Helping the needy financially</li> <li>• Providing and renovating homes</li> <li>• Financial donations <ul style="list-style-type: none"> <li>○ Charities</li> <li>○ Universities</li> <li>○ Educational institutes</li> <li>○ Research in field of water and environment</li> </ul> </li> <li>• Clear agendas and policies</li> <li>• Developing the infrastructure of the community <ul style="list-style-type: none"> <li>○ Hospitals</li> <li>○ Roads</li> <li>○ Public transport</li> </ul> </li> </ul>
<b>5. Corporate volunteering</b>	<b>6. Sustainability</b>
<ul style="list-style-type: none"> <li>• Practical Activities <ul style="list-style-type: none"> <li>○ Smoke cessation programs</li> <li>○ Food distribution</li> <li>○ Donation of clothing</li> <li>○ Blood donations</li> <li>○ Cleaning public spaces</li> <li>○ Renovating public spaces</li> <li>○ Volunteering in charity events</li> </ul> </li> <li>• Emotional/motivating activities <ul style="list-style-type: none"> <li>○ Visiting elderly</li> <li>○ Visiting mental and physical disability centres</li> <li>○ Visiting hospitals</li> <li>○ Entertaining orphans</li> </ul> </li> <li>• Paid volunteer hours</li> <li>• Annual evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting sustainable activities <ul style="list-style-type: none"> <li>○ Building hospitals</li> <li>○ Buying hospital beds</li> <li>○ Building schools</li> <li>○ Building centres for disabled</li> <li>○ Building infrastructure</li> <li>○ Supporting the disabled</li> </ul> </li> </ul>

Table 5-13 Subthemes and elements relating to the theme 'CSR and Society'

**5.5.1.1 Supporting the Disabled**

An area that emerged from the interviews was the support towards disabled people which

was considered a vital element of CSR by some of those who were interviewed. The participants' views were mixed with regards to the CSR practices that were conducted by the banks to support this part of society. Some interviewees agreed that their banks were supporting the disabled through financial funding such as the supporting and funding of various disability centres and institutions, leisure centres for orphans, educational programs for the autistic and those suffering from Down's syndrome, as well as financing research within this area:

*'We have a number of programs that support the disabled and I think this is a key area and very important for our community especially in Saudi Arabia...they are quite neglected. So, we have a number of programs that supports this minority for example, funds were directed to prosthetics and rehabilitation centres...more than 1500 prosthetic devices for children with special needs were provided which was in cooperation with the Disabled Children's Association and the Saudi Association of Hearing Impairment. We also have funds that go to leisure centres for orphans where an agreement with several Saudi sports clubs was made for this groups to be able to use their facilities.'* (D5)

*'We have a funding programme that targets the education of people with autism and Down's syndrome. We also have funds directed to treatment centres for the disabled and the blind. It is also important to fund and support the research in this area'.* (D1)

Similarly, employees' perception of how their banks support the disabled was mainly focused on providing financial support such as allocating a certain amount from each bank transaction to support the disabled:

*'....also, I know the bank is supporting the "Association of Disabled Children" through the process of allocating one riyal from each of the bank's ATM's transaction in favour of this assembly, which I think is an important social contribution which can result in providing specialised programs and job opportunities for the disabled'.*

In addition, some interviewees portrayed the focus of their banks on enhancing the services provided to this part of society through establishing banks with disabled and elderly

facilitates, or creating specialised branches that includes disability trained employees to serve individuals with special needs:

*'Some of our branches in Riyadh and other cities have facilities for disabled as well as for the elderly which provides special access to the banks and offers special vehicles and elevators'. (E8)*

Others reported on the availability of ATMs that are marked with Braille language and other machines that provides audio instructions for those with vision impairment:

*'and actually, we have a branch that has an office specifically serving the disabled. The employee in this office is trained and qualified to serve the disabled and is even trained in sign language...some but not all ATM machines are designed to serve people with special needs and all the keys in the machine are all marked by the Braille language of the blind.' (D1)*

In addition, one participant stated the efforts placed by the bank to create job opportunities for this part of society:

*'40 girls with hearing impairment were trained and employed in cooperation with Takatof Al Khairi Project for the employment of people with special needs.' (D4)*

On the other hand, some interviewees reflected their banks shortcomings in supporting the disabled by the absence of disabled access in some of the branches and the lack of skills held by the employees in communicating and serving this minority group:

*'.....however, I think we could improve when considering disabled people. A lot of our branches cannot be easily accessed by people in wheelchairs and a lot of the employees here would find it challenging when they have to deal with a person who cannot hear for example.' (E7)*

*'and you would find some of our customers authorising family members to conduct their banking dealings because it would be very difficult to do this on their own.' (E2)*

### 5.5.1.2 Supporting the Youth

The participants collectively stressed that corporations should provide support to society in general, and in particular, the youth. The majority of the employees agreed that banks are clearly interested in supporting SMEs financially which is an ideal way of applying CSR on youth, in addition to facilitating their access to supplies and providing them with the necessary education and training to run their business:

*'I believe access to finance is one of the major difficulties facing small and medium enterprises, especially in their early stages. I know that the bank is providing various financing options that support their start and continuation of their activities, such as meeting the commercial needs, and providing them with easy access to supplies and products.'* (E8)

This was supported by a few directors who reported that this is an area that is particularly supported by the government:

*'like SMEs, many programs exist that supports SMEs like the program Kafala and actually there is a partnership between the Ministry of Finance and Saudi banks to provide support to the SME sector to obtain financing from the Bank. Under this program, the bank will provide the loan to the customer and the guarantor will be the government in the event of non-payment. The government will guarantee 80% of the loan and the rest to the customer.'* (D1)

*'I am actually very proud of the bank in this matter, we were rated the best supporting bank for small and medium-sized enterprises. The bank is trying to contribute to the development of the 2030 vision of Saudi Arabia to reach sustainable growth. One of the things that we did in the past was participating in an event that awards pioneers and business leaders 'Best Entrepreneurial Opportunity Award'. There were three winners..... through the entrepreneurship program, we successfully implemented one of its programs of community responsibility, to train and qualify 2,000 entrepreneurs and pioneers since the adoption of the curriculum developed for the program in different cities and villages of the Kingdom.'* (D4)

This was supported in the interview conducted with the GR who portrayed the interest of the government in supporting SMEs:

*'....however, Kafala program is very important to us and the program continues its role in supporting small and medium enterprises in the belief in the main role played by the program in serving and developing the community, expanding the base of beneficiaries and finding new job opportunities that contribute to reducing unemployment rates in the Kingdom..... Saudi banks have contributed to social responsibility in several ways, by supporting young people with microcredit for small projects, as well as logistical support from the training and rehabilitation of young entrepreneurs. There are also many productive families supported and encouraged by banks.'* (GR)

In addition, other comments received by the participants was focused on the bank's responsibility in financial education including methods of investment, business growth and saving money:

*'an interactive program was designed and supported by the bank with a YouTube channel to help people save for tomorrow. To reach this digital generation which watches YouTube more than TV as you know, basic tips and financial planning are delivered through the series that tells the story of a white shark leaving the ocean to become a famous analyst who shares his financial expertise. It's very light-hearted and there was great feedback.'* (E1)

This was in agreement with one director who also added the banks interest in improving research in this area:

*'To educate young people in financial matters and ways of financial savings as it is considered one of the responsibilities of banks towards the society.....we established a research centre with a Saudi University that is specialised in investment research.'* (D2)

A number of participants also revealed the interest of their banks in supporting the youth in terms of enhancing their education and skills in general such as the establishment of new schools, universities, and other educational institutions as well as sponsoring local

scholarships:

*'looking to raise the standard of living of youth, by providing student scholarships for example for high achieving students who are otherwise unable to finance themselves'. (D4)*

Other areas covered in the interviews was developing industrial and traditional crafts skills and enhancing their knowledge on computer technology and supporting higher education programs:

*'such as the scholarships, every year nine students are chosen to continue higher education abroad.' (D5)*

### **5.5.1.3 Creating jobs**

Unemployment was one of the key problems relating to Saudi Arabia raised by the participants in the interviews. The majority of the interview participants considered generating jobs as a crucial aspect of CSR, although, again, there were varying opinions of how this is addressed by the banking sector.

The majority of the participants expressed the role of banks in supporting productive families in a variety of ways including financing, purchasing of equipment and entrepreneur training contributing to job creation in the economic cycle:

*'...supporting productive families to expand their business by financing the business or the purchasing of machinery and equipment necessary. In this way, we contributed in providing jobs for individuals who may otherwise be a burden on the government and as a consequence they will provide job opportunities for others and thus facilitate the economic cycle at the lowest cost'. (E3)*

*'we have many programs that provide training for young business men and women. By helping them launch their business employment positions will open up.' (D5)*

Others believed that their banks contributed to reducing the unemployment rate in Saudi Arabia in a number of ways including 'Saudization' and increasing female job opportunities as stated in the following excerpt:

*'well areas like creating jobs in the bank especially for Saudi citizens, supporting productive families, and increasing the job opportunities for women, are all ways that we have contributed in serving the community'. (D1)*

*'The Saudization rate in our bank exceeds 87%. We are constantly striving to prepare programs throughout the year to train national citizens and qualify them to work. We have the continuous need for trained national citizens to join the labour market.' (D3)*

*'we have a programme that was first launched in 2012 that provides training and development programmes to young men and women. Each year we select 15 Saudi citizens according to certain criteria but most importantly is that they are Saudi and have a Masters' degree as a minimum. The program costs us millions of riyals each year because each trainee of the 15 people cost 200 thousand Saudi riyals. After they graduate they are allocated immediately to the top 4 departments in the bank, namely: treasury management, corporate management, finance management, and internal audit department.' (D5)*

According to the interviews the government has played a major role in pressuring the private sector including banks and ensuring that Saudi citizens both males and females are given the priority over other nationalities when job positions are available. It was reported that one of the tasks of SAMA is to follow up the banks' implementation of their regulations which includes laws relating to Saudization and female employment:

*'The process of Saudization of Saudi banks is still ongoing, especially leadership positions both for males and females. The percentage of Saudi employees in banks is 90%, and even exceeded this percentage in some local banks, up to 96%, which confirms the dedication of departments of human resources in banks to comply with the SAMA decisions and pressures.' (GR)*

*'Saudi banks are strictly committed to the laws and regulations in force in the Kingdom, which are related to the employment of women and their employment in private sector institutions, including banks, including the creation of an appropriate working environment that preserves their privacy and enables them to perform their work properly... Saudization rate of female employees in the*



*banking sector reached about 100%. '(GR)*

Other ways in which banks contributed in reducing the unemployment rate include opening new bank branches:

*'Opening new branches was one way that helped create jobs, facing unemployment problem'. (E8).*

#### **5.5.1.4 Charity**

According to the interviews, it was found that participants believe corporations could provide support to the society through charity. Furthermore, it was concurred by the majority of participants that, if a corporation has a substantially large profit, it would be beneficial for society if they donated a percentage to charity. While most of the participants agreed that it is a vital element of CSR, it only represents one dimension, meaning that CSR is multi-dimensional and should not be confined to this single dimension only.

Some of the interviewees expressed their banks' focus on helping the needy directly by either supporting them financially, or providing them with homes and home renovations which will in turn facilitate raising their abilities in the different aspects of life:

*'Supporting the poor financially, or by providing housing for poor families, this will raise the competencies of the poor and open the field to them in the labour market by indirectly raising their chances of education and training'. (E8)*

*'The program "Restoring homes of needy families" in the city of Riyadh looks to rehabilitate and renovate the homes of needy families in some neighbourhoods in Riyadh city.' (E1)*

Other participants reported on their banks philanthropic activities by funding charities, universities, educational institutes, as well as funding research in the field of water and the environment.

*'we support the research in the field of water and environment conservation.'*

On the other hand, other participants were more directed towards sustainability although they believed that helping the people in need directly as an important form of CSR. In other

words, they reported that their banks are striving to create clear agendas and policies to facilitate such support:

*'Donation should be linked to sustainability by having clear programmes and policies and this is what we are constantly trying to improve'. (D2)*

In addition, some interviewees portrayed their banks support for the development of the infrastructure of the community as a form of charity by helping the development of hospitals, roads and public transport systems:

*'Actually, the bank cooperated with King Saud University to establish a health tower that includes centres for the treatment of incurable diseases and the development of scientific research, with a total value of 70 million riyals.' (D1)*

Finally, it was reported by the members of the Shari'ah board that philanthropy is encouraged and that their roles lie on motivating the banks through engagement and identifying the needs of the society:

*'Due to our position as a Shari'ah authority within the bank, we do have a duty with regards to social responsibility by encouraging philanthropy and providing assistance by communicating with employees of all levels from executive heads to the smallest employees and clients and we try to motivate them based on the real needs of society.' (SB1)*

#### **5.5.1.5 Corporate Volunteering**

All the participants concurred that corporate volunteering should be supported by banks. The opinion was held by the majority of participants that a corporation is comprised of a number of individuals representing the company. Participants viewed that volunteering should be a duty for each citizen throughout society and, as corporations are built from the work of individual employees, they too should have a duty towards volunteering.

Differences existed between the participants' viewpoints on how volunteering is applied where a few reported a number of practical activities such as participating in smoke cessation programmes, food distribution in Ramadan, donation of clothing, blood donations, cleaning beaches and public spaces, renovating public spaces such as parks, and volunteering in charities. Participants viewed it as a more personal matter stemming from

the feelings of the person and applied naturally whilst at the same time being under the name of the bank. They explain that by volunteering the community will be more satisfied with the bank:

*'I see that volunteering can be accomplished through contributing in various community activities as a personal matter. It is not compulsory but is beneficial to the bank.... I mean we always volunteer in activities like break fasts distribution in Ramadan, blood donation campaigns, charities, cleaning and renovating public spaces.... volunteering at charities through the bank's gate, and this leads to community satisfaction towards the bank'. (E5)*

Volunteering is also encouraged by the SB by proposing their ideas to the board of directors and the banks' openness in hearing these ideas:

*'voluntary work meets with Islamic law and it is at the core of our work, we meet with the heads of the board of directors and motivate them and make plans for them on social responsibility and volunteering. I remember once we proposed that employees should volunteer in distributing clothing to those in need but implementation is within the bank's powers and we do not have a binding force on them. Eventually they took this proposal into consideration and acted on it.' (SB2)*

Others reported on the banks' encouragement in participating in global environment days such as 'earth hour':

*'Bank allows employees to engage in CSR activities like global environment days, earth hour awareness programs, and also smoking cessation programmes. We try in every way to involve employees because the employees are basically part of the community'. (E6)*

The volunteering activities expressed by other interviewees were not as tangible as the rest of the participants and were more related to emotional motivations such as visiting individuals in various disability centres as well as hospitals, visiting the elderly, entertaining orphans, and distributing Eid gifts to express their compassion:

*'Visiting hospitals for patients with cancer, Down's syndrome and other*

*disabilities, which makes us feel the suffering of others'. (E2)*

Finally, a few reported on how volunteering is facilitated by the banks such as providing paid hours annually where the employees are free to volunteer in a charity or activity of their choice, while others stated that it forms part of the employees' annual evaluation:

*'providing 30 paid volunteer hours per year where they have the freedom to participate in hospital visits and distribute Eid gifts to patients, and participate in entertainment activities for orphans and cleaning beaches and parks..etc.' (D3)*

*'Volunteering hours is calculated towards the working hours as a form of motivation. When we evaluate the employee each year we consider the volunteering hours he/she has delivered for the bank which constitutes 5% of the total evaluation score'. (D4)*

#### **5.5.1.6 Sustainability**

About half of the participants were aware of sustainability and were stressing the importance of achieving sustainability when applying CSR. They report that CSR would be much more effective if it encompasses sustainability.

A few expressed the role of their banks in supporting projects that acquire sustainable features such as building hospitals, buying hospital beds, building schools, building centres for the disabled and as mentioned in the previous themes, building the infrastructure of the community:

*'Projects engaged by banks must be sustainable, and should serve the greatest number of people in a community....I believe our bank helped in developing a sensory room or I'm not sure what it's called exactly at a centre for Autism, to help the children develop and use their senses.' (E2)*

### 5.5.2 CSR and Environment

When considering CSR in relation to the environment, two sub-themes have been identified: ‘Energy saving’ and ‘Environment protection’. In what follows, these two sub-themes will be addressed separately.

1. Energy saving	2. Environment protection
<ul style="list-style-type: none"> <li>• Green building               <ul style="list-style-type: none"> <li>○ Floors built with recyclable materials</li> <li>○ Use of walls and glass with thermal insulation materials</li> <li>○ Water saving plumbing and irrigation systems</li> <li>○ Time powered lighting system</li> <li>○ Infrared water taps</li> </ul> </li> <li>• Education               <ul style="list-style-type: none"> <li>○ Reduce paper waste</li> <li>○ Reduce water consumption</li> <li>○ Reduce energy consumption</li> </ul> </li> <li>• Recycling               <ul style="list-style-type: none"> <li>○ Recycling bins</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Participation in global environment days</li> <li>• Support wildlife protection programs</li> <li>• Control the banks’ environment               <ul style="list-style-type: none"> <li>○ Preservation of surrounding natural environment</li> <li>○ Planting trees</li> <li>○ Prohibiting smoking</li> </ul> </li> <li>• Education and training</li> <li>• Reducing waste               <ul style="list-style-type: none"> <li>○ Electronic record keeping</li> <li>○ Paper free statements</li> <li>○ Reduce internal and external printing</li> <li>○ Two-sided automatic printing</li> <li>○ Water saving plumbing and irrigation</li> </ul> </li> <li>• Codes of conduct and policies</li> <li>• Government policies</li> </ul>

Table 5-14 Subthemes and elements relating to the theme ‘CSR and Environment’

#### 5.5.2.1 Energy Saving

The interviewees revealed the importance of saving energy and their views of the activities that have been accomplished by the banks were mixed. For example, a couple of the participants reported their banks’ interest in green building such as building floors with

recyclable materials, glass and walls with thermal insulation materials, water saving plumbing and irrigation systems, time powered lights, and infrared water taps:

*'Building sustainable and environmentally friendly buildings is one way...so I know we have features in the building that are environmentally friendly although I'm not exactly aware of all the features but I think for example the lights which are powered with timers and the infrared water taps are some examples to reduce energy and water consumption'. (E5)*

On the other hand, one director expressed the importance of education in energy saving and reported on the banks activities in this matter by educating the community and the employees on issues such as reducing paper waste, water consumption and energy consumption:

*'To preserve the environment and energy they need to educate the community through lectures and courses on preservation of the environment, energy saving and non-wasteful energy sources...we conducted an internal awareness campaign for the banks' employees to reduce paper waste, rationalise water consumption and conserve energy to reduce the negative impact on the climate'. (D5)*

Others were focused on recycling and reported having recycling bins in their banks:

*'in our branch, and I believe other branches as well, we have bins for dry and wet waste for paper recycling purposes.' (E6).*

#### **5.5.2.2 Environment protection**

The participants associated a corporation's function with their environmental duty and obligation. For instance, companies such as petrochemical corporations have a direct and large effect on the environment and, therefore, their responsibility towards the environment is higher in contrast to those companies which do not have an instant and large effect. In addition, a number of participants are of the opinion that if a corporation does not have a direct impact on the environment, then it is not their obligation to support environmental issues.

This was conveyed by one director who although believed that the bank does act

responsibly towards the environment through the participation in Global Environment days, and supporting the protection of wildlife, their responsibility is less compared to other organisations:

*‘Participation in Global Environment days, support and adopt wildlife programs, all of this helps to maintain and protect the environment. However, banks’ responsibility toward the environment is less than other companies that don’t really have that much of an impact’. (D5)*

The remaining participants on the other hand, held the view that banks should be held responsible towards protecting the environment. Their views on how this is currently achieved by the banks were mixed. A few reported on the banks support for the environment by controlling its own environment such as preserving the surrounding natural environment, planting trees around the banks’ building and prohibiting smoking:

*‘smoking is prohibited inside and around the bank.’(E6)*

Environment protection is also urged by the members of the SB and one of the members reported on Saudi bank’s interest in protecting the environment giving an example where some banks volunteered to clean the beaches of Jeddah city:

*‘Regarding the environment, we urge banks to consider this aspect and invite them to environmental initiatives because it is an Islamic principle and banks in fact are interested, for example some banks organised a voluntary trip for the employees from all branches throughout the Kingdom to clean the beach of Jeddah city and many more examples of these initiatives by banks exists.’(SB2)*

In addition, supporting conservation projects through education and training programmes and initiatives was portrayed by E3:

*‘The bank supports conservation projects through programs, courses and initiatives organised by the Saudi Wildlife Authority to educate people in the ways of preserving the environment and investing it in a proper way.’ (E3)*

Others reported on their banks focus in reducing waste through a number of ways such as the use of electronic record keeping and paper free statements, reducing internal and

external printing, the use of two-sided automatic printing, and water saving plumbing and irrigation all of which has a role in protecting the environment:

*I think we have a duty to the environment, to protect it in any way possible and I think the bank is trying as much as possible to address this issue by reducing the paperwork so all the ATM machines tries to encourage customers not to print a receipt by donating the cost of the receipt to charity for example.’ (E8)*

Developing codes of conduct and policies aimed at preserving the environment was considered essential by one bank:

*‘All companies and banks have to place internal regulations and policies to maintain the surrounding environment and all that affects it negatively, we follow the ISO 14001 standards with regards to our environmental responsibilities which includes the standards of the building itself.’ (D1)*

As for the role of the government in this matter, the interviews revealed that SAMA has specific guidelines with regards to preserving the environment:

*‘Yes, Saudi banks are committed to take care of the environment and natural materials and make plans for this according to the corporate governance system of Saudi banks and banks in fact adhere to the regulations of the institution because it avoids the imposition of financial fines from the Department of Banking Control, for example banks protect the environment by contributing the value of print receipt to charity if not requested by the consumer.’ (GR)*

### 5.5.3 CSR and Shareholders

When considering CSR and the shareholders, the analysis revealed two subthemes: ‘Best Practice’ and ‘Developing Business’. It was evident from the interviews that all the participants concurred that improving the business and applying best practice principles were amongst the most important objectives of their banks and in particular the shareholders of these banks. Each subtheme will be discussed separately in the following subsections.

1. Best Practice	2. Developing Business
• Setting down policies	• Enhancing business



<ul style="list-style-type: none"> <li>• Internal regulations</li> <li>• Data Confidentiality <ul style="list-style-type: none"> <li>○ International standards in security management</li> <li>○ Systems protected against attacks</li> <li>○ Robust processes and procedures for handling confidential data</li> </ul> </li> <li>• Avoid risk management activities</li> <li>• Anticorruption <ul style="list-style-type: none"> <li>○ Compliance with laws and regulations</li> <li>○ Monitor compliance</li> </ul> </li> <li>• Morality in business <ul style="list-style-type: none"> <li>○ Always doing the right thing</li> <li>○ Deliver outstanding service</li> <li>○ Working as a team</li> </ul> </li> <li>• Encourage engagement of all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Profit maximisation <ul style="list-style-type: none"> <li>○ Increase shareholder values</li> <li>○ Profit at the expense of society</li> <li>○ Shari'ah compliant</li> </ul> </li> </ul>
---	--

Table 5-15 Subthemes and elements relating to the theme 'CSR and Shareholders'

#### 5.5.3.1 Best Practice

Setting down policies and internal regulations, avoiding risk management activities, as well as ensuring data confidentiality through the application of international standards in security management, protection against cyber-attacks, and creating robust data handling procedures were some of the activities that were reported by the interviewees to be an essential part of the banks' business to ensure best practice:

*'I think the bank is always seeking to apply and commit to internal legislations and international standards in security management, which contributes to keeping our shareholders' equity and save this organisation from collapsing and avoid risk management activities. This will consequently result in the success of the Bank which is a fundamental part of social responsibility'. (E4)*

Others on the other hand, contemplated that anticorruption by complying to the national laws and regulations as well as monitoring this compliance is essential to their banks to guarantee success:

*'It is essential to protect the business as well as the shareholders' assets by creating and ensuring a moral environment clear of any form of corruption. This*

*is a requirement of all the internal parties of the bank to ensure its' success in achieving the desired goals'. (E5)*

This was supported by the GR who ensured that there are policies set by SAMA regarding best practice and anticorruption and banks are obligated to adhere to these policies:

*'All banks must strictly adhere to the rules and regulations issued by SAMA to follow the best practices to guarantee a business that is free of corruption in order to protect the establishment and the rights of shareholders.' (GR)*

Some interviewees revealed the importance of morality within their banks including their encouragement to always do the right thing, deliver outstanding service and working as a team to achieve common goals in various business dealings by all the internal stakeholders in the bank as a key influence in enhancing business. In addition, one participant reported on the banks effort in engaging all the stakeholders in their business activities and gaining their insights in order to enhance the business:

*'I think it's important to think about how we do the business not just focusing on what we do....the environment encourages our employees to feel welcomed to participate and create an environment in which everyone feels encouraged to contribute and participate.' (D5)*

#### **5.5.3.2 Developing Business**

From the interviews, it was evident that all the participants agreed that developing business should be considered when practicing CSR as this would positively benefit the shareholders directly and the society indirectly. All the participants agreed that enhancing business is a requirement of CSR and is continuously being sought by the banks. It was considered as an ethical duty as banks are major economic entities and can significantly impact CSR and therefore should be protected and continuously enhanced:

*'we have an ethical duty to protect the bank and its reputation, because it is a major economic entity and must be protected from bankruptcy'. (D2)*

Similarly, a unanimous point of view was also revealed regarding profit maximisation. All the participants including the GR agreed that profit maximisation is an important

requirement of banks and they are always seeking to increase the shareholder value by increasing their profits.

*'We call on banks to make profits and strengthen their financial capacity and provide facilities in this regard because the banks have an important financial and economic position.'* (GR)

However, supporting the citizens within society should be identified as substantially more important than the individual interest of any corporation, something that some interviewees revealed as not being essential to their banks. Essentially, a corporation should not negatively influence society to reach their financial and business objectives as, in the end, society is the most important element:

*'We have a constant demand from the shareholders to maximise their profits without giving something to the community and this is not right, there must be a balance between profit and society, and there should be control measures facilitating the contribution to the community using some of these profits'.* (E5)

This is in agreement with the opinions held by the members of the SB where they believed that banks are financial institutions whose main role is to achieve profits. However, the role of the SB in this matter lies in ensuring the compliance of products and services with Shari'ah:

*'In fact, banks are obliged to follow the instructions set by SAMA to maintain the work flow and our role is limited to ensuring that the products are compatible with Islamic law. At the same time, the bank must take into account the interest of investors to enhance their profits because the banks are not charities, they are required to produce annual profits, but it must be Sharia compliant.'* (SB1)

#### 5.5.4 CSR and Customers

CSR to customers was acknowledged in interviewees' understanding of social responsibility, as customers were often referred to as important stakeholders for the banks as well as the government. The analysis revealed four subthemes: '*Best Practice*', '*Education programmes*', '*Costumer treatment*', and '*Costumer protection*'. Each subtheme will be discussed separately in the following subsections.

1. Best Practice	2. Education programmes
<ul style="list-style-type: none"> <li>• Setting down policies</li> <li>• Internal regulations</li> <li>• Data Confidentiality               <ul style="list-style-type: none"> <li>○ International standards in security management</li> <li>○ Systems protected against attacks</li> <li>○ Robust processes and procedures for handling confidential data</li> </ul> </li> <li>• Avoid risk management activities</li> <li>• Anticorruption               <ul style="list-style-type: none"> <li>○ Compliance with laws and regulations</li> <li>○ Monitor compliance</li> </ul> </li> <li>• Morality in business               <ul style="list-style-type: none"> <li>○ Always doing the right thing</li> <li>○ Deliver outstanding service</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Bank               <ul style="list-style-type: none"> <li>○ Selection of supplies</li> <li>○ Supplies management</li> </ul> </li> <li>• Government               <ul style="list-style-type: none"> <li>○ Keep updated on developments and trends</li> <li>○ Training and information programmes</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>○ Working as a team</li> <li>• Encourage engagement of all stakeholders</li> </ul>	
<b>3. Customer Treatment</b>	<b>4. Costumer protection</b>
<ul style="list-style-type: none"> <li>• Professional</li> <li>• Safe</li> <li>• Fair               <ul style="list-style-type: none"> <li>○ Fair products</li> <li>○ Products based on need</li> <li>○ Customer feedback</li> </ul> </li> <li>• Bank-costumer relationship               <ul style="list-style-type: none"> <li>○ Trust</li> <li>○ Honesty</li> <li>○ Long lasting</li> <li>○ Transparency</li> <li>○ Understanding</li> </ul> </li> <li>• Access to services               <ul style="list-style-type: none"> <li>○ Easy</li> <li>○ Low cost</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Against fraud</li> <li>• Against cyber-attacks</li> <li>• Government supervision (SAMA)               <ul style="list-style-type: none"> <li>○ Banking control law 1996</li> <li>○ Compliance with policies</li> <li>○ Costumer protection department</li> <li>○ Costumer protection guidelines</li> <li>○ Identifying costumer priorities</li> <li>○ Receiving complaints</li> <li>○ Resolving complaints</li> <li>○ Website with costumer protection information</li> <li>○ Raising costumer awareness</li> </ul> </li> <li>• Shari'ah Board supervision               <ul style="list-style-type: none"> <li>○ Shari'ah compliant products and services</li> </ul> </li> </ul>

Table 5-16 Subthemes and elements relating to the theme 'CSR and Customers'

#### 5.5.4.1 Best Practice

The analysis of the interviews revealed that some of the subthemes that appeared in relation to CSR and shareholders (section 5.3.3.1) were also applicable to the customers, in particular the subtheme 'best practice'.

#### 5.5.4.2 Education

The interviews revealed that education programmes for the benefit of the costumer was an essential aspect that is stressed upon both by the financial institution itself and the government. One interviewee noted that the company had different education programs which educate employees in areas such as selection of supplies and supply management for their own growth but also for the benefit of serving the customer better:

*"For example, last year we had a program organised for advancing our knowledge relating to the goods that we sell. Each employee received education for special selection of goods. These seminars help us serve our customers better."* (E8)

As for the efforts placed by the government in the area of education, it was reported that different education programmes have been established to keep banks updated on the most recent developments and trends, and increasing their knowledge on basic financial issues.

*‘and you know we try to help develop their knowledge of basic financial issues by providing training and information programs.’ (GR)*

#### **5.5.4.3 Costumer Treatment**

In addition, it was evident from the interviews that there is an effort placed by both the government and the banks to ensure the proper treatment of their clients through fair, professional, and safe treatment. This is achieved by ensuring the provision of fair products that are delivered based on the needs of the customers and achieved through gaining customer feedback. Others reported on their banks efforts in building a positive bank-costumer relationship using terms such as ‘trust’, ‘transparency’, ‘understanding’, and ‘long lasting relationships’:

*‘ensure that the financial sectors are treating the client in a fair professional manner.’ (GR)*

#### **5.5.4.4 Costumer Protection**

Customer protection was considered by the interviewees as a vital part of the banks’ business using precautionary measures to protect the customers from fraud and cyber-attacks.

*‘we have a specific icon on the personal account of the costumer that asks them to continuously update their information, this will help protect them against fraud and cybercrime. Their accounts simply freeze if they don’t update the information when we ask them to, although this may seem as an inconvenience, it is in the best interest of the costumer who is our number one priority.’ (E3)*

Customer protection was also found to be a prime concern to the government through SAMA where it was reported that since the establishment of the Banking Control Law in 1996, it has been closely supervising financial institutions to ensure their compliance with policies of costumer protection. They have also created a costumer protection department to ensure that customers are treated with transparency and honesty and allowed easy access to services at fair prices:

*‘After the appearance of the Banking Control Law, our organisation has established a "Customer Protection Department". whose main objective is to*

*ensure fair, transparent, honest and safe treatment of customers in their financial transactions as well as access to financial services and products with ease and at a reasonable cost. '(GR)*

In addition, according to the GR, SAMA has developed costumer protection guidelines in areas such as pricing, costumer communication, and quality of services provided. It was also reported that they are always open to receiving and resolving costumer complaints, identifying their priorities, and raising their awareness in their rights and duties through their website:

*'We have developed customer protection guidelines for accurate pricing, communicating with the clients and enhanced quality of services. '(GR)*

*'Through our website and even as posters on the banks' wall, we provide the foundations for customer protection which aims to raise customers' awareness of their rights and duties. '(GR)*

According to the interviews, guaranteeing costumer protection is also a responsibility of the Shari'ah Board which has the duty to ensure that all products and services are compliant with Shari'ah and in accordance with the customers' needs:

*'It is important that there is Shari'ah control and we review all Shari'ah-compliant products and services provided to our clients and developing these products and services as needed by the clients. '(SBI)*

### 5.5.5 CSR and Employees

The participants were asked to convey their perceptions of the role of CSR as applied by the organisations towards the employees. The analysis revealed three subthemes under this main theme: *‘Training and Education’*, *‘Healthcare’*, *‘Paying a fair salary’*, *‘Working Environment’*, and *‘Engagement’*. There was a general agreement that banks that behave responsibly towards their employees are considered to be respectable banks.

1. Training and education	2. Healthcare
<ul style="list-style-type: none"> <li>• CSR</li> <li>• Corporate banking</li> <li>• Corporate governance</li> <li>• Islamic products</li> </ul>	<ul style="list-style-type: none"> <li>• For employees</li> <li>• For family members</li> <li>• For parents</li> <li>• Membership in health and sports clubs</li> <li>• Gaining employee feedback in services provided</li> </ul>
3. Adequate salaries	4. Working Environment
<ul style="list-style-type: none"> <li>• Salaries insufficient               <ul style="list-style-type: none"> <li>○ Absence of minimum wage standards</li> <li>○ Salaries based on banks subjective assessment</li> </ul> </li> <li>• Salaries sufficient</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy</li> <li>• Respectful</li> <li>• Ethical relations</li> <li>• Training               <ul style="list-style-type: none"> <li>○ Communication skills</li> <li>○ Teamwork</li> </ul> </li> </ul>



<ul style="list-style-type: none"> <li>○ education and skills</li> <li>○ experience</li> <li>○ job performance</li> <li>○ nature of work</li> <li>○ comparative studies</li> <li>○ Bonuses</li> </ul>	<ul style="list-style-type: none"> <li>• Power to complain to manager <ul style="list-style-type: none"> <li>○ Preserving employee rights</li> <li>○ Psychological well being</li> </ul> </li> <li>• Establishing standards of relationships <ul style="list-style-type: none"> <li>○ Between employees and managers</li> <li>○ Amongst employees</li> </ul> </li> <li>• Confidence in establishment</li> <li>• Just environment</li> <li>• Working culture</li> <li>• Human resource policies</li> <li>• Benefits to employees</li> <li>• Supporting female employees</li> </ul>
<b>5. Engagement</b>	
<ul style="list-style-type: none"> <li>• To enhance working environment <ul style="list-style-type: none"> <li>○ Communication through questionnaires</li> <li>○ Communication through meetings</li> </ul> </li> <li>• To enhance banks business <ul style="list-style-type: none"> <li>○ Communication through questionnaires</li> <li>○ Communication through meetings</li> <li>○ Include employees in decision making process</li> </ul> </li> </ul>	

Table 5-17 Subthemes and elements relating to the theme 'CSR and Employees'

#### 5.5.5.1 Training and Education

The participants agreed that Saudi banks are attaching high importance to the training and development of their employees, where the banks are breaking all the existing obstacles hindering this training to make them highly qualified in their positions.

All the participants highly believed that banks offer excellent training and developing programmes for the employees including programmes specialised in the field of Corporate banking, corporate governance and CSR:

*'Yes, there is training in the field of community service for employees, as it is the banks' responsibility. Also in terms of rehabilitating the staff, each employee is required to attend at least two to four training sessions per year according to his specialty or business needs'. (D5)*

*'this comes as part of our strategy to achieve the objectives of the Vision 2030 and the National Transition Program 2020...our employees form the basis of the organisation and we need them to be as satisfied, educated and as skilled as possible...just last year we partnered with Toastmasters International in the*

*United States to deliver programmes for the new generation employees in the field of corporate banking and corporate governance' (D1)*

The interviews also revealed that employees are required to attend training programs to raise their awareness in Islamic products organised in coordination with the Shari'ah Board:

*'Coordinating with the training units and various workshops in order to raise awareness of Islamic products inside and outside the bank.' (SB2)*

#### **5.5.5.2 Healthcare**

The participants expressed their views regarding the provision of healthcare by the banks where all of the participants regarded this as an essential facility that portrays the banks' interest in the wellbeing of their employees.

All the employees agreed that their banks ensure that healthcare access is easily achieved by the employees including their families and parents:

*'The bank provides medical insurance for employees and their families, and particularly parents, although this is very expensive especially for individuals over sixty, we find that the insurance provided for the parents may exceed the cost of the whole family, all this for the sake of convenience for employees and increasing their productivity and the desired profitability targets'. (D4)*

A few of the participants reported on the banks provision of memberships with health and sports clubs for the employees and their families:

*'Yes, the bank actually does offer health care services for us as employees. They also provide memberships in health and sports clubs for us and our families.' (E2)*

Others reported on their banks interest in gaining feedback from their employees on the health services provided and ways of improving this service:

*'Obtaining feedback from the employees regarding these services is also encouraged by the bank to improve their performance in this regard.' (E5)*

### 5.5.5.3 Adequate salary

It was evident from the interviews that the participants held varying views regarding salaries, where some regarded it as insufficient for the amount of work they put into their jobs and that banks should take this under consideration, while others argued that banks provide excellent and sufficient salaries.

A few employees considered that salaries are deliberately low using this as a way to motivate the employees to achieve profits and obtain bonuses as a result:

*'In my opinion, the bank is providing insufficient salaries which is considered not rewarding, this makes you living in a spiral thinking how can I achieve profits in order to get a bonus'. (E8)*

Others believed that banks should hold greater importance to the level of salaries provided to their employees as this plays a significant role in the success of a bank. They attributed this to the absence of minimum wage standards and any salary given is based on the banks subjective assessments which was also confirmed by the government representative:

*'I think the income provided by the bank is not enough even though banks have the highest income in the Kingdom. They must provide better salaries to aid in the growth of the bank and in my opinion there are no specific regulations for salaries which is left to the assessment of the bank'. (E4)*

*'There is no minimum wage or a fixed wage ceiling for salaries, but the competition between the banks made salaries high enough.' (GR)*

One participant believed that high salaries are given upon favouritism and not on professional qualification:

*'In terms of salaries, in my personal opinion this is based on favouritism not on qualifications. They will not give you a high salary unless you have connections to higher authorities in the organisation'. (E5)*

On the other hand, the majority believed that sufficient salaries are provided by the banks, and that these salaries increase depending on the level of education, skills acquired by the employees, level of experience and performance, and nature of their work. They also state

that beginners usually start off with low income but this gradually increases with the years of experience:

*'In fact, banks provide lucrative salaries to staff depending on their expertise and certificates. The salaries are usually somewhat low for beginners, especially those who do not have sufficient experience or qualifications but gradually increases by time'. (E6)*

One interviewee reported on the banks effort in providing fair wages by conducting comparative studies annually and offer bonuses for excellence in achievements:

*'we conduct comparative studies of salaries and wages in the banking market annually and adjust the conditions of our employees according to the performance of each employee and the nature of his work.'*

#### **5.5.5.4 Working Environment**

One factor that was stated by the participants as significantly influencing how they feel about work is the environment. By work environment, it is meant everything that forms part of the employees' involvement with the work itself, such as the relationship with co-workers and supervisors, and organisational culture.

All the participants agreed that banks provide an ideal working environment using terms such as 'healthy', 'respectful', 'ideal' and 'ethical'. The rights and psychological wellbeing of the employees are preserved by giving the employees power of complaining to seniors. The interviews also revealed that banks places efforts to establish standards with regards to the relationships amongst the employees and between the employees and managers, in addition to delivering training courses to improve the communication skills and teamwork abilities of the employees and managers:

*'Even if you are treated by your supervisor or manager unethically you have the power to complain as the bank preserves the employees' rights and psychological wellbeing'. (E4)*

*'Banks generally maintain the internal environment of the bank and create the right working atmosphere and also establish standards of relationships between*

*employees and managers and amongst the employees as well. In fact, the bank environment is a very healthy and ideal work environment'. (E5)*

One interviewee reported on receiving an award for best business environment which is based on the employees' confidence with the establishment, just environment, the working culture, human resource policies and benefits to the employees:

*'A few years back we were awarded the Best Business Environment which is actually based on the viewpoints of our own employees on issues such as their trust in the management, achieving justice, our culture, human resource policies and benefits provided to them.....a lot of effort and care is put by the bank for the satisfaction of the employees and creating an ideal working environment because a happy employee means a productive employee.' (D6)*

Finally, the working environment with regards to female employees were considered positive respecting their privacy and providing them with the necessary tools to succeed in their jobs:

*'respects the privacy of Saudi women and provides them with all the elements of success and professional development.' (E7)*

*'In fact, Saudi banks are obliged to open independent women's branches because the Saudi regulations does not allow banks to open mixed branches because it will take away the privacy that she deserves. In fact, the working environment within banks for Saudi women is comfortable and protects her privacy.' (SB2)*

#### **5.5.5.5 Engagement**

In general, the participants reported that employee engagement with different aspects of the business was promoted by their banks. A few reported that the employees' views were taken into consideration through meetings and questionnaires to identify areas of shortcomings by the banks in an effort to enhance and promote the working environment of the employees:

*'We don't rely on our employees' confidence only but we continually try to exceed this using a range of methods that we do from time to time to maintain the finest of our staff, we always communicate with the employees and use tools such as the*

*'your voice' questionnaire to take their views which is done on an annual basis to identify their priorities. '(D1)*

Others reported on their banks efforts in including the employees in the decision making process of different aspects of the banks business, such as in the area of CSR and when introducing new products or services:

*'Yes, just last year our bank's CEO launched a programme to enhance the personal communication with employees, where sessions were held in each region, headed by himself, with department managers and employees to answer questions and inquiries directly and also gain our feedback on new products or services. '(E6)*

## **5.6 Reasons behind applying CSR**

In order to be able to map the practice of CSR in Saudi Arabia it is important to understand the factors that enhance or drive the practice of CSR by Saudi banks. This section will display the reasons behind the practice of CSR by the banks. The interviews revealed a variety of reasons that were divided into four themes: 'religion', 'bank status', 'business', and 'social' (Figure 3).



Figure 5-3 The main themes derived from the participants' perceptions of reason behind applying CSR

1. Religion	2. Bank's Status
<ul style="list-style-type: none"> <li>• <b>Islamic obligation</b></li> <li>• <b>Islamic faith and beliefs</b> <ul style="list-style-type: none"> <li>○ Main driver</li> <li>○ Proportional to level of faith in Islam</li> <li>○ CSR activity must be compatible with Islamic beliefs</li> </ul> </li> <li>• <b>Consistency of CSR and Islamic principles</b> <ul style="list-style-type: none"> <li>○ CSR and Islamic principles are consistent</li> <li>○ Encouraged in Quran and Sunnah</li> <li>○ Serving the community</li> <li>○ Environment protection</li> <li>○ philanthropy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Forms a major part of the community</li> <li>• Support of the government           <ul style="list-style-type: none"> <li>○ government permits to work with community funds</li> <li>○ government facilities</li> <li>○ government protection</li> </ul> </li> <li>• Financial potential</li> </ul>

<ul style="list-style-type: none"> <li>• <b>Outcome</b> <ul style="list-style-type: none"> <li>○ prosperity</li> <li>○ satisfaction</li> <li>○ sustainability</li> <li>○ welfare in this life and hereafter</li> <li>○ clear conscience</li> </ul> </li> </ul>	
<b>3. Business</b>	<b>4. Social</b>
<ul style="list-style-type: none"> <li>• <b>Profits</b></li> <li>• <b>Productivity</b> <ul style="list-style-type: none"> <li>○ reduce absence</li> <li>○ Developing skills</li> </ul> </li> <li>• <b>Employee satisfaction</b> <ul style="list-style-type: none"> <li>○ Job satisfaction</li> <li>○ loyalty</li> <li>○ social and psychological stability</li> </ul> </li> <li>• <b>Reputation</b> <ul style="list-style-type: none"> <li>○ Public confidence</li> <li>○ Consumer satisfaction</li> <li>○ Improve the overall image of product and service</li> <li>○ attract prospective employees</li> </ul> </li> <li>• <b>Legal obligation</b> <ul style="list-style-type: none"> <li>○ Medical insurance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Enhance society <ul style="list-style-type: none"> <li>○ Social solidarity</li> <li>○ Improving the quality of life</li> <li>○ Sustainability</li> <li>○ Developing the skills of members of society.</li> <li>○ Supporting the government in achieving development goals.</li> </ul> </li> <li>• Legitimacy</li> </ul>

Table 5-18 Themes, subthemes and elements relating to the category 'Reasons behind applying CSR'

### 5.6.1 Religion

The interviews clearly revealed the influence of Islam on the practice of CSR within Saudi banks where all the participants correlated the CSR activities conducted within the banks with religion. A few held the belief that CSR is an obligatory duty in Islam and is the main reason for its practice as an Islamic approach must be followed which constitutes CSR. However, all the participants reported that the Islamic faith and beliefs that is dominant among the individuals and within the banking community is the main driver behind their involvement in CSR stating that Islam is a way of life, influencing all aspects of life including CSR even if it is not considered obligatory:



*'Of course, it is the foundation of our beliefs. For me, my religion is my life and in my view an individual cannot live without religion. I live by my religion which has a large and strong influence on me'. (E5)*

*'I find Islam to have a significant effect on the employees drive to engage in CSR activities. For instance, when our employees participate in a certain program or activity you find that they portray a sense of obligation to do so based on their Islamic beliefs. They consider it a duty and their participation is encapsulated in an Islamic character. This is not just specific to the employees, but it applies to everyone here even the board of directors, it is tangible in our meetings that they believe it to be an Islamic duty'. (D5)*

However, it was argued that the level of motivation to conduct CSR activities is directly proportional to the level of attachment to the Islamic beliefs:

*'I believe that Islam is the primary motivation, of course, it varies from person to person depending on the strength of their beliefs. The more faith the decision makers have in their Islamic beliefs, the more likely they are to propose CSR activities. I think that religious faith certainly has a role in this matter'. (D3)*

Furthermore, some interviewees reported that any CSR activity conducted by the bank must be in accordance and not contradict the teachings of Islam:

*'Yes, of course, Islam has a very strong influence on me. For example, if I participate in a voluntary program in Britain I will find things that do not correspond with my Islamic beliefs such as supporting gay marriage. When applying international human rights, it must be consistent with Islamic principles and traditional values'. (E1)*

Consistency between the principles of Islam and CSR was another reason that was reported in the interviews behind the practice of CSR. All the participants agreed that Islamic principles is consistent with the concept of CSR. It was also revealed that many verses from the Quran and Sunnah exists that promotes and encourages the practice of CSR. The majority of the participants believed that one of the main morals encouraged by Islam is to

serve the community they live in and for all members of a society to help and support each other which is sometimes considered mandatory:

*'Our religion urges us to serve the community as stated by Quran: " Help ye one another in righteousness and piety, but help ye not one another in sin and rancour,". There are also many quotes from the Sunnah which encourages social responsibility and that an individual should not live to support himself only, but must be supportive of the community in which he lives in as stated by Prophet Muhammad, peace be upon him: " the upper hand that gives is better than the lower hand that takes" there are many quotes that emphasise social responsibility which is an essential part of the life of a Muslim whatever the physical or social status. The individual is obligated to support his relatives and the community as a whole, not necessarily through money even though it constitutes a large part of social responsibility but is also involves the idea and the effort and at the same time tangible matters that are provided by a human being'. (D4)*

Islamic principles were considered by some to encourage environmental protection and is the main reason banks are interested in this aspect of CSR. For example, it is considered a sin by Islam to abuse the use of natural resources such as cutting off trees for paper products:

*'Sure, The Quran emphasises the importance of social responsibility and cooperation of Muslims, such as the field of water and fuel conservation. If the citizens were using water and fuel rationally the country wouldn't have increased the prices. The first thing encouraged by Islam is not to overindulge and this from my point of view is an important concept of CSR as the more we reserve natural resources the better it is for the world. The Prophet said: "Do not waste water even if you are at a running stream'. (E8)*

In addition to environmental protection, it was expressed that philanthropy is an essential and fundamental component of Islamic principles mainly in the form of Sadaqah (donations):

*'For sure, the Islamic values are consistent with the concept of CSR. Islam is very stimulating in this regard, for example, there are verses and quotes that are*

*concerned with charity and encourages individuals to donate which is essential to Islam, and this is the constant motivation for social responsibility from an Islamic point of view'. (D1)*

As for the view of the members of the SB, it was in fact supporting the views of the rest of the participants, stating that CSR plays an essential part in the teachings of Islam. They attributed the banks practice of CSR to religious outcomes gained from participating in these activities such as that it can be a cause for prosperity and satisfaction of those involved and welfare in life and in the afterlife:

*'As for CSR, it seems to me that it has an important basis in Islam as it aims for sustainability. This approach can be a cause for welfare in this life and hereafter and the Islamic sources that encourages CSR to be applied by all Muslims in every social level are countless.'(SB2)*

A few of the employees also attributed their involvement in CSR related activities to religious outcomes such as gaining a clear conscience by fulfilling part of the Islamic requirements:

*'Islamic principles certainly drive me and my conscience. By serving the community I would have a clear conscience which allows me to perform better at my job'. (E7)*

### **5.6.2 Bank Status**

The important position that Saudi banks are taking within the Saudi economic structure was considered by some of the interviewees as an influencing factor for the practice of CSR. It was reported that due to the fact that banks form a major economic part of the community, and is receiving sufficient support from the government through permits to

use community funds, government facilities and protection as well as bank's financial potential, the practice of CSR by these organisations has become a major responsibility that needs to be addressed and acted upon:

*'the banking sector forms a large part of the community and hence, should be regarded as the foundation stone for the start of CSR activities in any community. The reason being is that they are the only institutions in the world to obtain government permits to work with community funds in various activities and investments, and in return achieve profits as well as government facilities and protection due to their economic importance. Accordingly, it is not reasonable to leave banks without community contributions, and many communities are very furious at banks, especially after the financial crisis in 2008, which shows the size of mass destruction generated by commercial and investment banks, and how they are supported by the people's money (taxes).'* (SB1)

*'banks have the financial potential that can be exploited in the development of many ideas for the development of the institutional framework of CSR'. (E4)*

### 5.6.3 Business

The interviews revealed a number of subthemes relating to the business aspect of the banks as reasons behind the practice of CSR. All the interviewees including the GR regarded that achieving profits was a primary motivating factor for banks to practice CSR. They held the opinion that banks that provide CSR activities will indirectly achieve higher profits due to employee satisfaction, increased productivity, and enhanced reputation:

*'Companies get a continuous return for long periods of time by enhancing their image through CSR activities.'*

For example, a few of the employees agreed that banks deliver sufficient employee training programmes, and their ulterior motives behind these courses is to benefit the employee by increasing their skills as well as achieve profits in the long run due to increased productivity:

*'The bank provides regular, continuous and consistent courses for the employees but unfortunately there is nothing in the area of awareness of CSR but nevertheless, it does increase our knowledge in many areas of business.'* (E3)

Similarly, one employee and one director held the view that banks offer ideal working environments, however, they attributed this to the banks desire to achieve profits by creating a convenient working environment that facilitates productivity:

*'Bank prepares the work environment to their advantage and the goal is to increase their profits. In the case where I have not achieved the required profits, they will dismiss me as it is an extremely competitive environment'.* (E8)

In addition, increasing productivity was considered by some as a major factor in considering CSR activities. For example, all of the participants regarded the provision of healthcare as an essential facility that portrays the banks' interest in the wellbeing of their employees. However, many of the participants believed that that these services are also provided to reduce rate of absence amongst the employees by avoiding the need for government health services which consists of lengthy procedures which will in turn lead to increased productivity and achieving higher profits:

*'The bank provides medical insurance for employees and their families, and particularly parents, although this is very expensive especially for individuals over sixty, we find that the insurance provided for the parents may exceed the cost of the whole family, all this for the sake of convenience for employees and increasing their productivity and the desired profitability targets'.* (D4)

*'Banks provide medical insurance for the employees and their families but the reason is to keep the employee from being absent due to illness, and also to avoid the complex procedures that we need to go through in government hospitals such as long waiting lists and unavailability of appointments. Private hospitals reduce the time needed to see a doctor and to be treated'.* (E6)

In addition to increasing productivity, the satisfaction of the employees was considered by many of the interviewees as a motivating factor for banks to adopt CSR activities. Taking the provision of healthcare as an example, some interviewees believed that the main reason

behind it is to achieve job satisfaction. Other reasons relating to employee satisfaction include increasing the loyalty of the employees and achieving social and psychological stability whether the CSR is directed towards the employees themselves or towards other stakeholders:

*'The welfare of the employees and their psychological stability will make them more productive through the development of their technical and productive capacity which in turn reflects on the success of the company.'* (GR)

*'I don't know, I think when we provide services to those in need or when the bank engages in important and meaningful CSR activities, it makes me feel good about my work and makes me feel more human and this will make me hold on to my job even more and I'm sure that our employers are aware of this aspect.'* (E3)

*'we support the integration and participation of staff and I have had very positive results as the staff became very much proud of these programmes. They became satisfied and loyal to the bank making us feel that they were proud to be associated with the organisation that provides aid to needy people in a humane manner, at least'.* (D4)

Enhancing the reputation of the bank was considered by some as an important reason that banks consider when participating in CSR activities. According to the interviewees different CSR activities may result in increasing public confidence and consumer satisfaction, improving the overall image of the products and services delivered, and attracting prospective employees:

*'Yes, the bank actually does offer health care services for us as employees. They also provide memberships in health and sports clubs for us and our families. Obtaining feedback from the employees regarding these services is also encouraged by the bank to improve their performance in this regard. I think the banks' board of directors are very smart in this matter as it ensures that we as employees are satisfied making us more loyal to the bank. It is also a good way to attract prospective employees'.* (E1)

*'Well mainly to gain public confidence and consumer satisfaction to help serve corporate economic objectives.'* (E2)

*'Activities like these enhance a companies' reputation and places them at a competitive advantage, I mean there are some studies that have shown that consumers prefer to buy from companies that have a role in community service.'* (GR)

Finally, a few participants attributed various CSR activities to legislations and that they were conducted to fulfil their legal requirements:

*'Banks are required to provide medical insurance in accordance with the law of Saudi Arabia. They are bound to provide medical insurance even to the immediate families of the employees as this is not an option for the bank'.* (D5)

#### **5.6.4 Social**

In addition to business related reasons, the interviews revealed a number of reasons behind the practice of CSR by banks that are social in nature. It was reported that banks practice CSR to achieve social solidarity, improve the quality of life of all members of the society, achieve sustainable development, developing the skills of members of the society and supporting the government in achieving development goals:

*'I think banks can achieve very important and deep goals if they practice CSR in the correct manner. I mean just as an example they can help the government achieve their development goals and can also increase social solidarity among different segments of the society.'* (SB2)

In addition, the participants believed that banks engage in CSR in order to legitimise their presence and gain acceptance from the society:

*'The bank offers programs of social responsibility to get accepted by the community and to avoid the fury of society towards the banks when CSR is not practiced which will certainly have a damaging effect on the bank.'* (D5)

## 5.7 Barriers

This section will review the obstacles facing the adoption of CSR from the viewpoints of participants. The interviews revealed a wide range of barriers that can be divided mainly into six themes including: ‘government’, ‘media’, ‘partnerships’, ‘decision-makers’, and ‘internal policies’ (Figure 4).

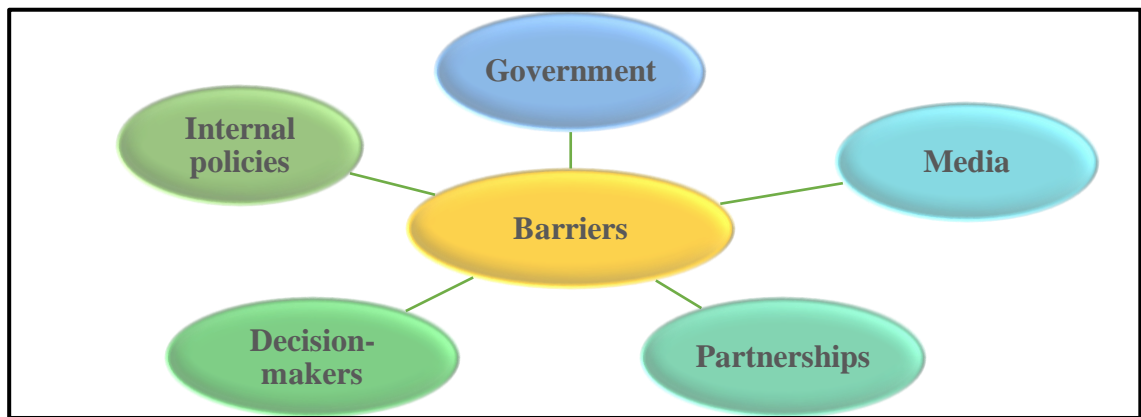


Figure 5-4 The main category derived from the participants' perceptions of CSR Barriers in Saudi banks



1. Government	2. Media
<ul style="list-style-type: none"> <li>• <b>Legislation</b> <ul style="list-style-type: none"> <li>○ Deficient <ul style="list-style-type: none"> <li>• Mandatory Laws</li> <li>• Motivational laws</li> </ul> </li> <li>○ Stumbling blocks</li> </ul> </li> <li>• <b>Deficiency in Performance measurement</b> <ul style="list-style-type: none"> <li>○ Selective nature of CSR</li> <li>○ CSR not enforced by government</li> </ul> </li> <li>• <b>Lack of Government facilities</b> <ul style="list-style-type: none"> <li>○ Limited notion by the government</li> <li>○ Economic concern</li> <li>○ Absence of taxes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Deficiency in highlighting CSR activities</li> <li>• Deficiency in raising awareness of society</li> </ul>
3. Partnerships	4. Decision makers
<ul style="list-style-type: none"> <li>• Absent partnerships</li> <li>• Lack of expertise of charities and non-profit organisations</li> <li>• Lack of clear policies in charities and non-profit organisations</li> <li>• Law</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding <ul style="list-style-type: none"> <li>○ Traditional thinkers</li> <li>○ Narrow minds</li> <li>○ limited to philanthropic activities</li> <li>○ Other dimensions considered a business matter rather than CSR</li> </ul> </li> <li>• Motivation <ul style="list-style-type: none"> <li>○ CSR is considered a secondary aim</li> <li>○ Main concern is maximising profits</li> <li>○ Only interested in programs covered by the media</li> <li>○ Not motivating employees to engage in CSR activities</li> </ul> </li> </ul>
5. Internal Policies	
<ul style="list-style-type: none"> <li>• Absence of clear policies</li> <li>• Insufficient policies</li> <li>• Targeting profit maximisations</li> <li>• Scattered Islamic CSR principles</li> </ul>	

Table 5-19 Themes, subthemes and elements relating to the category 'barriers'

### 5.7.1 Government

The interviews revealed that there was a general agreement that although the government's role in CSR is central, it was viewed as lacking within the country and played a major role in hindering the ideal practice of CSR by corporations in general and by Saudi banks in particular. The barriers relating to the government was divided into three subthemes: *'Legislation'*, *'Performance measurement'*, and *'Government facilities'*.

#### 5.7.1.1 Legislation

The interviews revealed that the views of participants were mixed regarding the enforcement of laws regulating social responsibility. Some believed that practicing CSR by banks is ethical, but not mandatory, and could be regulated by the government through soft laws and encouragements. Others held the opinion that the government should apply strict regulations enforcing banks to participate in CSR. However, all the participants agreed that the government has a very important role in social responsibility through the enactment of laws directly or indirectly.

The participants collectively felt that legislation is one of the biggest obstacles facing the practice of CSR. The participants' views differed with regards to why they considered it as an obstacle, where some believed that some of the existing laws relating to CSR are stumbling blocks hindering the application of CSR while others believed that the law is significantly deficient in supporting CSR.

A few of the participants reported that there was a deficiency in the mandatory laws applied by the government and weak pressure in encouraging and supporting CSR resulting in a lack of competitiveness between the banks with regards to practicing CSR and the absence of annual CSR reports as they are not mandatory:

*'I think there is no competitive atmosphere regarding CSR, there are no annual reports on community service, due to weak legislation and weak pressure from the government'. (E3)*

A similar view was held by one director that existing laws are weak but further believed that these laws confined CSR to charitable aspects only:

*'The government is weak in its' legislations. It only enforces organisations to pay zakat. This is considered a deficiency in practicing CSR as it is confined to charitable aspect only'. (D1)*

On the other hand, others argued that the government is playing an essential and comprehensive role in regulating the banks in all areas with the exception of social responsibility:

*'There are no obligatory laws by the government regarding CSR. This is surprising to me actually, they are strict in many areas and especially in the financial area'. (E5)*

Indeed, this view was actually supported by the GR who stated that what matters to the government is the banks' financial stability and hence, enhanced supervision is placed on the application of international conventions such as the Basel agreement:

*'What concerns us in the banking sector is the application of international conventions relating to banks such as the Basel 1, 2, and 3 agreements to ensure the best practice of banks in areas such as minimum capital requirements, supervisory review, the market discipline, and all the risks that a bank faces'. (GR)*

For example, a few of the participants were focused on the reasons behind their insufficient salaries and attributed this to the absence of minimum wage standards that should be set by the government and any salary given is based on the banks subjective assessment of the decision makers and upon favouritism:

*'I think the income provided by the bank is not enough even though banks have the highest income in the kingdom. They must provide better salaries to aid in the growth of the bank and in my opinion there are no specific regulations for salaries which is left to the assessment of the bank'. (E4)*

*'In terms of salaries, in my personal opinion this is based on favouritism not on qualifications. They will not give you a high salary unless you have connections to higher authorities in the organisation'. (E5)*

One participant held the view that existing CSR related laws and regulations are scattered and conflicted proposing their codification to guide banks on how CSR should be applied:

*'The government should introduce policies and legislation that are not binding but are encouraging. Currently, the existing laws are scattered and conflicting, this can be solved by codification to guide companies and banks'. (E1)*

Others were more focused on the absence of penalties and taxes upon non-participation proposing that the government should be strict to impose laws that enforce the practice of CSR by banks:

*'However, the government must apply strict legislations. Although the laws and regulations are sufficient in the banks' financial dealings, this is not so in the practice of corporate social responsibility. The government could impose taxes on banks that don't employ programs of CSR'. (E3)*

*'The government should issue laws and legislations guaranteeing the banks' requirements to practice CSR and should be mandatory for all companies and banks, or else sanctions will be imposed'. (E8)*

On the other hand, a few of the participants held the view that motivational laws should be developed to serve CSR. They also expressed that the selective nature of CSR prevents the government from imposing mandatory laws in this regard but at the same time they can impose stimulatory laws which is currently insufficient.

*'One of the biggest obstacles we face is the weakness of motivational laws to adopt CSR. Laws and regulations need to be more evolved to serve the community, for example generating laws that serves to introduce facilities and services to those banks and companies that adopt CSR'. (D5)*

Participants who held the view that practicing CSR by banks is voluntary, also believed that the government cannot enforce strict regulations but ideally should introduce laws that encourages banks to participate in CSR which is currently lacking:

*'The government cannot force banks through laws and regulations, except in narrow fields. CSR is optional and not mandatory or it may become an obstacle*

*for the bank. However, the government can introduce stimulatory laws that help and encourage banks to adopt social responsibility'. (D1)*

A number of participants proposed that the government should introduce indirect laws that could have a positive effect on the practice of CSR that could create a competitive environment between the banks such as enforcing transparency and corporate governance:

*'In my opinion, legislations are still needed to help us more as organisations in order to achieve the objectives of social responsibility and this role is directly laid on the government. Specifically, corporate governance and transparency to create a competitive atmosphere among banks'. (E4)*

Some participants viewed that the existing laws does not serve the practice of CSR, it rather hinders the achievement of CSR goals and act as stumbling blocks. For example, the Saudi law prohibits financial donations without first obtaining permission from the necessary authority. Others also stated that bureaucratic procedures need to be undertaken before practicing CSR which can be long, tedious and discouraging:

*'In fact, some legislations can act as obstacles to the achievement of our goals and our programs. Legislations still needs to be improved to help us more as organisations, for example, some government regulations are bureaucratic requiring long and tedious procedures'. (E4)*

#### **5.7.1.2 Deficiency in Performance measurement**

The directors, all held the viewpoint that CSR practice is voluntary in nature and the role of the government in this matter is limited to supervision, hence, performance measures are not existing:

*'Since the government only has a supervisory role on CSR, it has a duty to pursue CSR but cannot enforce it as the responsibility is optional and non-binding'. (D3)*

Similarly, D5 states:

*'In my opinion, there is no measure of performance because banks are not obligated to practice CSR as it is merely a moral obligation by the bank towards the community'. (D5)*

Another director further added, that CSR practice should be stemming from the banks' internal policies rather than being forced by the government:

*'There are no standards of performance. These standards are better derived from the bank rather than being imposed by the government. The best scenario in my opinion is having a senior management that is committed and understands the importance of social responsibility, supporting activities related to CSR'. (D1)*

On the other hand, those who supported the enforcement of CSR on banks by the government reported that currently the government is not enforcing annual CSR reports, they have not created CSR practice standards, and they are not auditing the banks activities in this regard which played a major factor in the deficiency in CSR practices:

*'No specific measure exists to assess the banks CSR performance. If the government leaves it to the discretion of the bank, they would never take part in CSR at the expense of creating profits. The government should compel banks to provide annual reports of their CSR activities to create a competitive environment amongst the banks'. (E8)*

Similarly, one employee conveyed the same idea in general but from another angle, proposing that it should be the responsibility of the government to create these annual reports to display the banks activities to the public which is currently lacking:

*'Statements should be produced by the government to reflect the social contribution of banks and distinguishing between banks in their CSR orientation, these should also be displayed to the public for transparency but unfortunately no such measure of performance exists'. (E3)*

#### **5.7.1.3 Lack of Government facilities**

In this subtheme all the participants' collectively viewed that the government does not offer any facilities and services in the field of CSR. They attributed this to either the limited and narrow notion held by the government in this regard, or that the government does not want to put pressure on the banks in this area as they are of greater concern to them economically.

One employee held the view that it is the responsibility of the government to introduce facilities which cannot be done unless the government expands their horizon in this regard:

*'There should be incentives and facilities by the government to encourage social responsibility, but unfortunately in Saudi Arabia the concept of CSR held is still narrow, whether by the government, companies or society'. (E1)*

Others, expressed that the focus of the government is mainly to facilitate and support economics disregarding CSR:

*'According to my knowledge and experience there is no facilities, support or encouragement regarding CSR and the concentration of the government in providing financial support and loans is currently its priority'. (D2)*

This view was in fact supported by the GR who stated that he was not aware of any controlling measures in this area, and that implementation of CSR is left to the discretion of the banks as expressed in the following quote:

*'As for CSR, this returns to the banks discretion, they decide the extent of their CSR activities and how much they spend in this area. We do not have the power to pressure them in such initiatives whether by legislations or by any other means as they are joint-stock companies'. (GR)*

One director held a slightly different view and linked the lack of facilities to the absence of taxes applied on the banks, consequently, no exemptions can be made by the government to encourage CSR:

*'There are no facilities because there are no taxes or commitments that can be reduced or exempt. The government must create areas of pressure that can be used to stimulate social responsibility practices'. (D5)*

### 5.7.2 Media

The interviews revealed that a few of the participants linked the obstacles facing the practice of CSR with the media. There were varying views where some participants believed that the media failed in highlighting companies that play a role in CSR practice,

while others believed that the media is deficient in this matter, not making enough effort to increase the community's awareness of the importance of CSR.

A few of the participants believed that although banks practice CSR and have an important role in serving the community, this is not seen by society where they blamed the media in not accentuating these activities resulting in a lack of competition. The participants also reported that the media often considers the coverage of these activities as propaganda in favour of the banks:

*'There is no competition or media contribution. The media can create a competitive atmosphere by showing what activities are adopted by banks'. (E3)*

*'Banks offer copious amounts to the field of CSR, however, the media bears great responsibility in the lack of promotion and advertisement of these activities. We have tried to communicate with them and they in turn asked for large amounts of money as they regarded it as propaganda in favour of the bank'. (D4)*

Others held the view that there is a lack of understanding and awareness from the community with regards to CSR. They believed that the media has an essential role in educating the society that will eventually facilitate the practice of CSR by banks:

*'The media also bears a great part in not educating the community as a whole, where the media has all the qualifications to reach a large segment of society'. (D2)*

*'Media plays a very important and significant role, where they must participate in increasing awareness at all levels of society and stakeholders with regards to CSR'. (D5)*

In addition, one member of the SB reported on the deficiency of the media in educating and reaching the community with regards to the relationship between CSR and the Islamic principles:

*'The media has the power to reach people in showing the relationship and deep interconnection that exists between Islam and CSR but unfortunately it is not an*



*area of interest for them as they only run after stories that increase their assets.’(SB1)*

### 5.7.3 Partnerships

The absence of experienced partners was considered by some as one of the most significant obstacles facing the practice of CSR. The participants agreed that some charities and non-profit organisations lacked the expertise needed and are lacking clarity in their existing CSR programs.

It was conveyed by the interviews that there is a lack of cooperation between the banks and charities or non-profit organisations. A couple of the employees reported that there is a need for charities and non-profit organisations that are more experienced and effective within society as it has the ability to develop CSR:

*‘Non-profit organisations need to be effective in the community and should have an impact on business. They have a very big role in the development and practice of CSR’. (E1)*

One participant further adds that existing organisations lack the required expertise in the field of CSR as stated in the following quote:

*‘All the problems are stemming from charitable associations and non-profit organisations, where they lack the professional experience in the practice of CSR’. (E2)*

Other participants believed that the available organisations do not possess any programmes or clear agendas that can aid in the implementation of these CSR activities. Activities that are ongoing are limited to financial contributions with a clear lack of sustainable programmes:

*‘Those associations that we work with don’t have clear and professional programmes. All they want is just financial support to cover the cost of food, utility bills as well as covering the living costs of the people in need’. (D3)*

It was also added by a participant that there is a missing link between banks and non-profit organisations which is the law. The absence of law that regulates the relationship between these two organisations is the main reason behind their insufficient roles in CSR practice:

*'There is no cooperation between banks as providers of CSR and other sectors in need of support, such as charities. The law does not serve this relationship as well as the lack of awareness of the comprehensive goals of CSR'. (E6)*

#### **5.7.4 Decision-maker**

A few of the employees held the view that the board of directors are traditional thinkers with narrow minds in this regard which is a major obstacle. They believed that there was a lack of awareness among the decision makers and that their main concern is maximising profits, which is a major obstacle in the adoption of CSR programs. In addition, they believed that the board of directors have limited views as to what is considered a CSR activity to philanthropic activities only. They report that this is an obvious phenomenon in the Saudi society and even among the media. Any other dimension of CSR such as job creation is considered a business matter and not related to CSR:

*'The word Corporate Social Responsibility is reduced to community service programs by the board of directors, and this is proof that awareness is insufficient in this regard. This is evident among all levels of society including the media and in my case the board of directors. They believe that focusing on community service programs is the only part of the area of CSR and the rest is considered business. When an announcement is made regarding the provision of new jobs, for example, they believe that this is a human resources problem, however, this is a pillar of CSR, but they only see it as a way to develop their business'. (E4)*

Others highlighted the lack of motivation from the decision makers to adopt such programmes. The majority of the participants held the view that ensuring profit maximisation was the sole interest of the decision makers. Engaging employees in activities that will not produce profit is not considered worthwhile:

*'We as employees are facing a very large obstacle in convincing the board of directors to adopt a certain CSR initiative as their minds are purely financial and they cannot accept any project unless it has a financial return'. (E1)*

It was viewed by one interviewee, that the only condition in which decision makers may be interested in CSR programs is when the program is covered by the media:

*'The board of directors always look for money and profit as they do not care about CSR and they consider it as a secondary aim, unless it is renowned by the media'. (E3)*

The participants also report on the failure of the decision makers in motivating their employees in engaging in CSR related activities. They considered that some of the existing incentives are not enough to ensure the encouragement of the employees. Also, in order for an employee to implement a certain CSR program, the approval of senior management is strictly required which is very difficult to obtain:

*'I think there must be a change in the boards of directors' traditional way of thinking. They should be broad-minded and flexible especially with regards to CSR programs. The employee is required to obtain the consent of senior management before embarking on any CSR project which is impossible since their main aim is to achieve profit'. (E8)*

*'The bank does not offer any kind of motivation. I have been working here for nine years, never was I motivated to participate in these activities. In my opinion, this can be resolved by adding an extra amount on my salary or adopting my idea and implement it'. (E4)*

#### **5.7.5 Policies**

The last obstacle as expressed by the participants is the lack of internal policies to regulate and facilitate the adoption and implementation of CSR resulting in the absence of clear CSR initiatives. The adoption of CSR programs is based on an improvised approach that does not have a precise and clear aim:

*'The bank in fact lacks the broad outlines of social responsibility programs as they are semi-improvisational. They are also very ambiguous and should be clarified through a set of internal policies to curb the domination and control of the board of directors'. (D4)*

All but one participant held the view that banks are one of the most structured and regulated institutions in the Saudi business sector. They have specialised programs and systems that regulate all aspects of the organisation. However, they expressed that this is almost non-existent in the field of CSR:

*'Banks are very regulated institutions in Saudi Arabia, which have a structured and specialised programs and systems under the direction of the board of directors. The bank has special programs, such as human resources making me think that it is possible to allocate certain policies and regulations that is directed towards CSR which is absent at the moment'. (E5)*

*'The lack of clear policies for the organisation as well as initiatives and programs. However, if this was not the case, then implementing CSR cannot be obstructed by the decision-makers'. (D1)*

Others believed that one of the problems resulting from this lack of clear policies from the board of directors is the lengthy procedures required to implement a certain program:

*'Unfortunately, senior management creates a major obstacle in the implementation of CSR programs. These programs are killed by the lengthy and increased number of steps involved in implementing a project and this is due to the absence of clear policies and plans'. (D2)*

In contrast to the first view, some believed that banks do have policies and guidelines regulating CSR activities, however, they considered it not sufficient and often does not achieve the main objective which is sustainability. They also believe that existing policies although within the field of CSR, is targeting profit maximisation:

*'A bank should establish internal organisation systems directly related to CSR. At the moment, the bank offers social programs, however, they are not targeting to serve the community but to achieve profits. For example, one of the banks'*

*policies is aiming to regulate and control the communication between the different employees of the bank, but in my opinion, this is indirectly aiming to achieve profits by facilitating productivity'. (E8)*

As for the point of view of the member of the SB, it was believed that Islamic scholars have a very important role in encouraging CSR especially since the principles are compatible. It was argued that the main driver to adopt such activities within the Muslim community is to receive godly rewards and the Islamic principles that are related to CSR are widespread and scattered with many verses from the Quran and Sunnah promoting different aspects of CSR. However, there is shortage in the roles of both Islamic scholars and banks to collate these principles systematically and synthesise these principles and link them with the international standards:

*'There is no doubt that investing in Islamic scholars to serve this purpose is very important and beneficial in this contemporary time. The principles and ideologies of CSR are compatible with and encouraged by the Islamic principles. Unfortunately, there has not been a combined effort from the Islamic scholars to illustrate and clarify these principles and how they can be applied in the field and how it can be related to the international principles...However, in this time I cannot confidently say that there are any tangible efforts placed by the banking sector to activate CSR due to their relentless efforts in achieving maximum profits'. (SB2)*

## **5.8 Summary**

This chapter displayed the results of the thematic analysis conducted during the document analysis and on the information gathered from the semi-structured interviews. The interviews examined the Saudi bank stakeholders' awareness and perceptions of the CSR concept including its definitions and dimensions. An overview of the Saudi bank's current implementation of CSR including how it is practiced and the areas covered by their CSR activities was displayed from the perspectives of the participants and from the document analysis of the most recent annual disclosure reports and banks' websites. In addition, the reasons behind the practice of CSR and the barriers facing an enhanced and coherent practice of CSR was explored. The interviews revealed that the GR was aware of the controversy with regards to the available definitions. While both employees and directors are generally aware of CSR as a concept, they differed in the area of focus when defining the concept where the directors were solely focused on society in their definitions while the employees were more variable and covered different dimensions. With regards to the members of the SB, their definitions were more focused on the spiritual outcomes of practicing CSR.

With regards to the CSR implementation by the Saudi banks, both data collection methods revealed five main themes reflecting the stakeholders addressed in the CSR activity including 'Society', 'Environment', 'Shareholders', 'Employees', and 'Customers'. The results revealed a wide range of activities that are targeting the society through the support of the disabled and youth, job creation, charity, corporate volunteering and sustainability.

The government portrayed its support and interest in job creation and the support of the youth through SMEs while the members of the SB were more focused on the banks' philanthropic activities towards the society including volunteering and charitable activities.

As for the environmental CSR activities implemented by the banks, although the participants did not believe that is a primary responsibility of banks, they did however report a number of activities and initiatives in the areas of energy saving as well as environmental protection that were aligned to what has been disclosed by the banks. In addition, although CSR practices targeting the shareholders was found to be the least disclosed area, according to the participants it is one of the most important objectives of banks through developing the business and applying best practice principles which are also areas that are supported by the government and the SB.

With regards to the CSR activities and initiatives towards the customers, the document analysis and the interviews revealed a range of activities including the application of best practice principles, education, treatment and protection of customers which is also considered a prime interest by the government. Finally, the results revealed a variety of CSR activities targeting the employees of the banks and it was the second most disclosed area according to the document analysis although the activities were much more limited as compared to the results of the interviews. It was revealed that banks are interested in the education and training of the employees in various areas of the business and are providing sufficient healthcare to the employees and their families. The interviewees opinions regarding the salaries provided by the banks were mixed were some regarded it as insufficient and based on subjective assessment while others considered it as sufficient and based on qualifications, performance and experience. The interviewees opinions regarding the working environment created by the banks were positive and engagement of employees in different aspects of the business was promoted.

The participants also expressed their views with regards to the reasons behind the practice of CSR by banks. The themes that were revealed from the analysis regarding the reasons behind the practice of CSR include 'religion', 'bank status', 'business', and 'social'. Religion was considered the main and the most important reason for practicing CSR by banks due to it being an obligatory duty, instilled in their Islamic beliefs, consistency of

Islamic and CSR principles, and the spiritual and religious outcomes gained from conducting these CSR practices. The reasons related to the bank's status include the belief that banks form a major part of the company, are receiving sufficient support from the government, and have the financial potential to conduct the CSR activities. Business related reasons include achieving profits, increasing productivity, employee satisfaction, enhancing reputation, and meeting the legal obligations. As for the social related reasons, these include the enhancement of society through social solidarity, improving the quality of life of society, sustainability, developing the skills of members of society, and supporting the government to achieve development goals, in addition to legitimising their existence by gaining the acceptance of the community.

Finally, the participants expressed their views with regards to the barriers that banks are facing preventing them from the ideal practice and implementation of CSR activities and the themes revealed were 'government', 'media', 'partnerships', 'decision makers', and 'internal policies'. The participants believed that the government plays a major role in hindering the practice through its weak and deficient CSR related laws, deficiencies in measuring the performance of banks in this matter, and the lack of facilities that promotes CSR practice. The media was also found to play a significant role by failing to highlight the CSR activities delivered by companies as well as failing to raise the awareness of the community with regards to CSR. The absence of partnerships between the banks and non-profit organisations was also considered a barrier due to lack of expertise in the field and the lack of clear agendas and CSR programs.

Decision makers were also considered as barriers where their understanding of the concept and their failure in motivating banks and its employees to engage in CSR activities has resulted in deficiencies in CSR practice. The lack of and deficiencies in internal policies and the lack of codification of the Islamic CSR principles were all considered barriers of CSR practice.

In the following chapter, a comprehensive discussion will be presented according to the findings displayed in this chapter that will aim to address the objectives of the study.



## **Chapter 6 Discussion**

### **6.1 Introduction**

This study attempts to map the CSR practice in Saudi Arabia using Saudi banks as proxies from the perspectives of multiple stakeholders. In order to address this aim, a set of objectives have been placed which includes; the exploration of the awareness and perceptions of the CSR concept including its definition and dimensions; how Saudi banks implement CSR including the areas focused upon by the banks from the interviewees' perspectives and according to the latest published information in the banks' websites and annual disclosure reports; the motives and drivers to applying CSR by banks; and the barriers and obstacles facing an enhanced and coherent practice of CSR.

In order to answer the aim of the study, the objectives of the research must be addressed based on the research findings and in relation to the wider body of existing literature. This will help in drawing a complete image of the state of CSR practice by banks in Saudi Arabia. By shedding light in this area, valuable information will be provided on the areas of shortcomings and strengths in CSR practice and how it can be developed both within the banking sector and at a national level in general. The study will also be useful to improve CSR practices within other comparable countries. In what follows, each objective is discussed separately.

## 6.2 Awareness and Perceptions of the CSR concept

In this section, the perspectives and understanding of the participants regarding the CSR concept including its definition and its dimensions is discussed. Although the literature review revealed studies that explored this area from the perspective of directors, to our knowledge, this is the first study that explores the understanding of other stakeholders such as CSR employees, members of the Shari'ah Board and government representatives within a Saudi banking context. This is an important area to investigate as studies have proved that different stakeholders may have different perceptions of the concept and by gaining an in-depth understanding of the different stakeholders' views regarding CSR, insight is provided into how issues can be identified, prioritised and implemented in a Saudi context.<sup>632</sup>

A theme that was developed under this section was the 'nature of CSR' where the government representative was the only interviewee that was able to portray the controversy behind the definition of CSR portraying an awareness of the fact that the definition changes in accordance with the activities of each company and its' CSR targets and that these activities can either be voluntary or compulsory depending on the dimensions included in the definition. This view is actually consistent with many studies that have come to the conclusion that CSR definitions are variable and constantly evolving

---

<sup>632</sup>R. Freeman, *"Stakeholder management: framework and philosophy"*, Pitman, Mansfield, MA, 1984.

in accordance with the scope of the business, stakeholders involved, as well as the social and political contexts.<sup>633</sup>

Some of the definitions that were reported by the participants included the ‘stakeholders that are benefiting from CSR’ practices where managers viewed it as the obligation to serve the society, while the CSR employees and the GR considered a variety of stakeholders including employees, owners, shareholders, customers, suppliers and the environment. It can be argued from these results that the GR, CSR managers and employees are taking a stakeholder approach in their definitions where one of the characteristics of CSR is that businesses are accountable to various stakeholders who can be identified and have a claim, either legally mentioned or morally expected, on the business activities that affect them.<sup>634</sup> A qualitative study that explored the perceptions of the CSR concept from the perspectives of Saudi youth consumers have also reported that they perceive CSR as the duty towards external stakeholders such as society, customers, and the environment as well as internal stakeholders such as employees and shareholders.<sup>635</sup> However, other previous studies that have been conducted in a Saudi context have reported that stakeholders awareness of CSR is limited to philanthropic activities,<sup>636</sup> these studies were quantitative in nature and were explored from the perspectives of managers only or from the perspectives of customers and hence did not provide a comprehensive reflection of their awareness. Furthermore, qualitative studies that have explored the awareness of participants regarding the meaning

<sup>633</sup>D. Jamali, "A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice", *Journal of business ethics*, 82(1), 2008, pp.213-231.

<sup>634</sup>T. Jones, "An integrating framework for research in business and society: A step toward the elusive paradigm?", *Academy of Management Review*, 8(4), 1983, pp.559-564; R. Freeman, "Stakeholder management: framework and philosophy", Pitman, Mansfield, MA. 1984; B. Mitnick, "Systematics and CSR: The theory and processes of normative referencing", *Business & Society*, 34(1), 1995, pp.5-33.

<sup>635</sup>Y. Alfakhri, "Youth consumers' perceptions of corporate social responsibility: an Islamic perspective", PhD diss., University of Hull, 2014.

<sup>636</sup>M. Altwaijri, "Social Responsibility in the Saudi private sector: Explorative survey", *Arab Management Journal*, 12(4), 1988, pp.20-34; Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; T. Emtairah, et al., "Contexts and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346; Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18; S. Hidayat, & S. Alhur, "Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks", In 8th International Conference on Islamic Economics and Finance, Doha, Qatar, 2011; R. Shehadi, et al., "The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East", *International Journal of Business and Management*, 11(1), 2013, pp. 54; Y. Alfakhri, "Youth consumers' perceptions of corporate social responsibility: an Islamic perspective", PhD diss., University of Hull, 2014.

of CSR reported themes that were more leaning towards the dimensions of CSR as reported by Carroll rather than the stakeholder approach.<sup>637</sup>

In addition, some of the definitions that were reported by the participants included the 'mechanism of CSR' which included the services and products delivered by the banks. Other mechanisms that have been reported included regulatory mechanisms which includes both internal and external legislations, ethics of work in addition to the Islamic law as it is the basis of Saudi Arabian legislation. Education of the society in general and the staff of banks in particular, voluntary activities, charity and zakat have all been reported as ways of applying CSR. It can be argued that from the perspectives of the participants of the areas of application of CSR, that it conforms with the different global principles and definitions, for example, it is compatible with the Triple Bottom Line in the social and economic dimensions. Services and products are compatible with the principles of the rights of consumers and suppliers.<sup>638</sup> In addition, adhering to internal and external legislations as well as business ethics is within the scope of corporate social behaviour that should include following and respecting international human rights and labour rights standards within their sphere of influence, which are also backed by organisations such as the ILO, UN initiatives, and OECD guidelines.<sup>639</sup> Furthermore, the education of society and the banks' staff, also falls under the human rights and labour rights principles of international standards, while voluntary activities, and charity fall under the social dimension of the international standards.<sup>640</sup>

In addition, these subthemes have been reported in a previous study reflecting the perspectives of Saudi youth consumers of the ways of applying CSR,<sup>641</sup> as well as in a study that aimed to find out the ways and mechanisms of activating CSR from the perspectives of members representing the private sector and committees of community

<sup>637</sup>A. Khurshid, et al., "Awareness of corporate social responsibility in an emerging economy", International Proceedings of Economics Development and Research, 69, 2014, pp.99; A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>638</sup>T. Wiedmann, & M. Lenzen, "Triple-Bottom-Line Accounting of Social, Economic and Environmental Indicators - A New Life-Cycle Software Tool for UK Businesses", Third Annual International Sustainable Development Conference, Sustainability – Creating the Culture, Perth, Scotland, 15-16 November 2006.

<sup>639</sup>ILO, "Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy", 2000; OECD, "Guidelines for Multinational Enterprises", 2000; United Nations Global Compact, 2004

<sup>640</sup>Ibid

<sup>641</sup>Y. Alfakhri, "Youth consumers' perceptions of corporate social responsibility: an Islamic perspective", PhD diss., University of Hull, 2014.

service in the Chamber of Commerce.<sup>642</sup> Furthermore, some questionnaire based studies that have been previously conducted confirmed that stakeholders such as managers and MBA students acquire sufficient knowledge about the different dimensions of CSR taking Carroll's CSR model as the framework of their studies.<sup>643</sup>

Some definitions included 'Outcomes of CSR' where the directors, employees and the GR reported practical outcomes in their definitions, while the members of the SB were more focused on the spiritual outcomes in their definitions. The practical outcomes that have been reported include 'Improve productivity of society', 'Increasing income of society', 'Balance between elements of society', 'Sustainable development', 'Social justice', and 'Security of society'. These outcomes are mainly targeting society and are consistent with the aims of CSR frameworks to achieve positive outcomes in terms of economic development, sustainable development, social welfare, and social justice.<sup>644</sup>

As for the spiritual outcomes reported by the members of the Shari'ah Board, these included 'Unity', 'Cohesiveness', 'Love', 'Intimacy', 'Mercy', 'Stable society', and 'Prosperity'. These results show the uniqueness of the Shari'ah Board in their definitions due to the fact that they are defining CSR from an Islamic perspective. According to the literature Islam emphasises community values, socioeconomic justice and a balance between the material and spiritual needs of its followers.<sup>645</sup> The fact that the members of the Shari'ah Board are constantly exposed to the Islamic teachings may lend them more prone and motivated by the spiritual aspects of the 'good deeds' they perform. In fact, previous Islamic studies have pointed out that CSR has a broader meaning from an Islamic hallmark as it values more on spiritual reward rather than material reward.<sup>646</sup> This perspective coming from key spiritual as well as regulatory bodies could be

<sup>642</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009.

<sup>643</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp.40-53; A. Nalband, & M. Al-Amri, "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", Competitiveness Review: An International Business Journal, 23(3), 2013. pp.284-295; A. Khurshid, et al., "Awareness of corporate social responsibility in an emerging economy", International Proceedings of Economics Development and Research, 69, 2014, pp.99.

<sup>644</sup>OECD, "Guidelines for Multinational Enterprises", 2000

<sup>645</sup>K. Ahmad, "Islam: basic principles and characteristics", Islamic Foundation(34), 1980; M. Chapra, "Islam and the economic challenge", (17). International Institute of Islamic Thought (IIIT), 1992.

<sup>646</sup>A. Dusuki, "What does Islam say about corporate social responsibility", Review of Islamic Economics, 12(1), 2008, pp.5-28.

instrumentalised in order to support the implementation of the international CSR standards or even impact on the improvement of those standards.

The interviews revealed that the participants held a good level of awareness with regards to the definition of CSR and that the concept is not alien to the stakeholders of the banking sector which is consistent with other researchers who found a good level of awareness amongst employees of different sectors.<sup>647</sup> This study confirms that awareness has increased since 2010, as studies conducted beforehand reported results that are entirely different from the results of this research. Previous studies emphasise the lack of social awareness by all the members of society.<sup>648</sup> Although none of the participants mentioned any international or local CSR standards when defining CSR or even throughout the interviews, they were able to point out the key elements of the concept in their own way.

This increase in the level of awareness may be due to a number of reasons. Improved quality of education in general and in particular the increased focus on the CSR field within universities is one reason for this increased awareness.<sup>649</sup> Other potential reasons are that companies are more oriented to fulfil CSR goals, for example, in an effort to meet with the Saudi 2030 vision which places high importance on CSR, Saudi banks have recently tended to establish independent CSR departments with independent budgets as a result of their exposure to the global market.<sup>650</sup>

It was evident from the interviews that some participants held a higher level of awareness compared to others. This was particularly evident in those who have longer practical experience and those who possess higher scientific degrees. This comes in agreement with another study that found a significant difference in the awareness of CSR based on length of experience, and job level of the respondents.<sup>651</sup> These results stresses the responsibility

---

<sup>647</sup>A. Khurshid, "Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students", 2013; N. Nalband, & M. Al-Amri, "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", *Competitiveness Review: An International Business Journal*, 23(3), 2013, pp. 284-295.; A. Khurshid, et al., "Developing an Islamic corporate social responsibility model (ICSR)", 2014; A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>648</sup>Authority, Saudi Arabian General Investment, "Corporate Social Responsibility (CSR) in Saudi Arabia and Globally: Key challenges, opportunities and best practices", 2008; J. Boone, et al., "Creating sustainable value in the Kingdom of Saudi Arabia: improving corporate social responsibility effectiveness in food chains", 2009; Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010.

<sup>649</sup>A. Khurshid, "Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students", 2013

<sup>650</sup>I. García-Sánchez, & J. Martínez-Ferrero, "Independent Directors and CSR Disclosures: The moderating effects of proprietary costs", *Corporate Social Responsibility and Environmental Management*, 2016.

<sup>651</sup>A. Khurshid, "Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students", 2013

of Saudi bank decision makers to plan and initiate CSR awareness programs among their stakeholders that aim at sustaining a high level of awareness irrespective of their education or level of experience.

Based on the participants' knowledge of the concept that have been discussed above it could be argued that these stakeholders are reliable resources when exploring the current implementation of CSR and the banks motives and the barriers.

### **6.3 How do Banks apply/Implement CSR**

One of the main objectives of this study was to explore how Saudi banks are currently applying CSR and what the areas of focus are from the view points of the participants and from what has been documented in the annual reports and the banks' websites. There are a number of reasons that led the author to use multiple methods to explore this area. Studies have proved that in areas or countries that experience a lack of CSR disclosure, using document analysis in combination with interviews can be very useful to generate more information and to compare the results of both methods as a means of triangulation.<sup>652</sup> Furthermore, the lack of research into the level of CSR disclosure in Saudi Arabia also motivated this study to include the document analysis as a research method. The combined findings of both these methods better showed the CSR implementation by the banks. Moreover, the document analysis showed the quality of CSR information that is disclosed by Saudi banks and which kind of information is disclosed. As for the interviews, very few

---

<sup>652</sup>G. Bowen, "Document analysis as a qualitative research method", Qualitative research journal, 9(2), 2009, pp.27-40.

local studies exist in the literature that have explored this area particularly in a banking context and from a stakeholder perspective. The majority of the studies that are available reported on the practices of CSR from the managers' perspectives only.<sup>653</sup> In addition, very few studies used qualitative techniques to explore this area,<sup>654</sup> hence these results have an important value in shedding light on the CSR areas covered by the Saudi banking sector and as a consequence, areas that need further improvement.

With regards to the current application of CSR as viewed by the participants, the analysis revealed a variety of activities that are currently focused on by Saudi banks that were grouped into six themes according to the stakeholders benefiting from the activities. These themes are '*CSR and society*', '*CSR and environment*', '*CSR and shareholders*', '*CSR and employees*', and '*CSR and customers*'. The same themes were revealed from the document analysis. In general, when comparing the results of the interviews with the results of the document analysis, although the same main themes were generated from both methods, there were differences in the activities reported within these themes, where the interviewees reported a significantly wider range of CSR activities towards all the stakeholders. There were also a few activities that were documented but not mentioned in the interviews but these were limited. There are a number of factors that may have contributed to the differences in the activities reported. One reason for the discrepancy between the results of both methods may be the lack of awareness of what constitutes a CSR activity, and so some CSR activities may not have been mentioned by the interviewees simply because they did not consider it to be a CSR related activity. This also applies to the banks where there are certain areas that are considered CSR but to the banks they are business related matters such as the activities towards the shareholders and hence there was a significant lack of information reported by the banks in this matter, while the activities that were reported in areas that are clearly CSR related such as activities towards the environment were mostly consistent between the two methods. Another very important

<sup>653</sup>O, Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010; S. Mandurah, et al., "*Corporate social responsibility among Saudi Arabian firms: An empirical investigation*", *Journal of Applied Business Research*, 28(5), 2012, pp.1049; A. Ali, & A. Al-Aali, "*Corporate social responsibility in Saudi Arabia*", *MEP* 19(4), 2012, pp.40-53.

<sup>654</sup>J. Boone, et al., "*Creating sustainable value in the Kingdom of Saudi Arabia; Improving Corporate Social Responsibility effectiveness in food chains*", LEI Wageningen UR, 2009; T. Emtairah, et al., "*Contexts and corporate social responsibility: the case of Saudi Arabia*", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346; O, Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010; R. Shehadi, et al., "*The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East*", *International Journal of Business and Management*, 11(1), 2013; N. Al Sabban, et al., "*Exploring corporate social responsibility policies in family owned businesses of Saudi Arabia*", *International Journal of Research Studies in Management*, 3(2), 2014.



reason may be due to the banks' lack of adoption of specific CSR frameworks in their policies which is reflected both in the disclosure and the awareness of the interviewees resulting in the lack of congruency between the results of the two methods.

### 6.3.1 CSR and Society

The CSR activities towards the society that have been reported by the participants include '*Supporting the disabled*', '*Supporting the youth*', '*Creating jobs*', '*Charity*', '*Corporate volunteering*' and '*Sustainability*'. Some of these areas of CSR practice are in agreement with studies that have explored the implementation of CSR from the perspectives of managers of different private organisations where it has been reported that the development of human and social capital is more important issues in a Saudi CSR framework.<sup>655</sup> The document analysis also revealed a wide range of CSR activities towards the society and in fact, the majority of the activities disclosed by the banks in their annual reports and in their websites were towards the society. These activities were largely similar to those reported in the interviews and the same subthemes were created from the document analysis.

---

<sup>655</sup>O, Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010.

It was revealed from the analysis of the results that supporting the disabled was a controversial area where some believed that this segment of society is receiving sufficient support from the banking sector through financial funding, services enhancement, and job opportunities while others believed that banks are falling short in supporting the disabled within their companies by failing to provide disabled access to their buildings and training their employees to serve them. When compared to the activities reported in the document analysis, it was found that all the activities revealed were actually covered in the interviews including disabled friendly facilities, funding prosthetic and rehabilitation centres, educational programmes for the disabled, and creation of job opportunities for the disabled. However, the range was much more limited. Activities such as financial funding of disability and leisure centres, funding of disability research, creation of specialised branches that include disability trained employees, allocating certain amounts from each bank transaction to support the disabled, and ATM machines marked with brail language and audio instructions were reported in the interviews but not in the document analysis. The literature revealed very few studies that considers the CSR practices towards the disabled in particular within a Saudi context. Only two studies were located that analysed public information and CSR disclosure reports and both studies found insufficient attention is being paid to the care towards the disabled and creation of job opportunities.<sup>656</sup> There are efforts by the government to promote the rights of individuals with disability through the adoption of the Convention of the Rights of Persons with Disabilities (CPRD). They have also established a committee within the Ministry of Social Affairs that is composed of members of civil society organisations, government agencies, and people with disability to promote and supervise all the activities within the private and public sectors towards the disabled.<sup>657</sup> However, these efforts may need to be increased through more proactive measures and closer supervision to enhance the productivity in this area.

The results revealed that supporting the youth and creating jobs through the support of SME's, education and training, and Saudization programmes are some of the areas of CSR implementation by Saudi banks. The majority of the activities under these subthemes were also revealed from the document analysis. However the information provided in the

---

<sup>656</sup>Riyadh Chamber of Commerce, *"The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility"*, 2009; R. Alsahlawi, *"CSR Disclosure of the Banking Sector in Saudi Arabia"*, Accountancy Business and the Public Interest, 2016.

<sup>657</sup>Arab news, *"Saudi Arabia guarantees rights of disabled"*, 2015.<http://www.arabnews.com/saudi-arabia/news/761216>

documents especially with regards to educating the youth and financing SMEs were more specific stating which universities in particular they collaborated with to enhance the education, which areas or specialities the youth were educated in, and the number of youth who benefited from the financial loans so start their SMEs. Areas that have been mentioned in the interviews but not covered in the document analysis include the bank's efforts in establishing new schools as well as their efforts to open new bank branches to create more job opportunities for the Saudi youth. Areas that have been covered in the document analysis and not mentioned in the interviews include educating the youth in Islamic banking, providing career advice to individuals through participating in future career events, and marketing for SMEs. These results are in agreement with other studies that analysed annual reports and other studies that interviewed representatives from different private and semi-private companies stating that Saudization is one of the key goals in the SARCI index and has been pointed as extremely important in the Saudi society. Therefore, creation of employment opportunities is increasing and that competition among Saudi companies in attracting local talents have increased, which resulted in many Saudi companies offering training and education programmes, scholarships, sponsoring students and setting up academies of excellence.<sup>658</sup> These studies have also reported that some private companies promotes the support of small projects, household projects, and franchise opportunities to young entrepreneurs. On the contrary, previous CSR disclosure studies found that job creation is one of the least disclosed CSR aspects by the Islamic banking sector in Saudi Arabia.<sup>659</sup> This shows that although there are considerable efforts being placed to support the youth in a variety of ways, more efforts are required to showcase these activities through annual disclosure reports or through the media.

The participants revealed that banks are engaging in charitable activities through financial donations, home provisions and renovations, developing the infrastructure of the community, as well as creating clear agendas to facilitate such support. When compared to the results of the document analysis, these activities were published in the websites and

<sup>658</sup>O, Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, 2010; Saudi Arabian General Investment Authority, <https://www.sagia.gov.sa/en/Pages/default.aspx>; Saudi Arabian Monetary Agency, *"Fifty First Annual Report, Government of Saudi Arabia"*, 2015, [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf); A. Aldosari, *"Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia"*, PhD diss., University of Reading, 2017.

<sup>659</sup>R. Alsahlawi, *"CSR Disclosure of the Banking Sector in Saudi Arabia"*, Accountancy Business and the Public Interest, 2016.

annual reports with the exception of the activities related to developing the infrastructure of the community and creating clear agendas and policies. Also, with regards to financial donations, the documents were more specific in the areas financed such as donations to charitable institutions for the purpose of medical treatment, sponsoring Umrah and Haj, clothing, and building mosques. Areas that have been mentioned in the documents only include health and drug awareness programmes and preventing domestic violence. These activities are consistent with what has been reported in another study that interviewed 128 managers in the private sector and reported that most of their CSR contributions are through money, equipment and product donations.<sup>660</sup> However, this is in contrast to other studies that have reported that areas such as providing homes for the poor are not receiving sufficient attention from the private sector. Also, one CSR disclosure study reported that very little is disclosed in the areas of 'zakat, charity and benevolent loans' as well as 'commitment to the community' by the Saudi banks, however, this may be due to the method used in collecting the data where content analysis focuses on the quantity of information rather than the quality which effects the reliability of the interpretations and inferences derived from the analysis.<sup>661</sup>

Corporate volunteering is also promoted by Saudi banks according to the interviewees and a wide range of activities were reported. These activities include volunteering in practical activities such participating in smoke cessation programmes, food distribution, clothes and blood donations, cleaning and renovating public spaces. Other activities were more emotional or motivational such as visiting disability centres, the elderly, and hospitals as well as entertaining orphans where volunteering hours is either paid for or included in the employees' annual evaluation. However, the document analysis revealed only a limited amount of information that was disclosed by the banks towards corporate volunteering. Areas that were covered in the document analysis were limited to paid volunteer hours, blood donations, food distribution, and hospital visits. Previous studies have reported that volunteerism is a central part of CSR in Saudi Arabia even when there are no laws that dictates that companies should do so. Many companies outside the banking sector that were

---

<sup>660</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009

<sup>661</sup>U. Zubairu, et al., "Social reporting practices of Islamic banks in Saudi Arabia", International Journal of Business and Social Science, 2(23), 2011; R. Alsahlawi, "CSR Disclosure of the Banking Sector in Saudi Arabia", Accountancy Business and the Public Interest, 2016.

interviewed reported similar activities such as cleaning up campaigns, planting mangrove trees around schools, and staging special events for the handicapped and the elderly.<sup>662</sup> It can be argued that banks are placing valuable contributions towards the society through charitable and volunteering activities. The fact that the Islamic religion stresses on the importance of philanthropy may have contributed to this focus by banks. This will be discussed in more detail in section 6.4 of this chapter (Motives and drivers for applying CSR).

The interviews have also shed some light on the importance of achieving sustainability in CSR practices by supporting and funding sustainable initiatives such as buildings hospitals, schools, disabled centres, and the infrastructure of the city. Sustainability CSR activities was one of the least disclosed areas as revealed by the document analysis. Only one activity was mentioned which was training individuals to become experts in social work so that social CSR activities could be something sustainable. Sustainability was also mentioned in the literature where the analysis of annual reports demonstrated that the Kingdom is expanding and helping to diversify the economy by focusing on the development of hospitals, transportation systems and technology.<sup>663</sup>

It can be argued from the above results that participants believe that banks are paying sufficient attention to society when practicing their CSR activities and the current activities that are directed towards the society are wide and versatile. However, as the concept of CSR is quite new in developing countries and especially in Saudi Arabia there are areas that require more attention such as supporting the disabled especially with regards to improving disabled access to buildings, creating job opportunities and training employees to serve this segment of society not just within the banking sector, but also among the Saudi corporate world in general. Also, more efforts need to be placed in documenting, spreading and showcasing these activities to be able to more accurately pin down areas of deficiencies that require further improvements and research.

<sup>662</sup>O, Gravem, "Corporate Social Responsibility in Saudi Arabia", 2010

<sup>663</sup>O, Gravem, "Corporate Social Responsibility in Saudi Arabia", 2010; Saudi Arabian General Investment Authority, <https://www.sagia.gov.sa/en/Pages/default.aspx>; Saudi Arabian Monetary Agency, "Fifty First Annual Report, Government of Saudi Arabia", 2015, [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf); A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

### 6.3.2 CSR and the Environment

The interviews revealed a variety of CSR activities that have been directed towards the environment that can be grouped into '*Energy saving*' and '*Environment protection activities*'. The activities that were disclosed in the annual disclosure reports and banks' websites were largely similar to those reported in the interviews and the same subthemes were created from the document analysis.

With regards to saving energy, the interviewees were able to point out a range of activities such as green building features within the banks, educating employees and the community in energy saving and the promotion of recycling, activities that were also documented in the annual disclosure reports and the bank's websites. Most of the studies that were located only reported whether or not the environment in general is addressed by the companies' CSR activities. Although the majority of the studies either did not mention energy conservation activities being implemented, a limited number of studies were located that reported on the increasing attention that is being paid to the energy conservation initiatives, which also includes increasing the recycling efforts and increasing the awareness of the society and internal stakeholders in this regard through education.<sup>664</sup>

With regards to the environmental protection activities of the banks, the participants believed that they are not fully obligated to protect the environment as they do not have a direct impact on the environment. However, the results of both the interviews and the document analysis revealed activities such as participating in global environment days, supporting wildlife protection programs, controlling the banks' environment, education, and reducing waste to be some of the banks activities towards the environment. Some of the participants reported on the banks effort in developing codes of conduct and policies in this matter while according to the participants, SAMA does encourage the protection of the environment in general within its' code of corporate governance. Although earlier studies have reported that the least disclosed CSR activities are within the environmental

---

<sup>664</sup>O, Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010; R. Shehadi, et al., "*The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East*", *International Journal of Business and Management*, 11(1), 2013, pp. 54; A. Aldosari, "*Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia*", PhD diss., University of Reading, 2017.

dimension,<sup>665</sup> more recent studies reported that protecting the environment is an element within the CSR efforts that currently is increasing in importance in Saudi Arabia. They report that companies such as Aramco, Abdullatif Jamil company and Jotun company, all have environment protection within their CSR agendas which includes minimising environmental impacts, supporting research aimed at reducing pollution, recycling programmes, planting trees, and cleaning public spaces.<sup>666</sup> The fact that these companies are quite advanced in their environment protection policies may be due to their direct impact on the environment. This highlights the need for companies that do not directly affect the environment to understand the indirect ways that they could harm the environment through their business activities.

It could seem that the focus on environment will become even more prominent in the next years. In fact, one of the main issues that the Saudi 2030 vision is seeking to address is achieving environmental sustainability by preserving the environment and natural resources, increasing the efficiency of waste management, establishing comprehensive recycling projects, reducing all types of pollution, fighting desertification, promoting the optimal use of water resources, protecting and rehabilitating beaches, natural reserves and islands, as well as seeking the participation of the private sector and government funds in these efforts.<sup>667</sup> This will create awareness in the society and possibly also an expectation towards companies to take more environmental responsibility.

### 6.3.3 CSR and Shareholders

When considering CSR and the shareholders, the interview analysis revealed a variety of activities that were grouped into two subthemes: '*Best Practice*' and '*Developing Business*'. However, according to the document analysis, the least amount of disclosed information was related to the shareholders where two subthemes were developed: 'Setting

---

<sup>665</sup>U. Zubairu, et al., "*Social reporting practices of Islamic banks in Saudi Arabia*", International Journal of Business and Social Science, 2(23), 2011; R. Alsahlawi, "*CSR Disclosure of the Banking Sector in Saudi Arabia*", Accountancy Business and the Public Interest, 2016.

<sup>666</sup>O. Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010

<sup>667</sup>Saudi Vision 2030, [http://vision2030.gov.sa/sites/default/files/NTP\\_En.pdf](http://vision2030.gov.sa/sites/default/files/NTP_En.pdf), 2016.

Down Policies', and 'Enhancing Business' which when compared to the themes of the interviews, these were at the sub-sub-theme level (or elements of the subtheme). According to the participants, improving the business and applying best practice principles were amongst the most important objectives of their banks. Setting down policies and internal regulations, avoiding risk management activities, data confidentiality, anticorruption, morality in business, and stakeholder engagement were all reported as activities applied by the banks towards best practice and reinforced by the government through the corporate governance code. The literature revealed a very limited number of CSR studies that have reported on Saudi corporations' best practice activities. Anticorruption was the main issue discussed where it was reported that anti-corruption work among companies is not prominent in their CSR efforts. They report that although corruption is one of the non-negotiable cornerstones of the companies' CSR agendas, this commitment does not seem to be turned into more specific actions. The most prominent anti-corruption work recognised was transparency and business policies that are aimed to prevent every possibility of corruption.<sup>668</sup> Furthermore, as is the case in the current study, the literature has proved that not all Islamic banks disclosed risk management practices and that good corporate governance practice is still lacking among Islamic banks.<sup>669</sup> This may be due to the limited understanding of CSR and even if best practice activities have been undertaken within the banks, they would not have disclosed it as part of their CSR practices.

As for the subtheme developing the business, the participants believed that it is an ethical duty of the banks as major economic entities which should be protected and continuously enhanced. In addition, all the participants agreed that profit maximisation is an important requirement of banks and they are always seeking to increase the shareholder value by increasing their profits. However, they also believed supporting the citizens should be identified as more important than the individual interest of any corporation, something that some interviewees revealed as not being essential to their banks. It was even mentioned in the interviews that the members of the Shari'ah Board play no role in this matter and it was

---

<sup>668</sup>O. Gravem, *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.

<sup>669</sup>A. Hassan, & S. Harahap, *"Exploring corporate social responsibility disclosure: the case of Islamic banks"*, *International Journal of Islamic and Middle Eastern Finance and Management*, 3(3), 2010, pp.203-227.



believed that their only role lies in ensuring the compliance of products and services with Shari'ah.

This view of the responsibility of the banks in increasing profits was actually reported in many studies of business corporations in general and banks in particular. Studies conducted on Saudi Islamic banks reported that banks are highly concerned in maximising profits for shareholders and owners of the bank.<sup>670</sup> Another study reported that most of the Saudi Islamic banks only disclosed information on the distribution of profits as opposed to disclosing information about the adherence to Shari'ah principles in their operations.<sup>671</sup> Similarly, a study that was based on interviews with executives of companies listed on the Saudi stock exchange market and with postgraduate business students reports that a great emphasis is placed on profit maximisation and obtaining the highest financial return to shareholders. They attributed this emphasis to the exposure of many business people to the code of capitalism either through interactions with Western businessmen or through their studies abroad and that changing their orientations can therefore prove to be a difficult task.<sup>672</sup>

However, other studies have shown that although profit maximisation is a priority, it does not contradict with their social role and that all the Islamic banks included in their study believed in their role toward both shareholders and stakeholders.<sup>673</sup> They report that as Islamic banks are following the Shari'ah principles which include Maqasid Al-Shari'ah will consequently protect the right of all stakeholders' not just shareholders. The difference between the results of this thesis and the Islamic banking study may be due to the fact that not only Islamic banks were included in the interviews, but rather stakeholders from both Islamic and conventional Saudi banks.

With regards to the role of the members of the Shari'ah board in ensuring that profit maximisation is not achieved at the expense of the society, the literature has also agreed

---

<sup>670</sup>S. Baghalab, *"Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia"*, PhD diss., RSM, Erasmus University, 2013.

<sup>671</sup>A. Hassan, & S. Harahap, *"Exploring corporate social responsibility disclosure: the case of Islamic banks"*, International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227.

<sup>672</sup>A. Ali, & A. Al-Aali, *"Corporate social responsibility in Saudi Arabia"*, MEP 19(4), 2012, pp.40-53.

<sup>673</sup>S. Baghalab, *"Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia"*, PhD diss., RSM, Erasmus University, 2013.

that Shari'ah Board members do not have a direct role in CSR policies and hence do not have the power to prevent this even in Islamic banks.<sup>674</sup>

#### 6.3.4 CSR and Customers

Customers were referred to as important stakeholders for the banks as well as the government. The analysis revealed four subthemes regarding the practices of the banks towards the customers: *'Best Practice'*, *'Education programmes'*, *'Costumer treatment'*, and *'Customers protection'*. However, the document analysis revealed that the information that was disclosed with regards to the costumers was very limited and was grouped to two themes only: *'Costumer Treatment'*, and *'Costumer Protection'*.

As mentioned previously, best practice activities are considered essential to the CSR practices of banks. Even with the lack of local CSR studies that have proved the focus of the banking sector in applying best practice principles, there seemed to be a significant interest in this area as portrayed in the interviews. The reasons behind this interest in achieving best practice may be due to the recent demands placed by the government in areas such as behaviour and work ethics, protection against fraud and cyber-attacks, anticorruption, data confidentiality, and risk management.<sup>675</sup> In addition to the government demands, the raising interest may be due to the increased awareness of banks of the benefits of conducting best practice principles in order to enhance their business.<sup>676</sup>

As for the education programmes that are implemented for the benefit of the customers, although no information was disclosed by the banks in this area, the interviewees reported a number of activities which include programs created by the banks themselves to educate employees in areas such as selection of supplies and supply management, as well as programmes created by the government to update banks on the most recent developments and trends, and increasing their knowledge on basic financial issues. According to the literature, business corporations have recognised the need to increase their efforts in training and educating the workforce and hence, various listed companies including the

<sup>674</sup>Ibid

<sup>675</sup>SAMA, [http://www.sama.gov.sa/en-US/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20\(النسخة%20النهائية\).pdf](http://www.sama.gov.sa/en-US/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20(النسخة%20النهائية).pdf)

<sup>676</sup>N. Azhar, "The Effect of Corporate Social Responsibility in the National Commercial Bank in Saudi Arabia", World Academy of Science, Engineering and Technology, International Journal of Social, Behavioural, Educational, Economic, Business and Industrial Engineering, 10(4), 2016, pp.1322-1327.

banking sector have reported on their efforts in training their employees in a variety of disciplines to improve their productivity which includes areas such as Shari'ah based transaction, customer service, and corporate governance.<sup>677</sup> In fact, within the banks' consumer protection principles laid out by SAMA, it states:

*'A bank should ensure that its' employees have access to training and achieve the required levels of competency by enrolment in specialised programmes for professional accreditation that qualifies them to deal with consumers.'*

In addition, efforts are placed by both the government and the banks to ensure the proper treatment of customers through fair, professional, and safe treatment through the provision of fair products that are delivered based on the needs of the customers and achieved through gaining customer feedback. In addition, there are efforts in building a positive bank-costumer relationship based on trust, transparency, understanding, and long lasting relationships. According to the document analysis, some of these areas have been disclosed by a number of banks including costumer engagement to enhance customer services, communication, and satisfaction with products, professional costumer treatment, fair products, and easy access to services. These results are in agreement with a number of studies that have reported that costumer related disclosure information in particular with regards to the quality of the products and services as well as transparency and fair dealings have improved since 2015.<sup>678</sup> Also, studies that have investigated CSR practices of Islamic banks have reported that some of the banks interacts with its surroundings by listening to their customers and clients in order to provide relevant products and services.<sup>679</sup> It has also been mentioned in one study that some banks have specific policies in areas such as responsible dealing with clients with provisions relating to marketing ethics and

<sup>677</sup>T. Emtairah, et al., "Contexts and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp.325-346; O. Gravem, "Corporate Social Responsibility in Saudi Arabia", 2010; A. Hassan, & S. Harahap, "Exploring corporate social responsibility disclosure: the case of Islamic banks", International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227; S. Hidayat, & S. Alhur, "Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks", In 8th International Conference on Islamic Economics and Finance, Doha, Qatar, 2011; A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>678</sup>A. Hassan, & S. Harahap, "Exploring corporate social responsibility disclosure: the case of Islamic banks", International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227; A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>679</sup>S. Hidayat, & S. Alhur, "Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks", In 8th International Conference on Islamic Economics and Finance, Doha, Qatar, 2011; S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD diss., RSM, Erasmus University, 2013.

implementing responsible financing practices in all types of transactions with clients.<sup>680</sup> This increase in costumer related information may be a result of the increasing pressures from the government as represented by SAMA in ensuring equitable and fair treatment as well as disclosure and transparency,<sup>681</sup> and market liberalisation.<sup>682</sup>

Customer protection was considered by the interviewees as a vital part of the banks' business using precautionary measures to protect the customers from fraud and cyber-attacks. This was also found to be a prime concern to the government that are closely supervising financial institutions to ensure their compliance with policies of costumer protection. Other efforts by the government include the creation of a costumer protection department, costumer protection guidelines, receiving and resolving costumer complaints, identifying their priorities, and raising costumer awareness in their rights and duties. Guaranteeing costumer protection is also a responsibility of the Shari'ah Board which has the duty to ensure that all products and services are compliant with Shari'ah and in accordance with the customers' needs. According to the document analysis costumer protection was mentioned very briefly by two banks only reporting their efforts in delivering shari'ah compliant products and services and costumer protection against fraud. Although it has been reported that Saudi Arabian firms tend to focus their customer-related CSR activities on a narrow set of activities related to customer satisfaction as opposed to areas such as fair pricing practices, and fair competition,<sup>683</sup> this seems to be changing in the recent years especially after the introduction of the Banking Consumer Protection Principles laid out by SAMA in 2013 which include protection against fraud, protection of privacy, complaints handling, financial education and awareness, third parties, and conflict of interest.<sup>684</sup>

<sup>680</sup> S. Hidayat, & S. Alhur, "Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks", In 8th International Conference on Islamic Economics and Finance, Doha, Qatar, 2011;

<sup>681</sup> SAMA, Consumer Protection department, Banking Consumer Protection Principles, 2013. <http://www.sama.gov.sa/en-US/Laws/ConsumerProtectionRules/Banking%20Consumer%20Protection%20Principles.pdf>

<sup>682</sup> EMG WORLDWIDE, 2016. <http://www.emg-csr.com/national-vision-2030-training/>; Saudi National Vision 2030, <http://www.emg-csr.com/national-vision-2030-training/>

<sup>683</sup> S. Mandurah, et al., "Corporate social responsibility among Saudi Arabian firms: An empirical investigation", Journal of Applied Business Research, 28(5), 2012, pp.1049.

<sup>684</sup> SAMA, Consumer Protection department, Banking Consumer Protection Principles, 2013. <http://www.sama.gov.sa/en-US/Laws/ConsumerProtectionRules/Banking%20Consumer%20Protection%20Principles.pdf>

From the above it can be postulated that banks are providing sufficient attention to the customers. However, more studies are required to identify the areas of strength and weakness of CSR practices towards the customers from the perspectives of the customers themselves in order to enhance the knowledge and subsequently the practice in this area. There is also a need to enhance the banks' disclosure in this area especially with regards to their best practice activities, educational programs, and customer protection activities.

### 6.3.5 CSR and Employees

According to the interviews, a variety of CSR activities are being implemented towards the employees of banks which can be grouped into five sub-themes: '*Training and Education*', '*Healthcare*', '*Paying a fair salary*', '*Working Environment*', and '*Engagement*'. However, although the document analysis revealed that CSR towards the employees was one of the most disclosed areas, the activities disclosed were much less than what was reported in the interviews. Three sub-themes in this area were revealed: '*Working Environment*', '*Employee Engagement*', and '*Training*'.

All the participants highly believed that banks offer excellent training and developing programmes for the employees including programmes specialised in the field of Corporate banking, corporate governance and CSR. They are also required to attend training programs to raise their awareness in Islamic products organised in coordination with the Shari'ah Board. Although the majority of the studies that were located were not specific to the banking sector, the results are in agreement with a number of studies conducted within the Saudi private sector in general where it was reported that the business community is well tuned to the challenges facing the country with regards to CSR practice which includes the skills gaps in the labour force and as a result have increased their efforts in addressing this.<sup>685</sup> Companies such as Aramco Petrochemicals and Bab Rizq Jameel, provide education and training opportunities both at a local and international level in a variety of subject areas so they would have the skills necessary to perform the companies' work of all forms and on all levels.<sup>686</sup> Within the banking sector, it was also shown that special attention is being paid to the training and development of bank employees especially in the

---

<sup>685</sup>T. Emtairah, et al., "*Contexts and corporate social responsibility: the case of Saudi Arabia*", International Journal of Sustainable Society, 1(4), 2009, pp.325-346

<sup>686</sup>O, Gravem, "*Corporate Social Responsibility in Saudi Arabia*", 2010

area of Shari'ah transactions.<sup>687</sup> As mentioned previously this increased attention in the education of employees can be directly linked to the consumer protection principles that was created by SAMA.<sup>688</sup> In addition, any effort in raising employee skills in areas such as risk management, consumer protection, and Shari'ah transactions is considered a way of achieving the main targets of the banks which is enhancing the business.<sup>689</sup> The document analysis on the other hand revealed very limited information regarding employee training where only one bank mentioned their efforts in training the employees in general and not specifying in which areas the training was. This contradicts a previous study that reports employee training related disclosures have increased from 6 pages (2010) to 12 pages (2015) and the number of companies disclosing increased from 20 (2010) to 29 (2015).<sup>690</sup> This difference may be due to fact that the study was not specific to the banking sector but rather included all listed Saudi companies. Although the interviewees felt that this area is sufficiently covered by banks there is a need to pay more attention in documenting these activities through annual disclosure reports to enhance transparency in this area.

As for healthcare, the interviewees reported that this is provided to all the employees including their families and parents by all the banks included in the study which also includes memberships with health and sports clubs. Feedback was also gained from their employees on the health services provided and ways of improving this service. This is in contrast to what was reported in a study of the CSR practices of the private sector in Saudi Arabia where it was reported that companies are insensitive to employees' health and safety issues.<sup>691</sup> This difference may be due to the rapid advancement of the private sector in Saudi Arabia resulting in the enhancement of many services including employee health services as compared to the time Khans' study was conducted.<sup>692</sup> Another reason may be

<sup>687</sup>A. Hassan, & S. Harahap, "Exploring corporate social responsibility disclosure: the case of Islamic banks", International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227.

<sup>688</sup>SAMA, Consumer Protection department, Banking Consumer Protection Principles, 2013. <http://www.sama.gov.sa/en-US/Laws/ConsumerProtectionRules/Banking%20Consumer%20Protection%20Principles.pdf>

<sup>689</sup>A. Hassan, & S. Harahap, "Exploring corporate social responsibility disclosure: the case of Islamic banks", International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227.

<sup>690</sup>A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>691</sup>S. Khan, et al., "Exploring corporate social responsibility in Saudi Arabia: The challenges ahead", Journal of Leadership, Accountability and Ethics, 10(3), 2013, pp.65.

<sup>692</sup>A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

that the study was not specific to the banking sector and hence the results may not be generalisable to all sectors especially the banking sector. As for the document analysis, no information was found in this area which is also in contrast to a recent study that reported that CSR disclosure regarding employees are gaining more attention in the recent years and information such as health benefits and safety in the work place are being increasingly disclosed in the companies' CSR disclosures.<sup>693</sup> However, as with Khan's study, it was not specific to the privates sector but rather included all Saudi listed companies which may be a reason for the different results. It can be argued that employee health and safety in the workplace has become a prerequisite in listed companies especially due to the high competition between corporations in general and banks in particular to attract talented employees. Another reason may be related to the Saudi vision 2030 that is stressing on enhancing and promoting the private sector in all the dimensions including the health and safety of the workforce to meet with the international standards.<sup>694</sup> However, as with many other CSR dimensions, their needs to be more efforts in disclosing these activities to showcase their efforts in promoting CSR.

It was evident from the interviews that the participants held varying views regarding salaries, where some regarded it as insufficient for the amount of work they put into their jobs and they attributed this to the absence of minimum wage standards and any salary given is based on the banks subjective assessments. Others argued that banks provide sufficient salaries that increase depending on the level of education, skills acquired by the employees, level of experience and performance, and nature of their work. They also believe that salaries are based on banks effort in providing fair wages by conducting comparative studies annually and offer bonuses for excellence in achievements. The results reported in the literature regarding the salaries of Saudi private sector employees are also conflicting. While it has been reported that some companies in Saudi Arabia are not paying employees decent wages due to the absence of minimum wage standards and that expatriates are receiving higher incomes than the Saudi citizens, other scholars report the contrary where employees of different Saudi listed companies believe they are receiving descent wages and benefits which also include housing benefits. When the results of the

---

<sup>693</sup>Ibid

<sup>694</sup>EMG WORLDWIDE, 2016. <http://www.emg-csr.com/national-vision-2030-training/>; Saudi National Vision 2030, <http://www.emg-csr.com/national-vision-2030-training/>

interviews are compared to the results of the document analysis in this study, no information regarding employees' salaries was disclosed by any of the banks indicating the growing need for transparency in this important area where there should be clear, comprehensive and strict guidance and regulations with regards to salaries and benefits within the private sector, in addition to the need to educate all the effected stakeholders regarding these guidelines and spread the awareness in the area.

With regards to the working environment, All the participants agreed that banks provide an ideal working environment that is healthy, respectful, and ethical. The rights and psychological wellbeing of the employees are preserved by giving the employees power of complaining to seniors. Efforts are placed to establish standards with regards to the relationships amongst the employees and between the employees and managers, in addition to delivering training courses to improve the communication skills and teamwork abilities of the employees and managers. Some interviewees expressed positive views regarding their confidence with the establishment, the just environment, working culture, human resource policies, benefits to the employees, and support of female employees. These activities were confirmed by the results of the document analysis which revealed that the majority of the CSR activities were to ensure a positive working environment through the continuous update and revision of human resource policies and adherence to international human rights laws, enhancing work ethics, elimination of discrimination, and the support of female workforce. Within the literature, positive CSR practices with regards to employees' working environment have been reported where Saudi firms are progressing in areas such as adopting progressive human resource management practices, promoting employee empowerment, providing acceptable work environments to employees, and eliminating any form of discrimination.<sup>695</sup> However, there are also studies that have reported on the shortcomings of the private sector especially towards the rights of female workers where it was reported that even American companies located in Saudi Arabia are not providing equal opportunities to female workers resulting in a male dominated working environment.<sup>696</sup> However, this contradiction may be due to the fact that the majority of

---

<sup>695</sup>O. Gravem, "Corporate Social Responsibility in Saudi Arabia", 2010; A. Hassan, & S. Harahap, "Exploring corporate social responsibility disclosure: the case of Islamic banks", International Journal of Islamic and Middle Eastern Finance and Management, 3(3), 2010, pp.203-227; S. Mandurah, et al., "Corporate social responsibility among Saudi Arabian firms: An empirical investigation", Journal of Applied Business Research, 28(5), 2012, pp.1049.

<sup>696</sup>N. Nourafchan, "Apartheid, profits, and corporate social responsibility: A case study of multinational corporations in Saudi Arabia", Dartmouth LJ, 9, 2011, pp.1.



the interviewees in the current study were males resulting in bias of the results which consequently led to the lack of information with regards to the female working environment.

In addition, both the results of the interviews and the document analysis revealed that employee engagement with different aspects of the business was promoted by the banks to identify the areas of shortcomings and promote the working environment, as well as including them in the decision making process of different aspects of the banks business, such as in the area of CSR and when introducing new products or services to ensure the employees' loyalty, satisfaction, and positive performance. To our knowledge, this is the first local study to report on the efforts placed by companies in ensuring their engagement in various business issues. Although the literature may not confirm all the efforts placed by the private sector in ensuring ideal CSR practices towards the employees, it should be noted that this is an area of prime interest to the Saudi government. Increasing pressures are being applied by the government to ensure proper treatment of employees through the Saudi labour rules and regulations.<sup>697</sup>

---

<sup>697</sup>Saudi labour rules and regulations, <https://mlsd.gov.sa/en/السياسات-و-اللوائح/labor-rules-regulations>

## 6.4 Motives and Drivers to Applying CSR by the Banks

Plenty of academics have sought out to explain the reasons for why companies choose, or should choose to, engage in CSR. The literature on this matter is described from a vast amount of perspectives and under several different terminologies such as drivers,<sup>698</sup> pressure,<sup>699</sup> justifications,<sup>700</sup> arguments for,<sup>701</sup> and motivations.<sup>702</sup> However, studies have proved that different organisation engage for different reasons,<sup>703</sup> and hence, as banks in Saudi Arabia are unique in terms of their religious, cultural, and political backgrounds it was important to explore the drivers and motives directly from the stakeholders involved which hopefully can constitute one additional piece of the puzzle in mapping the CSR practice in Saudi Arabia.

There are a variety of reasons that promote or drive Saudi banks to adopt and undertake CSR activities as perceived by the stakeholders that were interviewed. These reasons fall under four themes which include ‘*Religion*’, ‘*Bank status*’, ‘*Business*’, and ‘*Social*’.

### 6.4.1 Religion

According to the interviews, Islam has a strong influence on the practice of CSR within Saudi banks. The reasons related to the Islamic religion that have been reported include the belief that it is an obligatory duty in Islam and that the Islamic faith and beliefs is dominating the culture of every individual in the business hierarchy and is driving them to practice CSR activities relative to their level of faith and in accordance with their beliefs. This is in agreement with a number of previous studies who have reported that because

<sup>698</sup>D. Matten, "Why do companies engage in corporate social responsibility? Background, reasons and basic concepts", The ICCA handbook on corporate social responsibility, 3, 2006, pp.28.

<sup>699</sup>D. Matten, & J. Moon, "'Implicit' and 'explicit' CSR: A conceptual framework for a comparative understanding of corporate social responsibility", Academy of management Review, 33(2), 2008, pp.404-424.

<sup>700</sup>M. Porter, & M. Kramer, "Strategy and society: the link between corporate social responsibility and competitive advantage", Harvard business review, 84(12), 2006, pp.78-92.

<sup>701</sup>W. Werther, & D. Chandler, "What is corporate social responsibility", Strategic corporate social responsibility: stakeholders in the global environment, 2006, pp.25.

<sup>702</sup>S. Idowu, & I. Papasolomou, "Are the corporate social responsibility matters based on good intentions or false pretences? An empirical study of the motivations behind the issuing of CSR reports by UK companies", Corporate Governance: The international journal of business in society, 7(2), 2007, pp.136-147.

<sup>703</sup>C. Österman, "Why companies engage in CSR", 2014.

Islam is a guideline for the complete way of life, it therefore has a strong influence and promotes CSR.<sup>704</sup> In fact, the influence of religion is not limited to Islam, studies within the developed and developing world found that other religions such as Buddhism, Christianity, and Hinduism all have some form of influence on the decision making processes in CSR activities.<sup>705</sup> Some scholars have expressively pointed out moral and ethical reasons for engagement and developed a model that categorise explanations of corporate social engagement into influences from the external and internal structure. Examples of internal structures are corporate culture, and among internal actors the influence of manager's values/beliefs and employees can be found and the influence of religion on the culture, values and the beliefs cannot be denied.<sup>706</sup> Scholars have also reported on results that supports the views of the current participants that CSR practice is directly proportional to the level of faith of the individuals of the company and should be compatible with their beliefs. These studies found that Muslims commit themselves to higher levels of moral consciousness and need more information on business to ensure that they match their values and not only their obligations.<sup>707</sup>

Consistency between the principles of Islam and CSR was another reason where according to the participants many verses from the Quran and Sunnah exists that promotes and encourages the practice of CSR in the social, environmental and philanthropic dimensions. This is in fact supported by the literature where many studies have reported on the CSR principles that are inherently present within the Islamic principles and which has been described in section 3.4 of the thesis (The concept of Islamic CSR).<sup>708</sup> Studies have also

<sup>704</sup>R. Kamla, et al., "Islam, nature and accounting: Islamic principles and the notion of accounting for the environment", In Accounting Forum 30(3), 2006, pp. 245-265; C. Siwar, & M. Hossain, "An analysis of Islamic CSR concept and the opinions of Malaysian managers", Management of Environmental Quality: An International Journal, 20(3), 2009, pp. 290-298.

<sup>705</sup>A. Quazi, "Identifying the determinants of corporate managers' perceived social obligations", Management Decision, 41(9), 2003, pp.822-831; M. Fernando, & B. Jackson, "The influence of religion-based workplace spirituality on business leaders' decision-making: An inter-faith study", Journal of management & organization, 12(1), 2006, pp.23-39; S. Brammer, et al., "Religion and attitudes to corporate social responsibility in a large cross-country sample", Journal of business ethics, 71(3), 2007, pp.229-243; Z. Aribi, & S. Gao, "Corporate social responsibility disclosure: A comparison between Islamic and conventional financial institutions", Journal of Financial Reporting and Accounting, 8(2), 2010, pp.72-91.

<sup>706</sup>D. Brown, et al., "Theorizing transnational corporations as social actors: An analysis of corporate motivations", Business and Politics, 12(1), 2010, pp.1-37.

<sup>707</sup>G. Rice, "Islamic ethics and the implications for business", 1999; S. Hasanuzzaman, "Islam and Business Ethics, Institute of Islamic Banking and Insurance", 2003; S. Abuznaid, "Business ethics in Islam: the glaring gap in practice", 2009; S. Aldulaimi, "Fundamental Islamic perspective of work ethics", 2016.

<sup>708</sup>A. Dusuki, & N. Abdullah, "Maqasid al-Shariah, Maslahah, and corporate social responsibility", American Journal of Islamic Social Sciences, 24(1), 2007, pp.25; A. Dusuki, "Banking for the poor: The role of Islamic banking in microfinance initiatives", Humanomics, 24(1), 2008, pp. 49-66; S. Ullah, & D. Jamali, "Institutional investors and corporate social responsibility: the role of Islamic financial institutions", International review of business research

reported that if an organisation adopts its working practices to remain in line with Islamic principles, then it will automatically have adopted CSR practices as that is part of the Islamic spirit.<sup>709</sup>

Finally, the religious or spiritual outcomes that can be achieved as a result of the practice such as prosperity, satisfaction, welfare, and clear conscience was also considered an important reason behind the practice of CSR. Studies have reported that business ethics in the Middle East emerged from Islamic injunctions promoting honesty, fairness and equitable treatment and the ultimate goal is to achieve spiritual rewards.<sup>710</sup> Also, as has been described in section 3.4 of the thesis, in Islam the concept of God-consciousness 'Taqwa' guides people to adopt good deeds and clear their conscience as they believe that God is observing their every step, and that they will be held accountable for every deed whether good or bad.<sup>711</sup>

It can be argued from the above that the adoption of CSR can be intrinsically linked to the underpinnings of Islam's teachings and are therefore based on divine revelation, whereas, in Western nations, it is more transitory, being based on secular ethics and morality. Indeed, this vulnerability can be used by the Islamic scholars to benefit CSR by spreading the awareness and true meaning of practicing CSR in Islam.<sup>712</sup>

#### 6.4.2 Bank's Status

According to the interviewees, the major economic position that banks hold within society and the support they receive from the government in terms of community funds permits, government facilities and protection in addition to the bank's financial potential, made CSR practice a major responsibility that they have to address. This view also finds support in a survey that was conducted about CSR practices across four different sectors. The study shows that the oil sector and banking sector engage to a higher degree than the fish

---

papers, 6(1), 2010, pp.619-630; G. Williams, & J. Zinkin, "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", *Journal of Business Ethics*, 91(4), 2010, pp.519-533;

<sup>709</sup>A. Dusuki, "Banking for the poor: The role of Islamic banking in microfinance initiatives", *Humanomics*, 24(1), 2008, pp. 49-66.

<sup>710</sup>M. Lewis, & L. Algoud, "Islamic Banking", Cheltenham, UK and Northampton, 2001; A. Dusuki, "What does Islam say about corporate social responsibility", *Review of Islamic Economics*, 12(1), 2008, pp.5-28.

<sup>711</sup>A. Dusuki, "What does Islam say about corporate social responsibility", *Review of Islamic Economics*, 12(1), 2008, pp.5-28.

<sup>712</sup>M. Darrag, & N. E-Bassiouny, "An introspect into the Islamic Roots of CSR in the Middle East: The case of Savola Group in Egypt", *Social Responsibility Journal*, 9(3), 2013, pp. 362-378.

processing sector and the automotive sector attributing this to the banks larger size in comparison to other sectors as well as the economic power implying that more resources can be devoted to CSR and resulting in greater public scrutiny and pressures.<sup>713</sup>

### 6.4.3 Business

The interviews revealed a number of subthemes relating to the business aspect of the banks as reasons behind the practice of CSR. These include the belief that engaging in CSR activities will result in higher profits and productivity. This is in agreement with a number of studies that have been conducted locally on both Islamic and conventional banks. These studies highlight that profit is the primary consideration and that achieving economic objectives were comparatively more important for organisations than other social objectives.<sup>714</sup> They attributed this as being the result of exposure to the teachings of Western business schools and the practice of the free market economy which influenced Saudi thinking and business priorities.<sup>715</sup> On an international level, this is also the case where many proponents of CSR proclaims the direct and indirect economic benefits of engagement and that it has therefore become one of the most embraced reasons to why companies engage in CSR.<sup>716</sup>

Ensuring employee satisfaction was also considered an important reason by the participants through enhancing their loyalty and their social and psychological well-being as a result of the activities that are directed to them and at other stakeholders as well. This will in turn result in greater productivity and consequently greater profits. This was confirmed by previous studies who report that companies with an attractive CSR approach enhances corporate citizenship with superior loyalty and employee retention.<sup>717</sup>

<sup>713</sup>D. Schmitt, "CSR practices across four sectors: a synthesis of the surveys", Corporate Social Responsibility in Europe: Rhetoric and Realities, 2009, pp.124-129.

<sup>714</sup>A. Khurshid, et al., "Developing an Islamic corporate social responsibility scale", 19th International Business Information Management Conference Proceeding, Barcelona, Spain, 2012, pp.1263-1270; A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp. 40-53; F. Zehri, & NM. Mbarek, "Banks' Performance in KSA during Financial Distress: A Comparative Study Islamic and Conventional Banks", Arabian J Bus Manag Review S1:009, 2016.

<sup>715</sup>A. Ali, & A. Al-Aali, "Corporate social responsibility in Saudi Arabia", MEP 19(4), 2012, pp. 40-53.

<sup>716</sup>D. Matten, "Why do companies engage in corporate social responsibility? Background, reasons and basic concepts", The ICCA handbook on corporate social responsibility, 3, 2006, pp.28; M. Branco, & L. Rodrigues, "Corporate Social Responsibility and Resource-Based Perspectives", Journal of Business Ethics, 69 (2), 2006, pp. 111-132; E. Kurucz, et al., "The business case for corporate social responsibility", In The Oxford handbook of corporate social responsibility, 2008.

<sup>717</sup>D. Vogel, "The Market for Virtue", Washington, D.C.: Brookings Institution Press, 2005, pp.56; D. Peterson, "The relationship between perceptions of corporate citizenship and organizational commitment", 2004; D. Laverie, & R.

Other business related reasons discovered in the analysis was enhancing the reputation of the bank where engaging in CSR activities may result in increasing public confidence and consumer satisfaction and improving the overall image of the products and services delivered. Many surveys show that consumers proclaim valuing CSR into their buying decisions<sup>718</sup> and consumers are described to avoid what they consider irresponsible.<sup>719</sup> To meet demands and expectations for CSR therefore becomes important for companies to capture additional customers and/or more satisfied customers.<sup>720</sup> Also, as means of creating a competitive advantage towards less responsible firms, communicating to customers, branding, and reputation, is important. CSR can be, and has been, used as a way of strengthening the brand and improving the reputation which can attract customers.<sup>721</sup>

#### 6.4.4 Social

In addition to business related reasons, the interviews revealed a number of reasons behind the practice of CSR by banks that are social in nature such as achieving social solidarity, improving the quality of life of society, achieving sustainable development, and to legitimise their presence and gain acceptance from the society. In fact, studies have emphasised the moral and ethical reasons to why companies engage in CSR.<sup>722</sup> The moral and ethical reasons for engaging is often associated with concepts as “doing the right thing”<sup>723</sup> or “Doing Good to Do Good”.<sup>724</sup> Consequently, a company can choose to engage in CSR for the sole reasons of wanting to take a greater social and/or environmental responsibility. This decision can stream from a company culture that values and cares about this, from the employees, or from management. Studies have also shown that in a Saudi Arabian context, legitimacy theory is a strong driver for CSR amongst Saudi listed

McDonald, “*Volunteer dedication: Understanding the role of identity importance on participation frequency*”, 2007.

<sup>718</sup>M. Hopkins, “*The business case for CSR: where are we?*”, International Journal of Business Performance Management, 5(2-3), 2003, pp.125-140; D. Vogel, “*The Market for Virtue*”, Washington, D.C.: Brookings Institution Press, 2005, pp.47.

<sup>719</sup>M. Hopkins, “*The business case for CSR: where are we?*”, International Journal of Business Performance Management, 5(2-3), 2003, pp.125-140.

<sup>720</sup>D. Matten, “*Why do companies engage in corporate social responsibility? Background, reasons and basic concepts*”, The ICCA handbook on corporate social responsibility, 3, 2006, pp.9.

<sup>721</sup>L. Whitehouse, “*Corporate social responsibility: Views from the frontline*”, Journal of Business Ethics, 63(3), 2006, pp.279-296.

<sup>722</sup>D. Matten, “*Why do companies engage in corporate social responsibility? Background, reasons and basic concepts*”, The ICCA handbook on corporate social responsibility, 3, 2006, pp.9; W. Werther, & D. Chandler, “*What is corporate social responsibility*”, Strategic corporate social responsibility: stakeholders in the global environment, 2006, pp.15-19.

<sup>723</sup>D. Matten, “*Why do companies engage in corporate social responsibility? Background, reasons and basic concepts*”, The ICCA handbook on corporate social responsibility, 3, 2006, pp.22.

<sup>724</sup>D. Vogel, “*The Market for Virtue*”, Washington, D.C.: Brookings Institution Press, 2005, pp.17.

companies. The results are also consistent with scholars who argue that organisations could not continue to exist if the relevant public did not perceive the organisation as legitimate.<sup>725</sup>

## 6.5 The Barriers and Obstacles to a Coherent CSR Practice by Saudi Arabian Banks

The participants reported a wide range of barriers which were grouped into six main themes during the analysis: *'Government'*, *'Media'*, *'Partnerships'*, *'Awareness'*, *'Decision-makers'*, and *'Internal Policies'*. While some of these themes and their underlying subthemes have been reported in the literature, other themes such as *'partnerships'* is the first to be reported in the local literature. Also, as mentioned earlier, this is the first study to take into account the perspectives of CSR bank employees and Shari'ah board members in addition to the CSR directors and government representatives on the barriers facing Saudi banks when implementing CSR. This was an important area to investigate as the results can be used to provide recommendations on how CSR can be promoted within the banking industry, nationally, or in other comparable countries. The fact that these barriers were based on the viewpoints of multiple stakeholders who are directly affected by the banks CSR practices makes the results much more relevant and meaningful rather than just relying on unilateral perspectives.

### 6.5.1 Government

The government was found to play a significant role in hindering the ideal practice of CSR by corporations in general and by Saudi banks in particular due to the current legislations which they believed to be either deficient or acting as stumbling blocks. The participants agreed that the government represented by the Saudi central bank has a very important role, but they differed in the nature of the laws that may be laid down. Some believed that laws should be binding with consequent penalties upon violation while others believed that it must be stimulating and non-mandatory. The participants believed that there is a strong relationship between the legislations imposed by the government and the success and

---

<sup>725</sup>R. Gray, et al., *"Accountability, social responsibility and sustainability: accounting for society and the environment"*, Pearson Higher Ed, 2014.

efficiency of CSR which comes in agreement with previous studies that stress this relationship.<sup>726</sup> In general, the government plays an important and essential role in CSR practice and development by imposing policies and laws governing companies, organisations and the society as a whole.<sup>727</sup>

Deficiency in both mandatory and motivational laws were reported where the former was believed to be weak, not codified, focusing solely on financial stability, with absence of pressuring mechanisms such as penalties, taxation, and minimum wage standards, while the latter was also believed to be weak, lacking transparency and corporate governance and not promoting competition. They believed that the central bank should play a stronger role in CSR development and practice by strengthening their mandatory and stimulatory laws because if it was left to Saudi banks, they will never compromise on maximising profits, and their positive contributions to society will be minimised. As stated by other researchers, there has been a distinct supporting movement for CSR by European governments over the past few years. As a result, new policies have emerged that are designed to shape and promote the role of CSR.<sup>728</sup> This European approach can be regarded as one example that the Saudi government can follow. Initially, the central bank could start by combining all the existing laws affecting CSR and develop a comprehensive guide. For instance, all CSR related articles within the environmental, labour, corporate governance, corruption and human rights laws etc., could be codified into one comprehensive CSR guide. By locating all articles related to CSR and combining it into one clear guide, the role of the government would be more clear and effective in guiding corporations for best practice of CSR. This is supported by other researchers who highlight the role of the government in promoting CSR and classified these roles into: mandating (legislative), facilitating (guidelines on content, fiscal and funding mechanisms, creating framework conditions), partnering (engagement with multi-stakeholder processes, stimulating dialogue) and endorsing (tools and publicity).<sup>729</sup>

<sup>726</sup>V. Haufler, *"A public role for the private sector: Industry self-regulation in a global economy"*, 2001; D. Henderson, *"Misguided virtue: False notions of corporate social responsibility"*, 2001; C. Liston-Heyes, & G. Ceton, *"Corporate social performance and politics"*, 2007.

<sup>727</sup>R. Steurer, *"The role of governments in corporate social responsibility: Characterising public policies on CSR in Europe"*, Policy Sciences, 43(1), 2010, pp.49-72.

<sup>728</sup>Ibid

<sup>729</sup>T. Fox, et al., *"Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study"*, Washington, DC: World Bank, 2002.



Introducing laws has a very significant influence on CSR programs such as the corporate governance act that was imposed on Saudi banks by the central bank and affects in one way or another some aspects of CSR such as maintaining the rights of minority shareholders, risk management, and transparency. These laws are capable of protecting the institution from collapsing or corruption, thus protecting the national economy which is one of the supreme goals of CSR. This was confirmed by other researchers who conducted a qualitative study on private and public companies in the Middle East and found that governments need to create an environment where CSR is encouraged and that good corporate governance enhances transparency around business decision making which makes internal and external CSR initiatives much more effective.<sup>730</sup> Indeed, from what has been stated by the government representative, the government has fell short in this area, as all there interest is focused on the economic aspects of the banking sector. Therefore, the concept of CSR should be taken more seriously by the government as it can be regarded as complimentary to the role economics play in supporting the government.

In fact, the Saudi central bank appears to consider CSR as a formality by placing only two articles; 57 and 58 in the banks' corporate governance code. However, these articles lacked the specific guidance on how to apply and follow them up as they are quite vague.<sup>731</sup> For instance, Article 57 states 'The bank should prepare programs related to social responsibility to be approved by the Ordinary General Assembly', however, this article does not explain the conditions of this approval and hence, gives all the power to the banks' Ordinary General Assembly. It also doesn't explain the steps that can be taken to overcome the refusal of the banks' Ordinary General Assembly. These laws by virtue should be binding, but in fact they are only formal and not practiced.

It is apparent that the Saudi government is following global trade regimes such as when Saudi Arabia joined the Basel agreement which consequently imposed the adoption of certain laws, including the corporate governance code. Therefore, it can be argued that if CSR initiatives were adopted by reputed international organisations and imposed on its governments members then they will foster these initiatives and lay down laws to ensure

<sup>730</sup>R. Shehadi, et al., *"The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East"*, International Journal of Business and Management, 11(1), 2013, pp.54.

<sup>731</sup>Saudi Arabian Monetary Agency, *"Principles of Corporate Governance for Banks Operating in Saudi Arabia"*, 2014, [http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%202024-2-2014%20\(النسخة%20النهائية\).pdf](http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%202024-2-2014%20(النسخة%20النهائية).pdf)

the achievement of the objectives of this organisation. The government has a very important role in creating stimulating laws in the least to encourage companies to contribute to the society and to create a competitive environment among companies which can only be achieved by the development of stimulatory or mandatory legislations in addition to increasing the awareness of the community as a whole.<sup>732</sup>

In addition to legislations, the lack of performance measurement was believed to be another reason related to the government. Annual CSR reports are not mandatory and not disclosed to the public, absence of CSR practice standards and lack of auditing attributing this to the voluntary nature of CSR. The government can play a role by imposing disclosure and transparency policies, obligate banks to invest in a CSR manner, and finally to increase the awareness of the community in all possible ways.<sup>733</sup>

Lack of government facilities in the field of CSR was another reason reported by the interviewees which they attributed to either the limited and narrow notion held by the government in this regard, or that the government does not want to put pressure on the banks in this area as they are of greater concern to them economically. In addition, no exemptions from taxes can be made by the government to encourage CSR as they are non-existent. It is the responsibility of the central bank to oblige banks to act on CSR or at least motivate them by creating a competitive environment.<sup>734</sup> Currently, Saudi banks are not obliged to pay taxes and they have all the necessary government support and facilities therefore, the central bank should exploit this aspect and enforce taxes on banks together with exemptions depending on their level of contributions to CSR programs. Some studies suggested that there should be higher government involvement through the development of incentive schemes to promote CSR practice. As such, any organisation that fails to adopt

<sup>732</sup>L. Albareda, et al., "The changing role of governments in corporate social responsibility: drivers and responses", *Business ethics: a European review*, 17(4), 2008, pp.347-363.

<sup>733</sup>Saudi Arabian Monetary Agency, "Principles of Corporate Governance for Banks Operating in Saudi Arabia", 2014, [http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20%20\(nسخة%20النهائية\).pdf](http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20%20(nسخة%20النهائية).pdf)

<sup>734</sup>I. Redington, "Making CSR Happen: e Contribution of People Management", London, UK: Chartered Institute of Personnel and Development, 2005; E. Cohen, "CSR for HR: A Necessary partnership for Advancing Responsible Business Practices", 2010; C. Kim, & H. Scullion, "The effect of Corporate Social Responsibility (CSR) on employee motivation: A cross-national study", 2013.

improved community involvement and promote environmental protection should be penalised by preventing future contract agreements.<sup>735</sup>

Another way the government can promote CSR is by encouraging foreign investments. Companies that are significantly owned by foreigners or have a foreign company partnership are pressured to comply with international CSR standards, and hence, produce better CSR.<sup>736</sup> This highlights the role of the government in encouraging local banks to partner with foreign financial institutions as means of enhancing their productivity in many aspects including CSR performance.

### 6.5.2 Media

Participants believed that CSR initiatives that are implemented by banks are not seen by society through the media resulting in a lack of competition. The participants also reported that the media often considers the coverage of these activities as propaganda in favour of the banks. These findings are in agreement with previous studies which report the medias' deficiency in disseminating a culture of social responsibility as well as their deficiencies in covering the contributions made by companies in Saudi Arabian CSR, leading to the populations' belief that these companies are not achieving their CSR roles.<sup>737</sup> Companies, who sincerely try to do good for their community by committing their human and financial resources to developmental projects, should benefit by receiving publicity and eventually enhanced reputation. To address this challenge, it is important for the media to enhance its' understanding of the field and to realise that some companies truly deserve to receive such publicity in return for their efforts. Such publicity will in turn inspire other organisations to get involved, thus bring about more initiatives that will benefit the community and will enhance a cycle of sustainability.

Another reason reported was the deficiency of the media in raising awareness of the community with regards to CSR in general and the relationship of CSR with the Islamic principles. The media can be considered a very powerful tool in raising awareness by

---

<sup>735</sup>P. Dimaggio, & W. Powell, "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields", *American Sociology Review*, 8(2), 1983, pp. 147-60.

<sup>736</sup>A. Amran, & D. Susela, "The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia", *Managerial Auditing Journal*, 23(4), 2008, pp.386-404.

<sup>737</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18; H. Elasrag, "Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia", 2014.

taking advantage of what is already owned by the media in the service of society to increase their awareness and publicise aspects of CSR.<sup>738</sup> In fact, the media can act as channels for dialogue and interaction between citizens, and as instruments for diffusing developmental awareness, and a spirit of solidarity and joint action, and for consolidating the common cultural elements necessary for development to succeed.<sup>739</sup>

The media constitutes a powerful mechanism of monitoring and accountability on behalf of the people. The role of the information media in this respect takes on added significance when channels or mechanisms of dialogue are weak or hardly exist, and operations lack in transparency',<sup>740</sup> which is the case in the current situation. The most important thing is for the media to be transparent and accountable, because they perform a critical function in holding other parts of society to account.

### 6.5.3 Partnerships

The absence of experienced partners was considered a significant obstacle facing the practice of CSR where it was believed that some charities and non-profit organisations are lacking in expertise as well as clear policies and agendas for their programmes. The absence of law that regulates the relationship between these two organisations was also considered an obstacle. According to the literature these 'social partnerships' have been one of the most challenging ways that organisations have been implementing CSR in recent years where the ways that the partnerships can and should be implemented are not well understood.<sup>741</sup> It has also been reported that this is a problem facing many organisations around the world and many studies exist that tries to highlight the key problems and solutions for the success of such partnerships.<sup>742</sup>

<sup>738</sup>K. Yuen, & J. Lim, "Barriers to the Implementation of Strategic Corporate Social Responsibility in Shipping", The Asian Journal of Shipping and Logistics, 32(1), 2016, pp.49-57.

<sup>739</sup>J. Pulitzer, "Role of Media in Corporate Social Responsibility and Sustainable Development", Property of UNDP/UNV and the New Academy of Business, 2003, pp. 1-9

<sup>740</sup>Ibid

<sup>741</sup>S. Waddock, "Building successful social partnerships", MIT Sloan Management Review, 29(4), 1988, pp.17; B. Googins, & S. Rochlin, "Creating the partnership society: understanding the rhetoric and reality of cross-sectoral partnerships", Business and society review, 105(1), 2000, pp.127-144; M. Seitanidi, & A. Ryan, "A critical review of forms of corporate community involvement: from philanthropy to partnerships", International Journal of Nonprofit and Voluntary Sector Marketing, 12(3), 2007, pp.247-266.

<sup>742</sup>P. Neergaard, et al., "Barriers and success factors in the establishment and continuous development of NGO-business partnerships in Denmark", CBS Center for Corporate Social Responsibility, 2009.

To overcome this problem, initially it is very important that NGO's increase their awareness of the CSR concept and its dimensions. They should also create clear agendas and policies on how to implement CSR and to have clear strategic objectives. Moreover, another reason for this shortcoming in the area of partnerships may be the failure of Saudi banks and NGOs in adopting evidenced based implementation mechanisms and existing stage models that moves partnerships through the phases of selecting potential partners, designing suitable partnership arrangements, to institutionalisation and how this partnership can be developed over time to ensure long term sustainability and success.<sup>743</sup> This is an important area that requires further investigation to unpack these stages and identify the management challenges that are faced through these processes.

#### 6.5.4 Decision Maker

Reasons related to the decision makers include their lack of motivation to adopt such programmes due to their lack of awareness and sole interest in ensuring profit maximisation. Obtaining approval to implement CSR programmes from senior management was considered difficult to achieve and that the only condition in which decision makers may be interested in CSR programs is when the program is covered by the media. This was actually reported by one scholar who investigated CSR practices of Saudi listed companies and confirmed that obtaining approval for funding for CSR activities was one of the main obstacles.<sup>744</sup> This can be resolved by increasing the awareness of decision makers with regards to the economic benefits of implementing CSR and how different CSR initiatives can result in direct short term or indirect long term benefits.<sup>745</sup> In addition, the government can have a role in addressing this issue by reducing the power of decision-makers in this regard either by enforcing new laws or obliging them to policies and initiatives that contribute to the activation of CSR.<sup>746</sup> Also, the government

<sup>743</sup>S. Waddock, "Understanding Social Partnerships. An Evolutionary Model of Partnership Organisations", *Administration & Society*, 21(1), 1989, pp. 78-100; B. Googins, & S. Rochlin, "Creating the partnership society: understanding the rhetoric and reality of cross-sectoral partnerships", *Business and society review*, 105(1), 2000, pp.127-144; J. Selsky, & B. Parker, "Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice", *Journal of Management*, 31(6), 2005, pp.1-25; M. Seitanidi, "Corporate Social Responsibility and the Non-Commercial Sector", *New Academy Review*, 3 (4), 2005, pp.60-72.

<sup>744</sup>A. Aldosari, "Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia", PhD diss., University of Reading, 2017.

<sup>745</sup>P. Utting, "Business responsibility for sustainable development", (2), Geneva, Occasional Paper, 2000.

<sup>746</sup>A. Amran, & D. Susela, "The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia", *Managerial Auditing Journal*, 23(4), 2008, pp.386-404; D. Matten, "Why do companies engage in corporate social responsibility? Background, reasons and basic concepts", *The ICCA handbook on corporate social responsibility*, 3, 2006, pp.28.

can provide incentives and exemptions for socially responsible companies which can as a result increase CSR attractiveness.<sup>747</sup>

### 6.5.5 Internal Policies

The participants expressed mixed views regarding the banks' internal policies where some believed it to be lacking in regulating and facilitating the adoption and implementation of CSR resulting in the absence of clear CSR initiatives. The adoption of CSR programs is based on an improvised approach that does not have a precise and clear aim. In contrast to the first view, others believed that banks do have policies and guidelines regulating CSR activities but they considered it as insufficient targeting profit maximisation only and not achieving sustainability. This is not uncommon within the local literature where it has been revealed that many of the barriers were related to the organisations themselves such as the lack of structured plans that covers all the dimensions of CSR, lack of strategic thinking,<sup>748</sup> the absence of clear policies managing CSR programs,<sup>749</sup> lack of institutionalisation of CSR within the companies and within the business community,<sup>750</sup> all of which should fall under the internal policies umbrella.<sup>751</sup>

These results may be attributed to the lack of strategic visions of banks due to the lack of top management commitment. Scholars have argued that CSR must be led, formalised, and introduced from the top of the organisation chart.<sup>752</sup> One way to express commitment towards CSR is by incorporating it into a company's mission, vision, objectives, and goals.<sup>753</sup> However, this has not been widely observed within the Saudi banking industry.

<sup>747</sup>C. Österman, "Why companies engage in CSR", 2014.

<sup>748</sup>Riyadh Chamber of Commerce, "The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility", 2009; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp.325-346; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; S. Baghalab, "Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia", PhD diss., RSM, Erasmus University, 2013.

<sup>749</sup>A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013; C. Robertson, et al., "A cross-national analysis of corporate citizenship: Saudi Arabia vs. the United States", Journal of Managerial Issues, 2013, pp.284-298.

<sup>750</sup>Saudi Arabian General Investment Authority, "CSR in Saudi and Globally: Key challenges, opportunities and best practices", Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34; T. Emtairah, et al., "Context and corporate social responsibility: the case of Saudi Arabia", International Journal of Sustainable Society, 1(4), 2009, pp.325-346; A. Alenazy, "Social Responsibility of private sector in Saudi Arabia", King Saud university, MA Degree ,2013.

<sup>751</sup>Tamkeen, "The Evolution of CSR in Saudi Arabia: The Challenging Landscape", 2010, pp.1-18.

<sup>752</sup>Jr. Werther et al., "Strategic corporate social responsibility as global brand insurance", Business Horizons, 48(4), 2005, pp.317-324.

<sup>753</sup>B. Husted, "Governance choices for corporate social responsibility: to contribute, collaborate or internalize?", Long range planning, 36(5), 2003, pp.481-498.

Another cause for the lack of strategic vision in firms is their orientation towards short-term goals and profits.<sup>754</sup> Unfortunately, CSR often entails short-term costs and only pays-off in the long-run. As a result, CSR may be ignored by myopic top management whose goal is to maximise short-term profits. This highlights the need for banks to clarify the policies and initiatives of the bank towards CSR which should also be aligned with the banks' strategic missions and visions to find areas where social needs and long term business needs intersect, to facilitate engagement in CSR related programmes.<sup>755</sup>

Finally, the failure in the role of the Islamic scholars and banks in collating the widespread and scattered Islamic CSR principles, systematically synthesising them, linking them with international standards and finally incorporating them within their internal policies was considered one of the reasons preventing banks from ideal CSR practice in a country that is driven by Islamic principles.

Islam encourages accountability, responsibility, sustainability, helping others, beneficence in work and preventing harm which is also supported by the literature.<sup>756</sup> This is in fact very similar to the goals of CSR with regards to the human rights, workers' rights, fight against corruption, and preservation of the environment.<sup>757</sup> As mentioned earlier in this chapter religion was considered one of the first and most important driver to implement CSR initiatives both at an individual level and at an organisational level. CSR can be considered a fundamental part of Islam, but differs in that CSR principles and dimensions have been collected and labelled under the name of CSR whereas unfortunately, Islamic scholars have not yet made use of this significant driver by putting an effort to gather all the Islamic principles related to CSR under one umbrella so its principles and implications are transparent and clear to all members of the society. This may help and encourage the inner force of the stakeholders to become ethical and perform CSR activities for the cause

<sup>754</sup>A. Skouloudis, et al., "An overview of corporate social responsibility in Greece: perceptions, developments and barriers to overcome", *Business Ethics: A European Review*, 20(2), 2011, pp.205-226.

<sup>755</sup>M. Porter, & M. Kramer, "The link between competitive advantage and corporate social responsibility", *Harvard business review*, 2006.

<sup>756</sup>R. Richardson, "The equator principles: The voluntary approach to environmentally sustainable finance", *European Environmental Law Review*, 14 (11): 2005, pp. 280 – 290; N. Alsayyed, "Shari'ah board, the task of fatwa, and ijtihad in Islamic economics, and finance", MPRA paper no. 20204, INCEIF the Global University in Islamic Finance, International Islamic University Malaysia, Malaysia, 2009.

<sup>757</sup>R. Richardson, "The equator principles: The voluntary approach to environmentally sustainable finance", *European Environmental Law Review*, 14 (11): 2005, pp. 280 – 290; M. Basah, "Corporate social responsibility and natural environmental risk management in the context of the banking sector of Malaysia", Un-published PhD diss., Accounting and Finance Department, Business School, University of Cardiff, UK, 2012

of god-consciousness. This highlights the need for increasing the Shari'ah board responsibilities to address this issue and not limiting their roles to only ensuring Shari'ah compliance in the banks' operations.

## **6.6 Summary**

This chapter discussed the main objectives of this study in order to address the aim of the research which was based on in depth interviews with multiple stakeholders and the document analysis of the CSR activities disclosed by banks in their annual disclosure reports and their websites. The awareness and perceptions of the participants regarding the CSR concept, the current implementation of CSR by Saudi banks, the motives and drivers for applying CSR and the barriers and obstacles facing CSR practice was discussed. The findings were linked with the previous literature by comparing the results in order to find out whether the findings are supported by other studies in the literature or whether it challenges the current literature. The next chapter will provide a summary of the findings and their implications to practice, the contribution to knowledge, limitations, and the suggestions for future research.

## **Chapter 7 Conclusion**

### **7.1 Summary of Research Findings and Implications for Practice**

The main aim of the study was to explore the state of CSR in Saudi Arabia by mapping the practice using Saudi banks as proxies. To achieve this, a stakeholder approach has been adopted to understand this area from the perspective of multiple stakeholders including 8 CSR employees, 5 CSR directors, 2 members of the Shari'ah board and one government representative from SAMA. Qualitative semi-structured interviews were conducted to gauge the stakeholders' awareness and perceptions of the CSR concept including its definition and dimensions, the current state of CSR practices and the areas focused on mostly by banks, the motivations and drivers for CSR practice, and the main obstacles and barriers to a coherent CSR practice by banks. In addition, a document analysis was conducted to gather supplementary information regarding the areas of CSR implementation by Saudi banks that was disclosed in the most recent annual disclosure reports and banks' websites.



With regards to the awareness and perceptions of the stakeholders regarding the CSR concept, the interviewees were found to be aware of the concept, and were able to reflect the controversy behind the available definitions and how its continuously evolving depending on the context. Some of the participants adopted a stakeholder approach in their definitions by including the stakeholders benefiting from the CSR activities where the directors were focused on society while the CSR employees and the government representative considered a variety of internal and external stakeholders. The participants also included different mechanisms of CSR implementation and the practical outcomes that can result from CSR. In addition, the members of the Shari'ah board were quite unique by including spiritual outcomes in their definitions. Although none of the interviewees mentioned international standards during the interviews, they were able to point out key elements in their definitions that are consistent with many international standards such as the ILO the OECD and the UN global compact. The results also revealed that some participants held a higher level of awareness compared to others particularly amongst those who have longer practical experience and those who possess higher scientific degrees. The level of awareness increased since 2010 when compared to results of previous Saudi literature which may be attributed to enhanced education in the field and the introduction of the Saudi 2030 vision which places great emphasis on CSR. These results show that although participants are familiar with the concept, more efforts should be placed both by the government and the banks in incorporating international CSR standards within their CSR strategies. The results also highlight the responsibility of Saudi bank decision makers to plan and initiate CSR awareness programs among their stakeholders that aim at sustaining a high level of awareness irrespective of their education or level of experience.

A wide variety of activities were reported to be implemented by Saudi banks towards the society, the environment, the shareholders, the employees, and the customers. These activities towards the stakeholders were found to be wider in scope and more efficient than what has been reported in the literature. This may be due to a number of factors including the increased awareness in general with regards to the CSR concept, the introduction of the Saudi 2030 vision which places a great emphasis on CSR as well as promoting and enhancing the private sector in all its dimensions, the introduction of the corporate governance code in 2014, and the development of the consumer protection principles in 2013. Therefore, it can be argued that Saudi banks are becoming more and more engaged

in CSR and voluntarily choosing to carry a greater responsibility for society and the environment. This greater responsibility most often comes with an additional cost to the company, thus there must be reasons as to why companies choose to engage. Profit maximisation, as economists most often proclaim drive companies, does not solely provide a sufficient explanation for this behaviour.<sup>758</sup> In this case the reasons are several, with religion being largely influential due to it being instilled in their Islamic beliefs, consistency of Islamic and CSR principles, and the spiritual and religious outcomes gained from conducting these CSR practices. This finding is not surprising in a country like Saudi Arabia where religion permeates every aspect of the life of the individual and as such highlights the role of the Islamic Scholars and the government to instrumentalise those religion-based parameters that could support a more developed and coherent CSR approach. In addition, as the participants believed that CSR practices should be compatible with their beliefs, there exists a need for banks to include the stakeholders when planning their CSR activities to make sure that they are indeed compatible.

In addition, the important economic position that banks hold in Saudi Arabia and the significant support they receive from the government held them accountable and prone to public scrutiny highlighting the role of society in applying pressure on companies resulting in positive CSR activities. Another driver was enhancing the business through direct and indirect profit gain from the activities, employee and customer satisfaction, and legitimising their existence within the society. Finally, on a social level, it was believed that banks do engage in CSR activities for the purpose of enhancing the wellbeing of the society by achieving social solidarity, improved quality of life and sustainable development.

However, CSR practices by Saudi banks are far from being perfect and complete. The document analysis revealed a clear lack of disclosure in all the stakeholder categories and the results showed that although the majority of the information that was retrieved from the document analysis was mentioned by the interviewees, there were many aspects or activities that were reported in the interviews and not disclosed in the annual disclosure reports or the banks' websites. Most of the information disclosed was regarding the CSR

---

<sup>758</sup>D. Matten, "Why do companies engage in corporate social responsibility? Background, reasons and basic concepts", The ICCA handbook on corporate social responsibility, 3, 2006, pp.9.

activities towards the society followed by the employees and the environment. And the least amount of disclosed information was with regards to the shareholder and costumer CSR activities. Also, the results have shown that there are areas that require more attention from the banks such as supporting the disabled especially with regards to improving disabled access to buildings, creating job opportunities and training employees to serve this segment of society in addition to the support of female workers. There are also areas that have not been sufficiently mentioned by the participants and in the banks' disclosures such as aspects of labour rights including the rights of foreign workers and freedom of associations, and aspects of human rights such as child labour and domestic violence among many others.

According to the participants there are a number of barriers and obstacles that have resulted in a less than ideal CSR practice by Saudi banks. The participants believed that the government plays a major role in hindering the practice through its weak and deficient CSR related laws. The CSR related laws were believed to be weak, lacking transparency, not codified, focusing on financial stability and lacking the means of pressuring banks such as penalties, taxation and minimum wage standards. It is important for the government to make a decision on how to approach CSR and improve its practice and development within the private sector. The government as represented by the central bank could create a comprehensive CSR guide by combining all the existing CSR related laws within the environmental, labour, corporate governance, corruption and human rights laws etc., which will inevitably enhance the legislative role the government plays in CSR. This will enhance transparency and facilitate decision making resulting in CSR initiatives that are much more effective. In addition, the enhanced CSR practice that has been seen as a consequence of the government joining the Basel agreement that has resulted in the promotion of corporate governance within the Kingdom, highlights the need for increasing such efforts and joining other global organisations that can bind corporations to act on different CSR dimensions.

The lack of performance measurements was also reported to be a government related barrier. Annual CSR reports are not mandatory and not regularly disclosed to the public, CSR practice standards are absent as well as the lack of accountability. To overcome this barrier the government could consider developing new local CSR frameworks or indices or make use of what is already their such as the SARCI index. The fact that none of the interviewees mentioned the SARCI index as part of their banks' CSR strategies raises the

question on its effectiveness. The government could also partner with NGOs to determine the priorities and needs of CSR in the society to be able to further develop these indices and make them more relevant and applicable in the banking context in particular and the private sector in general. Another important factor that could help improve CSR outcomes is to enhance transparency by obliging the private sector and especially banks to issue non-financial annual reports on their CSR performance as well as creating a supervisory body to ensure that organisations are meeting their minimum standards.

The government was also found to be lacking in facilities that promotes CSR practice. As Saudi banks have all the necessary government support and facilities to enhance their business economically, therefore, the central bank should exploit this aspect and enhance their involvement by developing incentive schemes. They could enforce taxes on banks together with exemptions depending on their level of CSR contributions. In addition, any organisation that fails to adopt improved community involvement and promote environmental protection should be penalised by preventing future contract agreements or government support. This will create a more competitive environment between the banks. Another way the government can promote CSR is by facilitating and encouraging local banks to partner with foreign financial institutions as a means of enhancing their productivity in many aspects including CSR performance.

The media was also found to play a significant role by failing to spread a culture of CSR within the Kingdom as well as failing to highlight the CSR activities delivered by companies believing it to be propaganda serving the companies' interests. This highlights the need for the media (in particular the national media) to step up and act as channels for dialogue between the community and companies and to act as instruments for diffusing developmental awareness, as well as being a mechanism for monitoring accountability on behalf of the people. In addition, the media should understand the benefits of publicising CSR activities delivered by companies which will in turn inspire other organisations to get involved, thus bringing about more initiatives that will benefit the community.

The absence of partnerships between the banks and non-profit organisations was also considered a barrier due to lack of expertise in the field and the lack of clear agendas and CSR programs. This highlights the need for NGOs to be better informed with regards to CSR and its dimensions and the different international frameworks available to be able to

effectively create clear agendas and policies on how to implement CSR and to have clear strategic objectives. In addition, NGOs and Saudi banks could consider adopting evidenced based implementation mechanisms and existing stage models that facilitates the partnership process and ensures long term sustainability and success.

Decision makers from the point of view of the interviewees were also held accountable to the deficiencies in CSR practice where it was believed that their mind-set is directed towards profit maximisation and hence they lack the motivation to adopt such programmes. The government can have a role in addressing this issue by reducing the power of decision-makers in this regard through enhancing the position of stakeholders, enforcing new laws or obliging them to policies and initiatives that contribute to the activation of CSR. In addition, they can provide incentives and exemptions for socially responsible companies which can as a result increase CSR attractiveness. By increasing the interest of decision makers in CSR, the next barrier which is related to the banks' internal policies will be partially resolved.

The internal policies of banks are considered by the participants as either absent or deficient which may be attributed to the lack of strategic visions of banks due to the lack of top management commitment. This highlights the need for banks to clarify the policies and initiatives of the bank towards CSR which should also be aligned with the banks' strategic missions and visions to find areas where social needs and long term business needs intersect, to facilitate engagement in CSR related programmes. In addition, the planning and implementation of CSR programmes can be significantly enhanced if allocation of independent budgets to CSR are included within their internal policies.

Although CSR can be intrinsically linked to the underpinnings of Islam's teachings and are therefore based on divine revelation, the results of this study revealed that this vulnerability is not taken as an advantage in the banks' real life practice of CSR. The role of the Shari'ah board in this matter is not quite enabled and relatively diminished. This is even evident in the Shari'ah boards' awareness of the CSR concept, where there was no mention of international standards and there definitions were mainly composed of the spiritual nature of CSR as opposed to tangible CSR dimensions or activities. The Shari'ah Board don't have a direct role in setting CSR policies, all their efforts in CSR are theoretical in nature and no practical efforts have been made to influence the practice of

CSR; in fact their role in banks is limited to set the general rules regarding Islamic transactions or financial services and the greatest power is in the hands of top management. This highlights the need for banks to work hand in hand with the Shari'ah board to elevate the practice of CSR by giving them more responsibilities and engaging them when creating there CSR policies and strategies.

The study also highlights the need for translating CSR from theory into practice by for example, activating the role of Shari'ah committees within Saudi banks and to be given the authority to lay down Shari'ah based CSR policies and impose them on banks. This can also be done at a higher level where the government can assign the Islamic scholars to collate the widespread and scattered Islamic CSR principles, systematically synthesising them, and finally incorporating them within one comprehensive guide so that all banks or corporations in general have an Islamic guide that can help enhance the practice of CSR at a national level not just the banks' level and can also be used universally as other international frameworks. In addition, Islamic scholars could consider developing a ranking system of companies and banks pertaining to their CSR activities. Another practical application for Islamic scholars is to increase community awareness and linking international best practices perspective to Islamic principles.

## **7.2 Contribution to Knowledge**

At the empirical level, the study is stemming from the increasing pressures on the private sector to engage in activities of corporate social responsibility and to develop sustainable business models both in the developed and the developing countries. However, in the developing countries and in particular a country like Saudi Arabia one of the G20 countries that is considered to represent one of the largest economies in the MENA region, there remains a gap and a scarcity of CSR research. The present study provided useful information to fill the gaps regarding the nature of CSR practice within Saudi Arabia through the exploration of the perspectives of multiple stakeholders.

Within a Saudi Arabian context, this is the first study to explore in depth the CSR practice from the perspective of different Saudi stakeholders using semi-structured interviews. Up to date information that is wider in scope and more comprehensive has been reported

compared to the literature. This is also the first study to conduct a qualitative document analysis of the CSR disclosure of the Saudi banks where previous disclosure studies mainly focused on quantitative content analysis. New insights have been reported with regards to the state of CSR practice, the areas of current focus, the areas of deficiencies, the drivers and the barriers. The results provide implications for the government, the banks, the media, NGOs and Islamic scholars on how to further develop CSR in a Saudi context. Other organisations which possess similar characteristics with that of the organisations under observation in this study can also benefit from the conclusions of this study. These characteristics may include the challenges these organisations face, their values, and their company ethics. As Saudi Arabia is a major economic city, the findings could prove to be useful internationally. For instance, other Islamic states or areas where the culture adheres to a monotheistic belief could find this research useful. Also, the findings of this study may prove to be useful for international organisations who are planning to invest in Saudi Arabia in particular and other Islamic countries in general. Furthermore, the methods used in this study can be replicated in other sectors to gain more generalisable results.

Theoretically, stakeholder theory proved its superiority in mapping CSR in a Saudi Arabian banking context and the stakeholders proved to be valuable. Through the stakeholders, it was possible to reveal how different stakeholder groups view the CSR practice and the ways in which the banks relate to its key stakeholder groups. In addition, the study revealed how stakeholders react to CSR, and how they perceive it, and how it can be improved and the information can be used by the banks to produce a cost-benefit analysis of the advantages or otherwise of ethical and non-ethical behaviour.

### **7.3 Further Research**

This thesis has studied the CSR concept using a stakeholder approach and which included CSR directors, CSR employees, members of the SB, and a GR. Further research is required that includes different stakeholders such as customers, suppliers, and members of the community. This will potentially shed more light on CSR aspects that have not been mentioned by the current stakeholders to be able to draw more generalisable conclusions adding to the body of scientific knowledge in this field. In addition, other data collection methods can be used, such as the use of quantitative techniques on a large and

representative sample of Saudi banks stakeholders to get results than can be more generalisable.

Furthermore, the study can be applied on different Islamic countries as they may portray different characteristics and priorities to test whether the results can be generalised to other Muslim societies. In addition, as the majority of studies related to CSR, study the field from a top down perspective, future research can focus on the influence of various stakeholders (stakeholder-centred approach) such as exploring the level of awareness and influence of the government, the customers, suppliers etc., on CSR practice and development. In addition, more local research can be conducted that explores the influence of different stakeholders on creating new product lines, human resource policies, and codes of conduct. These, as well as other aspects of organisations have in the past been, for the most part, the purview of top-down strategic actions.

One aspect that has not been addressed in this study and was one of the most important obstacles pointed out by the participants was the difficulties faced by banks to partner with NGOs that are specialised in supporting the community due to ambiguities of procedures and lack of organisational policies. This aspect can be the subject of future research that may help create solutions for this problem as this form of partnership is very important to the success of CSR programs.

Furthermore, as the results highlighted the role of religion in the practice of CSR, future studies could focus on an in-depth qualitative analysis of a larger number of Shari'ah Board members or Islamic scholars and their potential to promote CSR as a key Shari'ah policy.

Finally, as has been mentioned within the thesis the introduction of the Saudi 2030 vision has changed the landscape of private practice especially with regards to CSR as it forms a main theme in the vision. However, during the time of the interviews the specifics of the vision was not yet published and hence the vision lends itself as a new area of research to explore its' relation to the promotion of CSR practice within the Kingdom.





## Appendixes

### Appendix 1: CSR studies that have been conducted in a Saudi Arabian context

Studies	Research Purpose	Sample	Methodology	Results
1- Altuwaijri, 1982	To determine the availability of social responsibility in the administrative structure of the private sector in the Kingdom. As well as the availability of support facilities for staff, and the assistance of people with special needs to get a job. Determine the extent of their contribution in the environmental field.	110 Facility in the industrial sector and service	Questionnaire	The study found that 90% of the establishments do not strive to achieve social responsibility as a major goal as opposed to financial or corporate expansion. However, there is considerable interest in the provision of staff housing or housing allowance. Results of the study also showed that there is interest in the environment where the results showed that 80% of the samples are trying to apply the best means to preserve the environment. With regard to people with special needs only 1% of institutions have ways to help them. The results also revealed that 98% have no management or specialist department of social responsibility.
2- Quraytam et al., 1990	Aims to develop the concept of social responsibility, and to identify the extent of the response of administrators in the Saudi industrial sector toward social responsibility in the city of Jeddah	50 Facility in the industrial sector	Questionnaire	The study concluded that the administrators are not fully aware or completely ignorant of their roles towards the concept of social responsibility. It was also found that the administrations do not contribute in addressing the problems facing the environment in which they operate believing that this activity does not fall within the scope of their responsibilities and that they are within the governments' obligations. 48% of companies dispose their waste in open fields, leading to pollution of the air by the wind.
3- Abdulmuhamn AG, 2001	Examines consumer attitudes toward ethical business practices,	250 faculty, staff and students of	Questionnaire	Consumer perceptions of ethical business practices and increased government regulations were unrelated.

	government regulations, consumer rights and their interrelation-ships in Saudi Arabia.	several educational institutions.		Although Saudi consumers desire businesses to be ethical they may not have confidence in their government to effectively regulate unethical businesses. Any successful government intervention has to maximize the welfare of millions of people, while accounting for the dynamic economic and technical realities of firm. This is an overwhelming task and people may lack confidence in their monarchic and bureaucratic government to effectively generate, analyse, and comprehend all the necessary information needed to intervene and regulate unethical business practices. As the theory of reasoned action suggests Saudi may want unethical business practice to be controlled but believe that government is unable to do so.
4- Al-Razeen, Karbhari, 2004	The relationship between the mandatory and voluntary disclosure practices in Saudi Arabia	The finance directors of the 59 Saudi listed companies and the finance directors of the 20 largest unlisted companies	Secondary research	There is a significant, positive correlation between mandatory disclosure and voluntary disclosure related to the mandatory disclosure index. The study also reports a correlation between voluntary disclosure and the other two indices is found to be weak and insignificant. These weak relationships suggest an absence of effective co-ordination between the parties involved in preparing the annual report. The analysis also reveals no clear pattern of relationships to exist between mandatory disclosure and the types of disclosure in the different industrial sectors examined in this study. The non-correlation between these groups of disclosure may suggest low co-ordination between the board of directors and the management in writing parts of the annual report.
5- Al-baz, 2007	Study of a partnership between community institutions and the security services, in the Kingdom of Saudi Arabia; seeks to define the concept of community partnership	Private sector institutions	Secondary research	The findings of this study indicated that although the private sector has contributed to the economic development of the community, it has created negative social and economic conditions contributing to security problems, which requires participation with the security

	and the role of community institutions, as well as the private sector in achieving this partnership overcoming the difficulties encountered in this community partnership, proposing as organizational body from which to coordinate the work between the various institutions of society to enhance security.			services to face them. Also, the complete reliance on the government in this matter was the main obstacle in the initiation of this partnership. Other reasons include the ambiguity in the concept of social partnership, and the absence of authority or body which monitors the partnership as well as the existence of complex administrative procedures hindering the partnership. In addition, laws and regulations that stimulate society institutions are absent.
6- Barkawy, 2008	A description of the views of young Saudis about social responsibility, considering that they are the main source of reliable service in the community and especially with regard to social responsibility programs that contribute to the development of society.	A sample of 100 students from Umm Al Qura University in Mecca	Questionnaire	<p>The study revealed awareness of the concept of social responsibility, and found that the percentage of those who have knowledge about social responsibility is 77%. The source of knowledge to the concept of social responsibility has indicated 31% through the university. 94% of the students considered that the support of the public interest ratio to be one of the key roles of social responsibility.</p> <p>83% of respondents said that social responsibility derives its strength and spread from its' optional nature, However, 91% of the students have not participated in any social responsibility programme.</p> <p>43% of participants considered that the commercialisation of the current available social responsibility programmes are adequate while 36% believe it is not enough.</p> <p>52% believe that social responsibility programs are relatively wide spread, although 55% of respondents believe that the contribution of the private sector towards social responsibility programs are inadequate.</p> <p>40% believe that social constraints are the main obstacles preventing the implementation and application of social responsibility programmes.</p>

7- Saudi Arabian General Investment Authority, 2008	CSR in Saudi AND Globally: Key challenges, opportunities and best practices	Report	Report	<p>A lack of awareness of CSR, both in terms of the overall ‘business case’ for CSR, and in terms of concrete CSR practices, implementation tools, and methodologies.</p> <p>Lack of institutionalization of CSR within companies and within the business community, i.e. relatively few CSR organizations, consultancies, business leadership initiatives etc. al. though the Chambers of Commerce have started to establish dedicated CSR Committees, which is an extremely important development.</p> <p>A mismatch between the need for CSR practices and the skills taught by local colleges and universities.</p> <p>A lack of CSR resources available in Arabic.</p> <p>A strong, long standing and deeply embedded ‘culture of giving’ already exists through the Islamic pillar of Zakat.</p> <p>A growing interest in CSR among the corporate community, which could provide the momentum for change and implementation.</p> <p>Leadership emerging from the Chambers of Commerce to establish committees for CSR.</p> <p>Increased government support for improving economic competitiveness and for exploring the linkages between responsible business practices/ CSR and national and corporate competitiveness.</p>
8- National Commercial Bank, 2009	Society's perception of the concept of corporate social responsibility in Saudi Arabia, in collaboration with the company ‘Yougovsiraj’	450 companies in Riyadh and Jeddah	Questionnaire	<p>That 62% of respondents believe that social services provided by the organization contribute to the development of a stronger relationship between the institution and its customers. And that 49% believe that companies involved in the social services acquire good work ethics.</p> <p>41% of the investors replied that they would recommend others to deal with a certain bank when it is involved in social services. And that 56% believe that social responsibility activities are able to attract new investors.</p>

				63% of the participants reported that they would advise their friends and family to deal with a certain bank when involved in social contributions.
9- The Chamber of Commerce and Industry in Riyadh, 2009	Aimed to find out the ways and mechanisms of activating the social responsibility of the private sector, and the disclosure of the constraints faced by the private sector in the performance of social responsibility and charitable fields that did not receive their right of attention.	128 members representing the private sector enterprises and committees of community service in the Chambers of Commerce	Questionnaire	<p>The study revealed that the dimensions of social responsibility include caring for the disabled and orphans, supporting infrastructure and education reducing illiteracy, as well as provide aid in the event of an emergency.</p> <p>Within the private sector, money donations is the main key to contributing towards social responsibility followed by donating equipment and the company's products to the disadvantaged.</p> <p>The study also revealed the aspects of social responsibility that have not received enough consideration notably: the auspices of the unemployed and the mentally ill, divorced, as well as providing homes for the poor.</p> <p>There is also insufficient support towards scientific research.</p> <p>The main obstacles is the lack of clear plans for the exercise of social responsibility, and lack of coordination between regulators for Social Action, and the lack of incentives for social work.</p>
10- Boone, k. 2009	The potential of linking business in the Saudi with nature and biodiversity conservation to help improve the state of nature in Saudi and increase awareness on the issue.	Agribusiness companies and stakeholders concerning agribusiness	Semi-structured interviews	<p>There is currently a lack of awareness of issues of nature and biodiversity, both within the business community and with the wider population.</p> <p>There is a definite need for an advocacy group that can promote the issue of nature and biodiversity within the KSA's CSR agenda. The NCWCD can be a very suitable organisation for taking on this role.</p>

11- Emtairah, T. et al. 2009	Explore the Saudi context for CSR. Chart current level of corporate activities in the field and develop an understanding of the socio-cultural and market drivers shaping overall managerial attitudes, perceptions and practices of CSR. Contrast an externally constructed image of Saudi Arabian CSR based on selected global CSR indicators against selected response strategies linked to contextual determinants.	100 Companies as defined by Arab news top 100 list	Semi-structured interviews	<p>Low level of participation of Saudi companies in the CSR debate.</p> <p>The perceptions and attitudes shaping the construct of CSR.</p> <p>CSR are strongly coloured by individual sense of responsibility stemming from religious values and traditions.</p> <p>The society understanding the CSR and related activates as charity and donations.</p> <p>The business community that is rather well-tuned to the development challenges facing the country, chiefly among them job creation, skill gaps in the labour force, integration of women into the job market, balanced development and poverty alleviation.</p> <p>There is the near absence of market drivers and incentives for CSR.</p> <p>The tax systems cannot be leveraged to generate financial benefits from social investment.</p> <p>Local customers are not putting sophisticated demands on companies.</p> <p>Lack of an institutionalised and structured approach to corporate engagement with societal relationships.</p>
12- Al Metruc, 2010	Social responsibility of the private sector and the role of government agencies in its promotion within the Kingdom of Saudi Arabia, aiming to find out the roles that can be played by the government sector to promote and organize the social responsibility of the private sector.	22 government facility. 37 companies from various business sectors in the city of Riyadh	Questionnaire	The private sectors' performance in social responsibility is unsatisfactory confirming the absence of strategic planning limiting the performance of the enterprise to their social responsibilities.
13- Tamkeen, 2010	Development of CSR in Saudi Arabia	47 companies in Saudi	Questionnaire	The findings of this study revealed that 62% of the companies rarely take into account the development priorities when developing a framework for social

				<p>responsibility. In the opinion of the leaders of Saudi companies, the absence of the active role of the government and the media is one of the most important reasons that limit the impact of the programs in the community.</p> <p>60% of companies believe that the concept of corporate social responsibility is still not clear to consumers and the society.</p> <p>85% of companies believe that the governments' regulations and procedures are one of the challenges facing the application of CSR.</p> <p>Saudi companies believe that in the past two years, the media played an important role in the dissemination of the concept of social responsibility in the private sector. 70% of Saudi companies feel that there is a significant positive change in the approach towards corporate social responsibility of companies in Saudi Arabia.</p> <p>The majority of CSR programs are related to staff, community service, and the environment, while the most dynamic sector in the area of social responsibility is the commercial sector, which constitutes 34% followed by the industrial sector at 33% and finally the financial sector at 22%.</p> <p>The Saudi companies acknowledge that the global economic recession could have been avoided if the companies were more accountable to their customers and stakeholders.</p> <p>At present there are no effective tools for evaluating programs of corporate social responsibility within the social and economic framework in the kingdom, where only 5% of companies measure the effectiveness of its programs.</p>
--	--	--	--	---



				<p>70% of companies mentioned the need to develop an assessment tool that can be used by private companies taking into account their activities and the sector in which it operates.</p> <p>The majority of the companies perceive CSR as a cost rather than an investment which may be the most important reason for their limited impact in the community.</p>
14- Gravem, O. 2010	To find out if the Saudi community understands CSR as it is understood in the international discourse	Simple of governmental semi-private and private organizations, as well as companies	Interviews	<p>CSR is understood as development human and social capital.</p> <p>There is no emphasis on the core values of the international standards, with a possible exception of the environment.</p> <p>CSR in Saudi Arabia is explained by Islam, but without using religious terms.</p>
15- Aldilbahe, 2011	Shed light on the concept of social responsibility that is common among some private sector companies trying to place frameworks and methodologies that can be relied upon to develop social responsibility programs. As well as highlight the efforts of some private sector companies to support social responsibility programs.	70 companies in Saudi Arabia	Questionnaire	<p>Members of the study agree that senior management in the private sector companies have a role in social responsibility programs.</p> <p>They also agree that proper planning plays a role in the successful design of social programs compatible to the needs of the community and its members.</p> <p>The impact of research and studies in the development of social responsibility programs have been agreed upon.</p> <p>Companies work on the distribution of their social programs on all religious, sports, cultural, social and health activities.</p>
16- U. Zubairu, et al., 2011	Examining the social reporting practices of Islamic Banks in Saudi Arabia.	Examination involved a comparison of the social disclosures of 4 Islamic banks made through their annual reports against an ideal level of	Content analysis	<p>Islamic banks in Saudi Arabia had poor disclosure practices for institutions that claim to be operating on Shari'ah principles.</p> <p>dimension demonstrating the banks' commitment to debtors was the most disclosed, while the dimension dealing with the banks' activities as regards the environment was the least disclosed. Islamic banks in Saudi Arabia have much more in common with their</p>

		social disclosures that Islamic banks ought to make, over the years 2008- 2009.		conventional counterparts than they do with banks that are supposedly based on Shari'ah. Ethical identity and ultimate goal of betterment of society that separates them from their conventional counterparts, they disclosed very little information in this regard.
17- S. Hidayat, and S. Alhur, 2011	To evaluate public awareness on the corporate social responsibilities (CSR) of 11 Islamic retail banks in Saudi Arabia (3 full-pledge Islamic banks and 8 Islamic windows).	A survey was conducted using a questionnaire administered to 100 Islamic bank depositors.	Questionnaire	The level of public awareness on the banks' pursuit of corporate social responsibility is limited and the public is not very much aware of banks' programs and activities related to the pursuit of corporate social responsibility. The youngest generation is more aware about CSR than older generation. The respondents with diploma degree are found to be more aware about CSR than the respondents with bachelor degree. The study imply that the banks can make their clients more aware of their role as active corporate citizens by undertaking effective measures to disseminate information on programs and activities they undertake to pursue their corporate social responsibility.
18- Khatib et al. 2012	Shed light on the current status of CSR among Saudi firms	120 managers operating in various sectors of the economy in the city of Jeddah	Questionnaire	There is a disconnect between employee and top management attitude and perception of the concept. There seems to be a narrow and shallow understanding of the strategic role of CSR in achieving overall long-term corporate objectives and limited CSR activities that seem to be localized and based on religious, individual or propaganda-oriented initiatives.
19- Khurshid, M. 2012	Explores the awareness level of CSR among employees which are working in different Saudi Arabia firms.		Questionnaire	The Saudi political leadership has made it clear that it wants to involve the private sector in development more and more. The CSR in Saudi Arabia is different from its Western counterparts. There is a clear differentiation in employees' preferences in almost all the dimensions which shows a good level of understanding and awareness about the CSR.

				There is a strong need to develop country specific indicator for assessing the impact of CSR initiatives. For businesses, it is very important to have performance measures such as Economic Value Added (EVA) and Return on Investment (ROI) that can be determine the return from their CSR investments, to judge how well they are doing and to enable them to set the future direction.
20- Ali, A. 2012	Examine the nature of CSR and how this evolving concept is taking root in an emerging oil-rich country like Saudi Arabia.	270 executives and managers working in companies listed in the Saudi Stock Exchange (Tadawul) 271 non-traditional students	Questionnaire	<p>CSR is not well-developed and that the emphasis is primarily on charitable and philanthropic activities, in Saudi Arabia both executives and non-traditional students have a broader understanding of CSR that goes beyond charitable involvement.</p> <p>Public at large and corporations believe that social responsibility is an integral part of government duties. Islamic teaching views social responsibility as an obligation.</p> <p>People and business graduates place an emphasis on profit maximization and obtaining the highest financial return to shareholders.</p>
21- Nalband, N. 2013	Identifying perceptions of managers, company practices and performance of companies concerning CSR practices in listed companies in Saudi Arabia.	21 listed companies 210 employees simple	Questionnaire	<p>Among the four CSR in Carroll pyramid respondents rated the importance of legal responsibility, economic responsibility, philanthropic responsibility and ethical responsibility respectively.</p> <p>Managers of companies are aware that even though CSR primarily suggests social and ethical concerns, many also place importance on legal responsibility.</p> <p>To be philanthropic is easy because it involves donations. The case of the stewardship function is viewed as a narrower aspect of CSR.</p> <p>The need to be more socially responsible in a professional corporate way is a recent one.</p>

				The practices of CSR are defiant from on company to another and the reporting system of CSR practices are necessarily to the government in the future.
22- Alramada, 2013	Knowledge of the reality of social responsibility in the private sector, and the types and areas of these responsibilities, as well as the constraints, and the future vision for the development of these programs from the standpoint of the private sector.	211 companies in Saudi Arabia in three areas, namely Central, Eastern and Western	Questionnaire	<p>The concept of social responsibility is still not clear for the companies.</p> <p>Social responsibility programs towards workers are concentrated on health care programs, provision of housing, providing suitable environmental working conditions as well as facilitating transportation. There is also a lack of awareness of the role of organizations towards the society through corporate social responsibility, and most of the social responsibility programs are attracting citizens (Saudization). Furthermore, the programs that were actually needed by society are almost absent and when present is not planned but dependant on individual initiatives based on religious or propaganda motives.</p> <p>The majority of organizations do not have an independent social responsibility department.</p> <p>Although there are social responsibility programs, most organizations are applying these programs mainly for religious reasons focusing on poverty, and thus the concept mingles with the work of charity and away from the strategic dimensions of the concept of CSR for sustainable development.</p> <p>The most important barriers to CSR include:</p> <ul style="list-style-type: none"> <li>• Ambiguity of the concept of CSR</li> <li>• Lack of attention to spreading the a culture of CSR in the private sector.</li> <li>• Lack of strategy and clear plans for the implementation of CSR programs.</li> <li>• Prioritizing profits</li> </ul>

				<ul style="list-style-type: none"> <li>• Lack of awareness of the importance of CSR by the community members.</li> <li>• Entrepreneurs' belief that CSR is among their duties.</li> <li>• A general belief that CSR is the sole responsibility of the government.</li> <li>• Lack of clear policies on CSR programs.</li> <li>• Bureaucratic government agencies hinder the utilization of social responsibility programs.</li> <li>• Lack of incentives from the government to the private sector to carry out social responsibilities.</li> </ul>
23- Khurshid et al. 2013	Explore the awareness level of CSR among MBA students at a major Saudi university, as these students represent future business leaders.	278 students registered in MBA classes at a major Saudi university	Questionnaire	<p>On the educational level, results indicated that MBA students are moderately aware about CSR, There is need to develop the capabilities of students as future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy. There is also need to incorporate into academic activities and curricula the values of global social responsibility as represented in international initiatives such as the United Nations Global Compact and develop educational frameworks, materials, processes and environments that facilitate effective learning capabilities for responsible future leadership.</p> <p>On the theoretical level, we found that the model proposed by Carroll (1979f) is a helpful tool for measuring the awareness level of CSR. The study findings clearly reveal significant differences in the awareness of most CSR dimensions based on the gender, length of experience, and job level of the respondents.</p> <p>On the professional/practical level, these results put more responsibility on Saudi business executives to plan and initiate CSR awareness programs among their employees</p>

				that aim at sustaining a high level of awareness among male, experienced, and senior managers and creating and promoting more awareness of CSR among their female, less experienced, and junior managers and employees. These CSR awareness programs should be an integrative part of corporate strategic plans supported by the necessary annual budgets and other resources
24- Khan, S. 2013	Explore and document CSR initiatives and practices being undertaken by Saudi companies, and steps undertaken by its stakeholders in promoting CSR agenda and implementing CSR initiatives in Saudi.	government reports, company reports and other publications	Secondary research	<p>The CSR practices are more philanthropic and less tied to the strategic framework.</p> <p>There are companies who are proactive in designing their CSR agenda aligned with their strategic goals.</p> <p>Multi-pronged approach is required to be adopted in dealing with the financial, ethical, social and environmental goals in Saudi companies.</p> <p>Looking beyond charity and adopting strategic CSR initiative will surely help Saudi firms to achieve a place in the global market, and can help them scale new heights of strategic philanthropy.</p> <p>Islam has greatly influenced CSR in the Middle East.</p> <p>Firm must invest in building social infrastructure.</p> <p>CSR is only possible through adopting ethical practices in the area of employment of labour by improving workplace relationship.</p> <p>The government has to create some financial incentive for companies to make it relevant and attractive for the Saudi companies.</p> <p>The stakeholders need to collaborate and contribute to make CSR institutionalized and make it meaningful for the Saudi context and They should impart learning, knowledge and skills to CSR managers.</p> <p>Educational institutions, business schools and universities have to proactively contribute by integrating CSR teaching</p>

				and training into their curricula which will surely help in institutionalizing CSR in Saudi companies.
25- Alzalabani, A. et al. 2013	To understand the determinants of social entrepreneurship in the context of Saudi Arabia which are not yet explored	macroeconomic indicators are collected from different research journals, websites of different corporate houses, and government sources	Secondary research	<p>The Saudi economy is not facing a problem of deficit, but the major source of income is coming from oil. In this context, it is necessary to know the key determinants of social entrepreneurship to develop a shared value to design and implement various policy measures to solve the social issues.</p> <p>The interdependence theory fits well, meaning that the government spending on education, healthcare and welfare, the presence and spread of CSR, and entrepreneurship spirit of the country create a positive environment for the development of social entrepreneurship in Saudi Arabia.</p> <p>The government spending and rate of social entrepreneurship are not inversely associated in Saudi Arabia.</p> <p>The government of Saudi Arabia has been spending a huge amount of money on welfare, which is not counter-productive but shifts the economy to the next level which is innovation-driven. The innovation-driven economy demands the investment or spending in science, research, and technology. Since the economy of Saudi Arabia is in the transition mode, entrepreneurship-oriented education, investment in research and development, science, technology, etc. may prove fruitful for the economy.</p> <p>So far as the entrepreneurship education is concerned, the theory does not suggest any link between the entrepreneurship education and growth of social entrepreneurship in Saudi Arabian context, but such a link is there in the developed countries or innovation-driven economies. But if the authors compare the general education with the growth of social entrepreneurship, they</p>

				cannot reject the hypothesis that education and Social entrepreneurship are positively correlated. These determinants of social entrepreneurship play a significant role in developing the various policies and programs and also work as a catalyst to sensitize the youth to play a positive role in solving the social issues with business acumen.
26- C. Robertson, et al., 2013	How certain corporate citizenship principles may have a strong relationship to the overall ethical citizenship perceptions.	108 MBA, certificate or Undergraduate in Saudi and 116 MBA, certificate or undergraduate in KSA and USA	Questionnaire	Very little information is available about how people from Middle East nations perceive the corporate citizenship principles; this is particularly true in Saudi Arabia. Any firm that intends to engage in business in the Middle East may find it prudent to consider altering CC - CSR mechanisms and policies based on the local traditions, best practices, and perceptions of external governance techniques. Firms may elect to seek additional information related to the legal requirements of boards in countries such as Saudi Arabia. Most CSR and CC activity in this region is performed mainly by western multinational corporations and little initiative has been taken by local businesses in this direction. Firms in Saudi need formal CSR policies so that corporations may play an important role in aiding the pace of development in the education, health, housing, and environment sectors on a sustainable basis.
27- Shehadi, R. 2013	To provide rich qualitative accounts of CSR in the MENA region that can guide the building of a resilient CSR agenda suited to the Middle East's specific needs.	Randomly from top corporate performers of private and public companies the MENA region	Interviews	CSR survey of executives found that a majority of companies support CSR: 67 percent agreed that CSR would benefit their company and 65 percent said that CSR is the responsibility of every company. Yet only 34 percent of respondents had CSR guidelines, just 10 percent communicated CSR goals to employees, and only 3 percent had appointed a CSR officer.



				<p>Governments in the region need to create an environment where CSR is encouraged.</p> <p>The education sector has an important role to play in shaping the attitudes of future business leaders.</p> <p>Civil society organizations are well positioned to partner with private companies to carry out CSR initiatives, lend credibility to these initiatives, and monitor the performance of the private sector on diverse issues such as child labour, fair trade, community involvement, and environmental protection.</p> <p>To maximize the benefits of CSR initiatives, companies should tap the credibility and expertise of civil society organizations.</p> <p>Good corporate governance particularly enhanced transparency around business decision making makes internal and external CSR initiatives much more effective.</p> <p>In Saudi Arabia, family owned businesses committed to CSR are starting to adopt corporate governance standards more frequently.</p> <p>For CSR initiatives to have the greatest impact, the CSR function must be integrated into a company's daily operations.</p>
28- S. Baghalab, 2013	To investigate how Islamic banks in Saudi Arabia perceived CSR and what is the role of Shari'ah Board in crafting CSR policies	4 Islamic banks in Saudi Arabia were taken as study cases	Semi-structured interviews	<p>Saudi banks are practicing the minimum CSR, since they are differ in their engagement level, this indicates that they have the intention and desire to contribute to the welfare of human-being driven by religion drive.</p> <p>Among the four banks only one bank which was found that it has a good strategic thinking regarding the three dimensions (economic, environmental, and social).</p> <p>Other banks considered socially irresponsible because of their lack of a clear vision and structured plans regarding environmental program.</p>

				Islamic banks in Saudi Arabia aren't practicing Islamic CSR as they should be. Shari'ah Board doesn't have a direct role in setting CSR policies and their role is limited to set the general rules regarding the spending in social activities or to give opinions and suggestions.
29- H. Elasrag, 2014	Identify the extent of adoption of companies in Saudi Arabia to the concept of social responsibility, and to identify the effects of CSR on Saudi society, and recognition of corporate social responsibility and its role in the fight against poverty and achieving development in Saudi society.	Private sector institutions	Descriptive	There is a weakness in the government and publics' interest in the environment. There is a weakness in the Markets' incentives for CSR in Saudi Arabia. The absence of clear mechanisms and strategies for social responsibility within the majority of companies. Limited activities practiced by Saudi companies in the field of community service. The absence of evaluation and specialized studies on the impact of the environment and the business community, resulting in limited social corporate strategies within the companies. The medias' deficiency in covering the contributions made by companies in Saudi Arabian CSR, led to the populations belief that these companies are not achieving there CSR roles.
30- Al Sabban, et al., 2014.	in-depth interviews with the owners of the prominent business houses of the country attempts to explore the CSR initiatives of family owned businesses in the kingdom with a view to understand the policies of such businesses, the impact on business growth and the community.	family members from 6 of the most successful family owned businesses in Saudi Arabia <i>Fetaihi Holding Group</i> <i>AbdulLateefJamee lGroup</i> <i>AliReza Holding Co.</i>	Qualitative in depth interviews	Saudi Arabian family owned businesses are actively involved in CSR activates locally, and some are even doing it internationally, which all businesses interviewed agreed that it is completely different procedure. The businesses family members agreed that CSR activates carry a very important role for them of giving back to the society. It is also undeniable that CSR can be a very strong marketing tool. CSR has been there for a long time, yet, only few businesses structured the process of practicing it. For that reason, businesses are now developing a long-term corporate strategy for CSR, in

	<p>The main questions asked in the interviews, revolved around the following areas:</p> <ul style="list-style-type: none"> <li>• The start of CSR practices in the company</li> <li>• The difference between CSR practices in Saudi Arabia and internationally</li> <li>• Role of CSR on the business</li> <li>• Impact of CSR activates on the business</li> <li>• The major projects by the business for CSR</li> </ul>			<p>order to integrate it into their strategic plans. From the discussion, it is clear that Saudi businesses are aware of the importance of CSR activates, and the value it adds to their businesses, which is the reason why they are already putting more emphasis on it than ever before.</p>
31- M.T., Azim, et al. 2014	<p>The present study explores the relation- ship between the external CSR practices of the organizations and employees' job satisfaction, employee engagement and organizational citizenship behaviour in the context of the Saudi banking industry.</p>	<p>266 employees working in different branches of the 12 domestic banks of Saudi Arabia</p>	Questionnaire	<p>It finds a significant positive correlation between employees' perceived CSR and job satisfaction. A significant positive relationship between employee perception of CSR and employee job engagement and organizational engagement. The relationship between CSR perception and job engagement is fully mediated by job satisfaction while it is partially mediated in the case of organizational engagement. The organizational citizenship behaviour related to individual is found unrelated to CSR. Involvement in external CSR may act as a determinant of maintaining a motivated and enthusiastic workforce. Contributing money to philanthropy is not a one-way approach; it also pays off in terms of more dedicated employees.</p>
32- R. Alsahlawi, 2016	<p>Aims to explore corporate social responsibility disclosure practices in the banking sector in Saudi Arabia.</p>	<p>Examine the banking sector corporate social</p>	Content analysis	<p>Saudi banks become more aware of CSRD importance and, in particular, that they devoted more effort to CSRD</p>

		responsibility disclosure as found in the banks' annual reports. The annual reports over the four-year period of 2011-2014.		<p>in these annual reports even though, banks need to improve their CSRD practices.</p> <p>The amount of CSRD information is low in some categories (e.g. disabled employment; value added statement) and equal to zero in some other categories (consult employee).</p> <p>None of the sampled banks reported details for the consult employee category during the four-year period 2011-2014 and none of the sampled banks gave any information on disabled employment, banks did not realise the necessity of reporting.</p>
33- N. Azhar, 2016	To investigate the effect of corporate social responsibility (CSR) on the National Commercial Bank (NCB) in Saudi Arabia.	A qualitative research method was used. Open-ended questionnaires were administered to 8 branch managers of the NCB, with 55 usable questionnaires returned and 20 managers were interviewed as part of the primary research.	Mixed method	<p>Awareness of the NCB's CSR activities among its new employees is generally low.</p> <p>NCB looks on its CSR activities as a type of investment, as any spending on CSR would eventually be recouped.</p> <p>There is already considerable support for these offered by the media, but little or none by the government.</p> <p>The government establish a CSR Code, which companies should be encouraged to adhere to.</p> <p>Employees would be more likely to feel loyal to a bank that they knew was doing good in society.</p> <p>NCB is conscious of the prestige and enhancement to its reputation being seen to be involved in CSR activities brings. At the same time, the bank is not a charity and must be aware of the necessity for it to make a profit, as this is arguably the primary function of any business.</p>

## Appendix 2: Ethical Approval

Ethics application VRE1516-0095 : Westminster VRE

26/05/2016, 14:21

### Ethics application VRE1516-0095



Title	Ethics application VRE1516-0095
Ethics application ID	VRE1516-0095
Project	The Role of Employees in CSR Development
Researcher	Mr Mohammad Alhejaili
Supervisor	
Director of studies	Dr Aurora Voiculescu
Second (i)	Dr Kim Van Der Borgh
Date	12 Oct 2015
Academic year	2015 - 2016

#### STATUS

Signed off by faculty as not requiring full ethics approval

#### APPLICATION

Ethics application Part A

Attachments

Checklist

Submission

Print application

### Tasks

	Ethics application (complete)
Lisa Webley marked the application as not requiring application approval	11:03, 01 Dec 2015
Lisa Webley added a note:	11:03, 01 Dec 2015
<p>Many thanks for the confirmations set out in the notes section. And thank you for considering the implications of your research. I wish you every success with your study.</p> <p>Best wishes,</p> <p>Lisa</p>	
Mohammad Alhejaili added a note:	16:59, 24 Nov 2015
<p>Dear Prof Lisa,</p> <p>Thank you very much for your reply.</p> <p>With regards to permission to interview, there is no formal process that I should go through.. It will be through personal contacts and I will approach each bank individually and gain permission to interview the employees from the head of each bank.</p> <p>The risk assessment has been approved by the supervisor and the travel insurance has been approved by the health, safety and wellbeing.</p>	
Lisa Webley added a note:	11:18, 24 Nov 2015
<p>Thank you very much submitting this application for consideration, which has been very well completed.</p> <p>Before I can finalise your application may I check whether you need, and if so that you will obtain, permission from the organisations/banks concerned if you are to interview employees on their premises? Different countries have different practises in this regard and I am not sure what is required in Saudi Arabia.</p> <p>Secondly, I am assuming that the risk assessment has been approved by your</p>	

<https://research.westminster.ac.uk/9957q/ethics-application-vre1516-0095>

Page 1 of 2

Ethics application VRE1516-0095 : Westminster VRE

26/05/2016, 14:21

supervisor and that having obtained travel insurance cover it has been approved by the Health, Safety and Wellbeing too? Am I correct on that too?

Many thanks,

Lisa

*Aurora Voiculescu* forwarded the application to the Faculty Research Director 09:21, 24 Nov 2015

*Aurora Voiculescu* added a note: 09:21, 24 Nov 2015

Discussed all relevant ethical implications during several supervisory meetings. Also, Mohammad is undertaking additional fieldwork training prior to his trip.

*Aurora Voiculescu* added a note: 16:20, 28 Oct 2015

Please see here a couple of issues that need still to be addressed:

-clarity in the interviewees categories ('bank employees' – this is too vague, it does not explain who exactly is going to be interviewed; 'banks'?! – this is a strange category.

What do you mean? Be specific)

-please reflect and elaborate on item (12) 'persons in easily identifiable positions that could be subject to victimisation' in particular in relation to the bank employees to be interviewed.

- duration of the fieldwork was put as 48 month -- to be amended as per our discussion

*Mohammad Alhejaili* submitted the application for approval 19:58, 23 Oct 2015

*Mohammad Alhejaili* created the application. 00:42, 12 Oct 2015

### **Appendix 3: Consent Form**

**UNIVERSITY OF  
WESTMINSTER**



Version1 Dated / /2016

#### **CONSENT FORM For Participation in Research**

Title of Study: **EMPLOYEES' INFLUENCE ON CSR IN SAUDI BANKS**

**REC Reference:** VRE1415-1266

Please  
tick the  
box

1. I confirm that I have read and understand the information sheet dated / /2016 for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily. ☐
2. I consent to my interview being recorded and transcribed verbatim. ☐
3. I agree to the use of anonymised quotes in publications. ☐
4. I understand that I can decide at any time in the research to stop participation and to have my information withdrawn without giving any reason. ☐

☐ I wish to be informed of the outcomes of this research study.

E-mail address: \_\_\_\_\_

**Participant's Statement:**

**I-** \_\_\_\_\_  
Agree that the research project named above has been explained to me to my satisfaction and I agree to take part in the study. I have read both the notes written above and the Information Sheet about the project, and understand what the research study involves.

**Signed** .....  
**Date**.....

**Investigator's Statement:**

**I-** \_\_\_\_\_  
Confirm that I have carefully explained the nature, demands and any foreseeable risks (where applicable) of the proposed research to the volunteer.

**Signed**.....  
**Date**.....

## **Appendix 4: Participant Information Sheet**

**UNIVERSITY OF  
WESTMINSTER** 



*REC Reference number:* VRE1415-1266

*Version number:* // 2016

### **PARTICIPANTS' INFORMATION SHEET**

#### **MAPPING CSR IN A SAUDI BANKING CONTEXT**

**Researcher:** Mohammad O Alhejaili

**Supervisor:** DR. Aurora Voiculescu

#### **Description of the research and your participation**

You are invited to participate in a research study conducted by Mr. Mohammad Alhejaili who is a PhD student at Westminster Law School, University of Westminster. Please take your time to read the following information and do not hesitate and contact us if you have any queries regarding the information provided.

#### **1. What is the purpose of the study?**

The main aim of this study is to exploring the perspectives of different stakeholders of the Saudi banking sector.

#### **2. Do I have to take part?**

Your participation in this research study is voluntary. You may choose not to participate and you may withdraw your consent to participate at any time. You will not be penalised in any way should you decide not to participate or to withdraw from this study.





**3. What will happen to me if I take part?**

If you decide to take part we will ask you to sign a consent form on the day of the interview. The researcher will interview you to explore your perceptions of employee involvement in CSR development.

Please be aware that this is NOT a test and there are no 'correct' or 'wrong' answers.

The interview will be one hour long, and will be recorded and transcribed for analysis; what was said and by who will remain completely anonymous.

**4. What are the possible risks to take part?**

There are no risks to taking part in this project. Although all the questions you will be asked are considered general in nature and not sensitive, you may feel uncomfortable answering specific questions. You should know that all the information you give will be anonymous, however, you may choose not to answer the question if you wish.

**5. What are the benefits of taking part?**

There are no known benefits to you that would result from your participation in this research. However, your participation will help us understand the nature and dynamics of employee involvement in CSR and how this could be improved.

**6. Will taking part in this study be kept confidential?**

Absolutely. All information which is collected about you during the course of the research will be kept strictly confidential. Your name and personal details will be anonymised.

UNIVERSITY OF  
WESTMINSTER



**7. What will happen to the results of the study?**

The results will be used by Mr. Alhejaili as part of his PhD project. The research will be published in academic journals and presented on conferences and we will send you copies if you wish. Participants cannot be identified in any of the publications.

**8. Who has reviewed the study?**

This project was reviewed by Westminster University Ethics Committee.

**9. Contact for further information?**

If you would like to get further information about any aspect of this study, please do not hesitate and contact:

Mr. Mohammad Alhejaili by e-mail; [m.alhejaili@my.westminster.ac.uk](mailto:m.alhejaili@my.westminster.ac.uk)

Dr. Aurora Voiculescu by e-mail; [A.Voiculescu@westminster.ac.uk](mailto:A.Voiculescu@westminster.ac.uk)

You are more than welcome to discuss any issues that may arise with members of the research team.

Thank you for taking the time to read this information.

## **Appendix 5: Topic Guide**

### **Topic Guide**

#### **Awareness and understanding of CSR**

- ☐ What do you know about CSR?
  - Definition
  - Dimensions
- ☐ Should the bank apply CSR? Why?

#### **Current CSR Implementation**

- ☐ Is your bank practicing CSR? How?
- ☐ Who is benefiting from your CSR practices? How?
- ☐ What are your opinions on this practice?
- ☐ What is your role in this practice?
- ☐ Does it need improving? How?

#### **Motivations for supporting CSR**

- ☐ What are the reasons behind your banks CSR practice?
  - Religion
  - Profit
  - Politics
  - Pressure

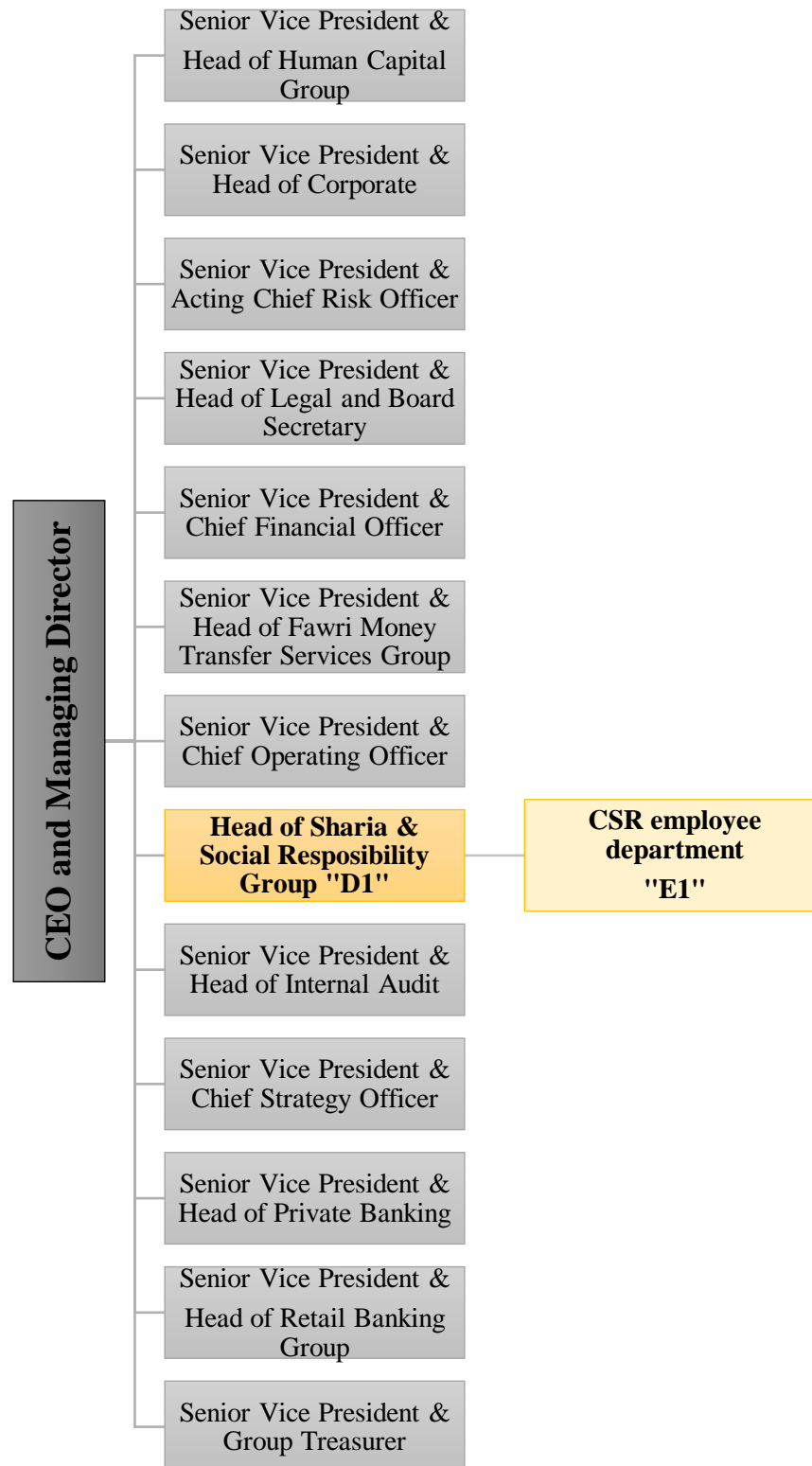
#### **Barriers to supporting CSR**

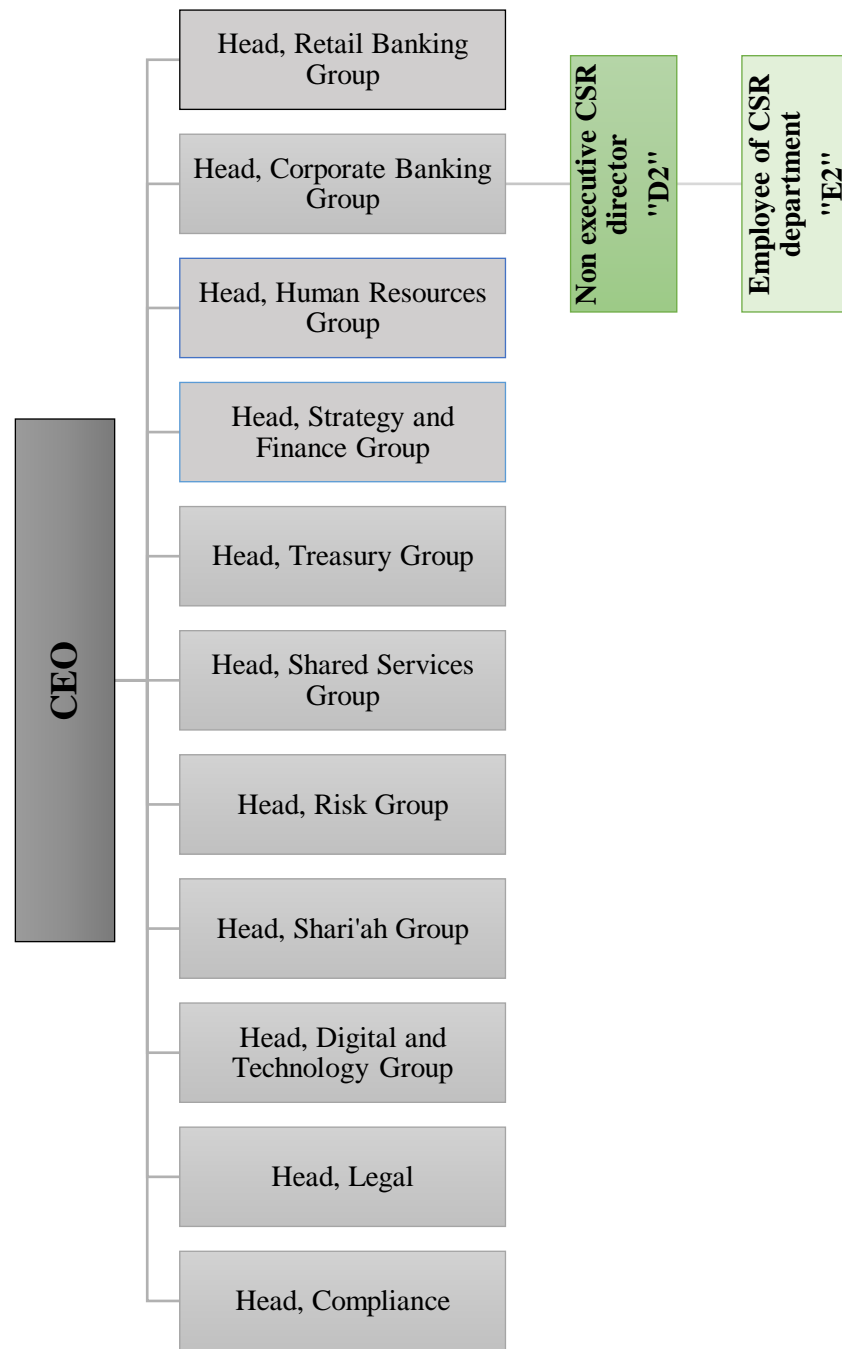
- ☐ What are the barriers preventing banks from practicing CSR in an ideal manner?
  - Concept
  - Regulation
  - Stakeholders
  - Religion
- ☐ How can the barriers be addressed?

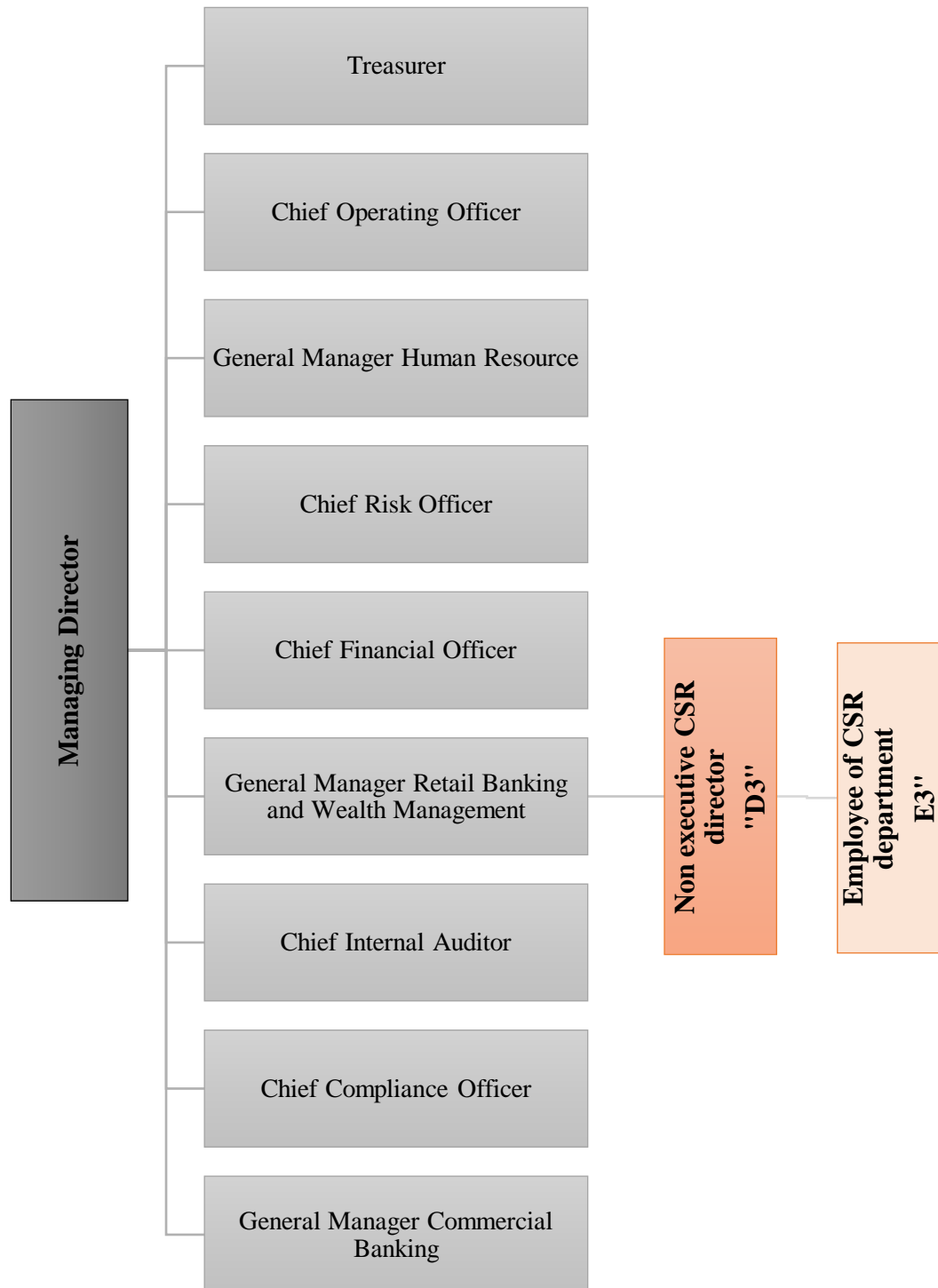
#### **Suggestion**

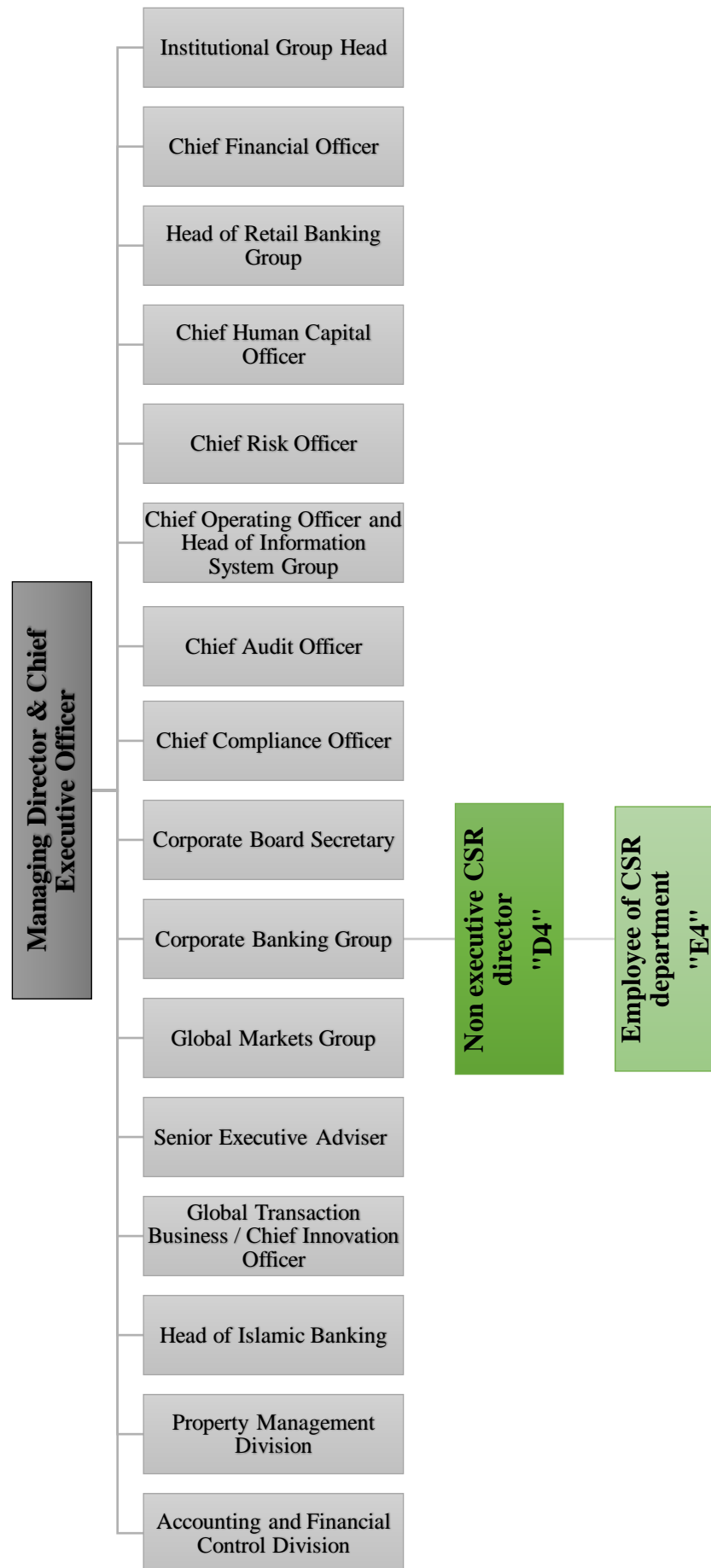
- ☐ Any further suggestions that may help the development of CSR in Saudi Arabia?

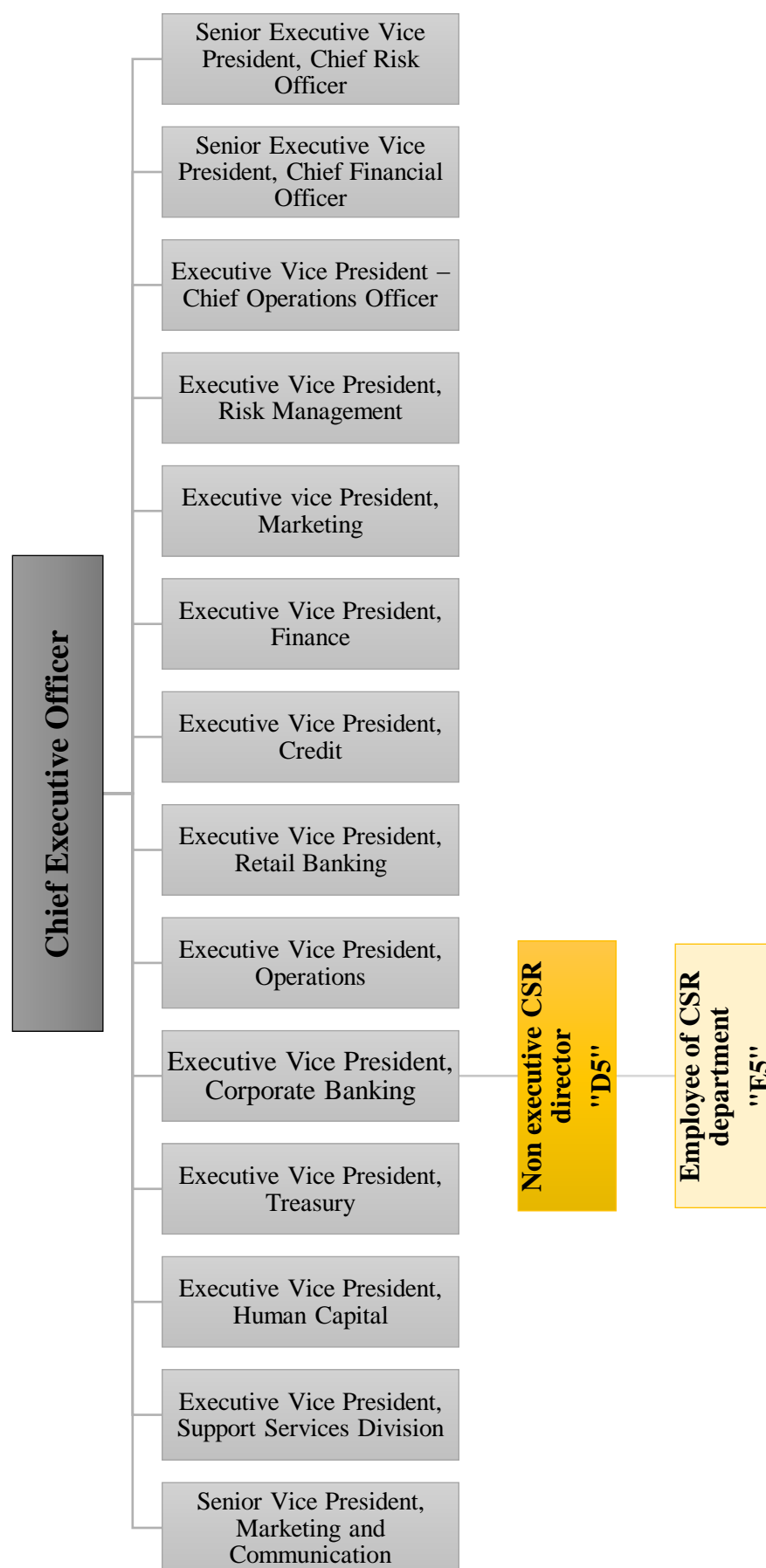
## Appendix 6: Position of interviewees within the management structure



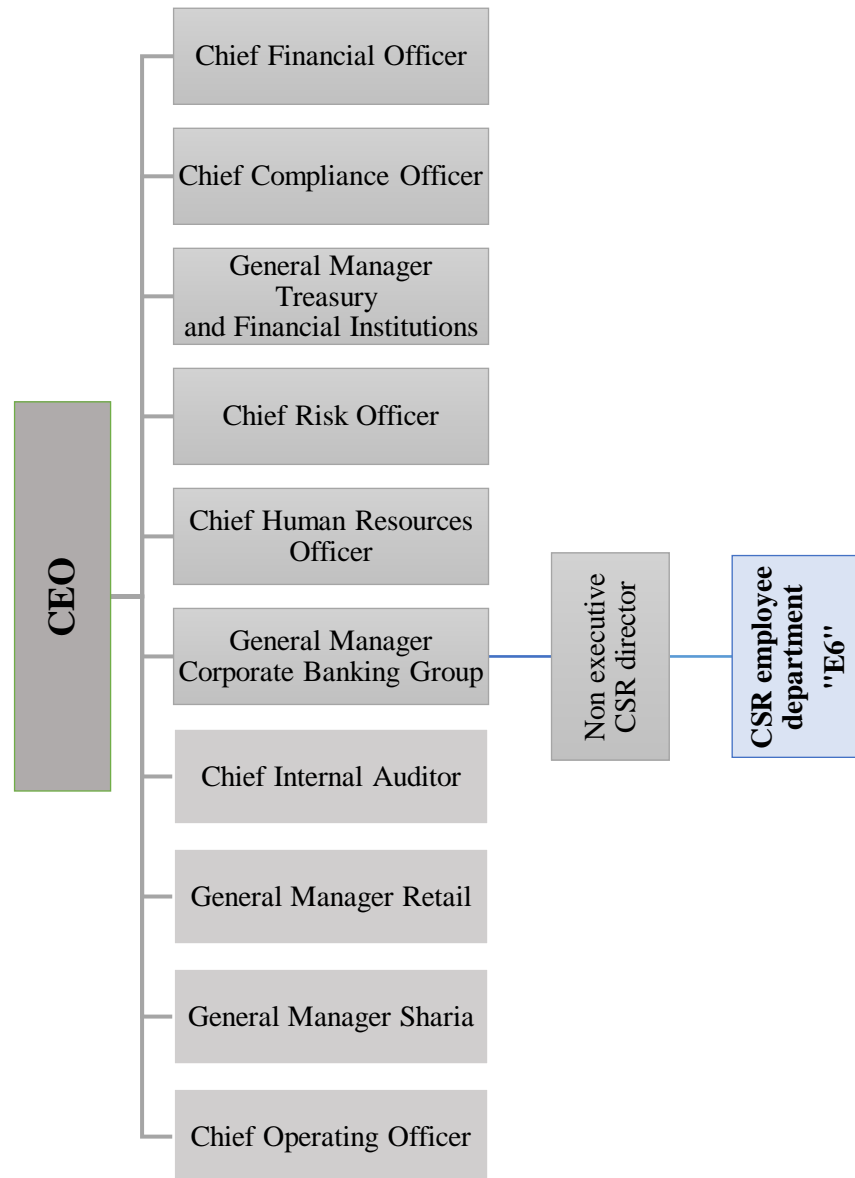


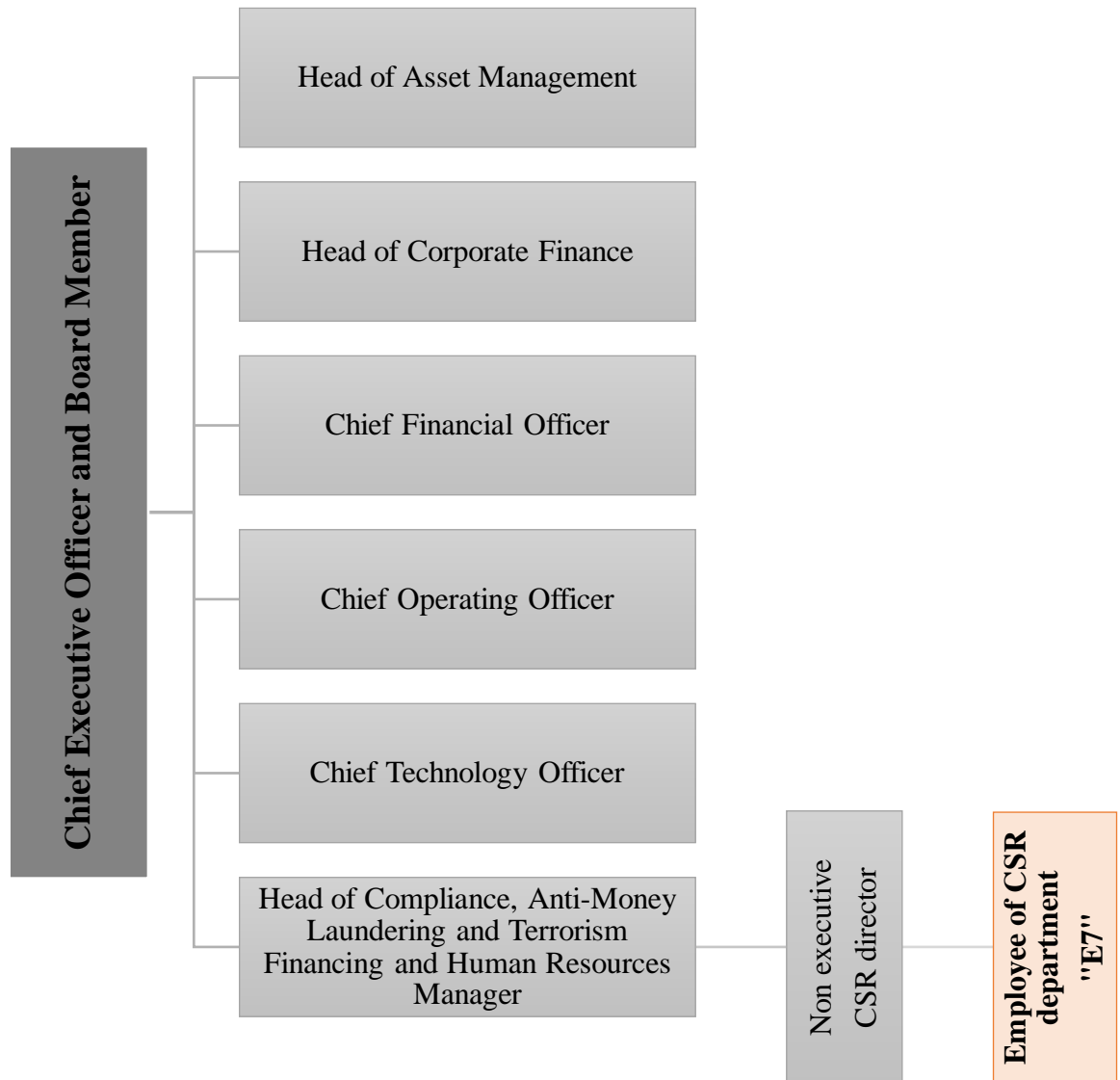














## Bibliography

1. Abuznaid, S., "*Business ethics in Islam: the glaring gap in practice*", 2009.
2. Ahmad, K. "*Islam: basic principles and characteristics*", Islamic Foundation(34), 1980.
3. Ahmad, K. "*The challenge of global capitalism: an Islamic perspective*", Policy Perspectives, 1(1), 2004, pp.1-29.
4. Ahmad, N. Sulaiman, M. and Siswantoro, D., "*Corporate social responsibility disclosure in Malaysia: An analysis of annual reports of KLSE listed companies*", IIUM Journal of Economics and Management, 11(1), 2003, pp.51-86.
5. Ahmad, S., "*Does morality require God?*", Intellectual Discourse, 11(1), 2003.
6. Ahmed, N., Montagno, R., and Firenze, R., "*Organizational performance and environmental consciousness: an empirical study*", Management Decision, 36(2), 1998, pp.57-62.
7. Aid, C., "*Behind the mask: The real face of corporate social responsibility*", 2004.
8. Aigner, D. "*Corporate Social Responsibility and Financial Performance*", Corporate Responsibility, Palgrave Macmillan, London, 2016, pp. 11-37.
9. Akhtar, Z. "*Constitutional Legitimacy: Sharia Law, Secularism and the Social Compact*", Indonesia Law Review, (1), 2011, pp.107.
10. Al Sabban, N. Al Sabban, Y., and Rahatullah, M., "*Exploring corporate social responsibility policies in family owned businesses of Saudi Arabia*", International Journal of Research Studies in Management, 3(2), 2014.
11. Al-Atawneh, M. "*Is Saudi Arabia a theocracy? Religion and governance in contemporary Saudi Arabia*", Middle Eastern Studies 45(5), 2009, 721-737.

12. Al-Qaradawi, Y., *"The Lawful and the Prohibited in Islam: الحلال والحرام في الإسلام"*, The Other Press, 2013.
13. Al-Rasheed, M. *"Contesting the Saudi State: Islamic Voices from a New Generation"*, Cambridge University Press, (25), 2007.
14. Al-Razeen, A., and Karbhari, Y., *"Interaction between compulsory and voluntary disclosure in Saudi Arabian corporate annual reports"*, Managerial Auditing Journal, 19(3), 2004, pp.351-360.
15. Al-Zamany, Y., Hoddell, S., and Savage, B., *"Understanding the difficulties of implementing quality management in Yemen"*, The TQM Magazine, 14(4), 2002, pp.240-247.
16. Al-Zomany, Y., *"The acceptability of Total Quality Management in the Islamic culture of Yemen"*, PhD diss, University of the West of England at Bristol, 2002, pp.119.
17. Alawneh, S., *"Human motivation: an Islamic perspective"*, American Journal of Islamic Social Sciences, 15(4), 1998, pp.19.
18. Albareda, L., Lozano, J., Tencati, A., Midttun, A., and Perrini, F., *"The changing role of governments in corporate social responsibility: drivers and responses"*, Business ethics: a European review, 17(4), 2008, pp.347-363.
19. Aldohni, A., *"Soft Law, Self-Regulation and Cultural Sensitivity: The Case of Regulating Islamic Banking in the UK"*, Journal of Banking Regulation, 15(2), 2013, pp.164-179.
20. Aldosari, A., *"Investigating the awareness of corporate social responsibility (CSR) disclosure and practice in Saudi Arabia"*, PhD diss., University of Reading, 2017.
21. Aldulaimi, S., *"Fundamental Islamic perspective of work ethics"*, 2016.
22. Alenazy, A., *"Social Responsibility of private sector in Saudi Arabia"*, King Saud university, MA Degree ,2013.

23. Alfakhri, Y., *"Youth consumers' perceptions of corporate social responsibility: an Islamic perspective"*, PhD diss., University of Hull, 2014.
24. Ali, A. and Al-Aali, A. *"Corporate social responsibility in Saudi Arabia"*, MEP 19(4), 2012, pp.40-53.
25. Alsahlawi, R., *"CSR Disclosure of the Banking Sector in Saudi Arabia"*, Business Administration Department, University of Dammam-Saudi Arabia, Accountancy Business and the Public Interest, 2016.
26. Alsaif, T. *"An Investigation into the Relationship and Integration between Strategic Quality Management and Corporate Social"*, PhD diss., University of Portsmouth, 2015.
27. Alsayyed, N., *"Shari'ah board, the task of fatwa, and ijthihad in Islamic economics, and finance"*, MPRA paper no. 20204, INCEIF the Global University in Islamic Finance, International Islamic University Malaysia, Malaysia, 2009.
28. Altinay, L., and Paraskevas, A., *"Planning Research in Hospitality and Tourism"*, Elsevier Ltd. Oxford, 2008, pp.170.
29. Altman, B., and Vidaver-Cohen, D., *"A Framework for Understanding Corporate Citizenship Introduction to the Special Edition of Business and Society Review 'Corporate Citizenship for the New Millennium'"*, Business and Society Review, 105(1), 2000, pp.1-7.
30. Altwaijri, M., *"Social Responsibility in the Saudi private sector: Explorative survey"*, Arab Management Journal, 12(4), 1988, pp. 20-34.
31. Alzalabani, A., Modi, R., and Haque, M., *"Theoretical Perspective of Social Entrepreneurship: A Study of Determinants of Social Entrepreneurship in the Context of Saudi Arabia"*, Journal of Modern Accounting and Auditing, 9(4), 2013, pp.571.
32. Amaeshi, K., Adi, A.B., Ogbechie, C. and Amao, O., *"Corporate social responsibility in Nigeria: western mimicry or indigenous influences?"*, 2006.

33. Amran, A., and Susela, D., "*The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia*", *Managerial Auditing Journal*, 23(4), 2008, pp.386-404.
34. Annan, K., "*The Global Compact. Corporate Leadership in the World Economy*", *Symphonya. Emerging Issues in Management*, (2), 2002, pp.7-10.
35. Argandoña, A., "*The stakeholder theory and the common good*", *Journal of Business Ethics*, 17(9-10), 1998, pp.1093-1102.
36. Aribi, Z., and Gao, S., "*Corporate social responsibility disclosure: A comparison between Islamic and conventional financial institutions*", *Journal of Financial Reporting and Accounting*, 8(2), 2010, pp.72-91.
37. Auerbach, C., and Silverstein, L., "*Qualitative Data: An Introduction to Coding and Analysis*", New York Universities Press, 2003.
38. Aupperle, K., Carroll, A., and Hatfield, J., "*An empirical examination of the relationship between corporate social responsibility and profitability*", *Academy of management Journal*, 28(2), 1985, pp.446-463.
39. Authority, Saudi Arabian General Investment, "*Corporate Social Responsibility (CSR) in Saudi Arabia and Globally: Key challenges, opportunities and best practices*", 2008.
40. Azhar, B., "*CSR in Saudi Arabia: the good, the bad and the ugly*", 2012, <http://www.wamda.com/2012/02/csr-in-saudi-arabia-the-good-the-bad-and-the-ugly>
41. Azhar, N., "*The Effect of Corporate Social Responsibility in the National Commercial Bank in Saudi Arabia*", *World Academy of Science, Engineering and Technology, International Journal of Social, Behavioural, Educational, Economic, Business and Industrial Engineering*, 10(4), 2016, pp.1322-1327.
42. Azim, M., Diyab, A., and Al-Sabaan, S., "*CSR, Employee Job Attitude and Behaviour: Saudi Bank Experience*", *Transylvanian Review of Administrative Sciences*, 10(43), 2014, pp. 25-47.

43. Baghalab, S., *"Corporate Social Responsibility in Islamic Commercial Banks in Saudi Arabia"*, PhD. diss, RSM, Erasmus University, 2013.
44. Barqawi, K., *"Perceptions of university students about CSR: a survey study of the perceptions of male and female students of Umm Al Qura University in Mecca"*, The annual meeting of the centres of ahyaa in Mecca, Mecca: Saudi Arabia, 2008, pp. 11-12.
45. Barth, R., and Wolff, F., *"Corporate social Responsibility in Europe: Rhetoric and Realities"* Edward Elgar Publishing Inc., 2009.
46. Basah, M., *"Corporate social responsibility and natural environmental risk management in the context of the banking sector of Malaysia"*, Un-published PhD diss., Accounting and Finance Department, Business School, University of Cardiff, UK, 2012
47. Basit, T., *"Manual or electronic? The role of coding in qualitative data analysis"*, Educational Research, 45(2), 2003, pp.143-154.
48. Becker-Olsen, K., Cudmore, B., and Hill, R., *"The impact of perceived corporate social responsibility on consumer behaviour"*, Journal of Business Research, 59(1), 2006. pp. 46-53.
49. Beekun, R., and Badawi, J., *"Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective"*, Journal of business ethics, 60(2), 2005, pp.131-145.
50. Bendell, J., and Ng, C., *"Characteristics of Asian CSR"*, Social Space, 2009, pp.56-61.
51. Besar, M., Sukor, M., Muthalib, N., and Gunawa, A., *"The practice of Shariah review as undertaken by Islamic banking sector in Malaysia"*, International Review of Business Research Papers, 5(1), 2009, pp. 294-306.
52. Bigger, S., *"A Handbook for Teacher Research: from design to implementation"*, Journal of In-service Education, 31(3), 2005, pp.593-608.



53. Blackett, A., *"Global governance, legal pluralism and the decentred state: A labour law critique of codes of corporate conduct"*, Indiana Journal of Global Legal Studies, 2001, pp.401-447.
54. Blaikie, N., *"Analyzing quantitative data: From description to explanation"*, Sage, London, 2003, pp.116.
55. Blumberg, B., Cooper, D. and Schindler, P., *"Business research methods"*, McGraw-Hill Higher Education, 2008, pp. 146.
56. Boatright, J., *"Ethics and the Conduct of Business"*, New Jersey, Prentice Hall, 1993.
57. Boone, J., Doorneweert, R., and van der Schans, J., *"Creating sustainable value in the Kingdom of Saudi Arabia; Improving Corporate Social Responsibility effectiveness in food chains"*, LEI Wageningen UR, 2009.
58. Bottoni, R., Cristofori, R., and Ferrari, S., *"Religious Rules, State Law, and Normative Pluralism a Comparative Overview"*, 18, Springer, 2016.
59. Boulstridge, E., and Carrigan, M., *"Do consumers really care about corporate responsibility? Highlighting the attitude—behaviour gap"*, Journal of communication management, 4(4), 2000, pp.355-368.
60. Bowfield M., and Frynas, J., *"Setting New Agendas: Critical Perspectives on Corporate Social Responsibility in the Developing World"*, International Affairs, 2005, pp. 499-501.
61. Brammer, S., Millington, A. and Rayton, B., *"The contribution of corporate social responsibility to organizational commitment"*, The International Journal of Human Resource Management, 18(10), 2007, pp.1701-1719.
62. Brammer, S., Williams, G., and Zinkin, J., *"Religion and attitudes to corporate social responsibility in a large cross-country sample"*, Journal of business ethics, 71(3), 2007, pp.229-243.

63. Branco, M., and Rodrigues, L., "*Corporate Social Responsibility and Resource-Based Perspectives*", *Journal of Business Ethics* , 69 (2), 2006, pp. 111-132.
64. Braun, V., and Clarke, V., "*Using thematic analysis in psychology*", *Qualitative Research in Psychology*, 3 (2). 2006, pp. 77-101.
65. Brennan, D., "*Corporate social responsibility: The corporate governance of the 21st century*", Kluwer Law International, 2005.
66. Brown, D., Vetterlein, A. and Roemer-Mahler, A., "*Theorizing transnational corporations as social actors: An analysis of corporate motivations*", *Business and Politics*, 12(1), 2010, pp.1-37.
67. Brown, J., and Forster, W., "*CSR and stakeholder theory: A tale of Adam Smith*", *Journal of business ethics*, 112(2), 2013, pp.301-312.
68. Bryman, A., and Bell, E., "*Business Research Methods*", 3<sup>rd</sup> ed., Oxford university press, 2011, pp. 725.
69. Bryson, J., Patton, M., and Bowman, R., "*Working with evaluation stakeholders: A rationale, step-wise approach and toolkit*", *Evaluation and program planning*, 34(1), 2011, pp.1-12.
70. Burke, L., and Logsdon, J., "*How corporate social responsibility pays off*", *Long range planning*, 29(4), 1996, pp.495-502.
71. Burton, E., "*Business and Entrepreneurship in Saudi Arabia: Opportunities for Partnering and Investing in Emerging Businesses*", John Wiley & Sons; 2016.
72. Cachia, M., and Millward, L., "*The telephone medium and semi-structured interviews: a complementary fit*", *Qualitative Research in Organizations and Management: An International Journal*, 6(3), 2011, pp. 246.
73. Campbell, J., "*Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility*", *Academy of management Review*, 32(3), 2007, pp.946-967.

74. Cane, P., *"Responsibility in Law and Morality"*, the Modern Law Review, 66(4), 2003, pp. 658-661.
75. Carrigan, M., and Attalla, A., *"The myth of the ethical consumer—do ethics matter in purchase behaviour?"*, Journal of consumer marketing, 18(7), 2001, pp.560-578.
76. Carroll, A., *"Corporate social responsibility: evolution of a definitional construct"*, Business and Society, 38(3), 1999, pp. 268-295.
77. Carroll, A., *"The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders"*, Business horizons, 34(4), 1991, pp.39-48.
78. Carroll, A., *"A three-dimensional conceptual model of corporate social performance"*, Academy of Management Review, 4(4), 1979, pp. 497-505.
79. Carter, R., Kale, R., and Grimm, C., *"Environmental Purchasing and Firm performance: an empirical investigation"*, Transportation Research Part E: Logistics and Transportation Review 36(3), 2000, pp. 219–228.
80. Central Department of Statistics and Information, 2015, <http://www.cdsi.gov.sa/english/>
81. CFA institute, Global Market sentiment survey, 2013. [https://www.cfainstitute.org/ethics/Documents/global\\_market\\_sentiment\\_survey\\_report.pdf](https://www.cfainstitute.org/ethics/Documents/global_market_sentiment_survey_report.pdf)
82. Chan, A., *"Racing to the bottom: international trade without a social clause"*, Third World Quarterly, 24(6), 2003, pp.1011-1028.
83. Chapple, W., and Moon, J., *"Corporate social responsibility (CSR) in Asia a seven-country study of CSR web site reporting"*, Business & society, 44(4), 2005, pp. 415-441.
84. Chapra, U., *"Islam and the economic challenge"*, International Institute of Islamic Thought (IIIT), (17), 1992.

85. Chapra, U., *"Why has Islam prohibited interest?: Rationale behind the prohibition of interest"*, Review of Islamic Economics, 2000, pp.5-20.
86. Chiu, T., *"Putting Responsible Finance to Work for Citi Microfinance"*, J Bus Ethics, 2013.
87. Chua, F., and Rahman, A., *"Institutional pressures and ethical reckoning by business corporations"*, Journal of Business Ethics, 98(2), 2011, pp.307-329.
88. Clarkson, M., *"A stakeholder framework for analysing and evaluating corporate social performance"*, Academy of management review, 20(1), 1995, pp.92-117.
89. Cohen, E., *"CSR for HR: A Necessary partnership for Advancing Responsible Business Practices"*, 2010.
90. Commins, D., and Ruthven, M., *"Islam in Saudi Arabia"*, Cornell University Press, 2015.
91. Commission of the European Communities, *"Communication from the commission to the European parliament, the council, the European economic and social committee and the committee of the regions"*, a renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels, 2011. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>
92. Commission of the European Communities, Corporate Social Responsibility – Main Issues, MEMO/02/153, Brussels, 2002.
93. Commission of the European Communities. 2003. What is Corporate Social Responsibility (CSR)? [http://europa.eu.int/comm/employment\\_social/social/csr/csr\\_whatiscsr.htm](http://europa.eu.int/comm/employment_social/social/csr/csr_whatiscsr.htm)
94. Cooper, S., *"Stakeholder communication and the Internet in UK electricity companies"*, Managerial Auditing Journal, 18(3), 2003, pp.232-243.

95. Cordano, M., Frieze, I., and Ellis, K., *"Entangled affiliations and attitudes: An analysis of the influences on environmental policy stakeholders' behavioural intentions"*, Journal of Business Ethics, 49(1), 2004, pp.27-40.
96. Corell, H., *"The legality of exploring and exploiting natural resources in Western Sahara"*, Multilateralism and International Law with Western Sahara as a case study, 2010, pp.272-291.
97. Crane, A., and Matten, D., *"Business Ethics: Managing Corporate Citizenship and Sustainability in the Age of Globalization"*, Oxford University Press, 2016.
98. Creswell, J., *"Qualitative inquiry and research design: Choosing among five approaches"*, California, SAGE Publications Incorporated, 2012, pp. 126.
99. Creswell, J., and Miller, D., *"Determining validity in qualitative inquiry"*, Theory into practice, 39(3), 2000, pp. 125.
100. Creyer, E., *"The influence of firm behaviour on purchase intention: do consumers really care about business ethics?"*, Journal of consumer Marketing, 14(6), 1997, pp.421-432.
101. Cropanzano, R., Byrne, Z.S., Bobocel, D.R. and Rupp, D.E., *"Moral virtues, fairness heuristics, social entities, and other denizens of organizational justice"*, Journal of Vocational, Behaviour, 58(2), 2001, pp.164-209.
102. Crosby, B., and Bryson, J., *"A leadership framework for cross-sector collaboration"*, Public Management Review, 7(2), 2005, pp.177-201.
103. Cruz-Cruz, J., and Frey, W., *"Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum"*, Rice University: Houston, Texas, 2009, pp.46-48.
104. Dahlsrud, A., *"How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions"*, CSR and Environmental management, 15(1), 2008, pp. 8-11.

105. Darrag, M., and E-Bassiouny, N., "*An introspect into the Islamic Roots of CSR in the Middle East: The case of Savola Group in Egypt*", *Social Responsibility Journal*, 9(3), 2013, pp. 362-378.
106. Darus, F., Mad, S., and Nejati, M., "*Ethical and Social Responsibility of Financial Institutions: Influence of Internal and External Pressure*", *Procedia Economics and Finance*, 28, 2015, pp.183-189.
107. Dashwood, H., "*Corporate social responsibility and the evolution of international norms*", See Kirton & Trebilcock, 2004, pp.189-222.
108. Davies, R., "*The Business community: Social responsibility and corporate values*", In J.H. Dunning (Ed.), "*Making globalization good: The moral challenges of global capitalism*", New York, Oxford University Press, 2003, pp. 301-319.
109. Davis, J., Schoorman, F., and Donaldson, L., "*Toward a stewardship theory of management*", *Academy of Management review*, 22(1), 1997, pp.20-47.
110. Davis, K. "*Can business afford to ignore social responsibilities?*", *California management review*, 2(3), 1960, pp.70-76.
111. Dayal-Gulati, A., and Finn. M, "*Global Corporate Citizenship*", Northwestern University Press, 2007.
112. Decker, S., and Sale, C., "*An analysis of corporate social responsibility, trust and reputation in the banking profession*", In *Professionals' Perspectives of Corporate Social Responsibility*, Springer Berlin Heidelberg, 2009, pp. 135-156.
113. Declaration, V., "*programme of Action*", In *World Conference on Human Rights* (25), 1993.
114. Deegan, C., "*Introduction: The legitimising effect of social and environmental disclosures—a theoretical foundation*", *Accounting, Auditing & Accountability Journal*, 15(3), 2002, pp.282-311.

115. Deegan, C., Rankin, M. and Tobin, J., *"An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory"*, Accounting, Auditing & Accountability Journal, 15(3), 2002, pp.312-343.
116. Dekmejian, R., *"Saudi Arabia's consultative council"*, The Middle East Journal, 1998, pp.204-218.
117. Dekmejian, R., *"The rise of political Islamism in Saudi Arabia"*, Middle East Journal, 48(4), 1994, pp.627-643.
118. Deresky, H., *"International Management: Managing Across Borders and Cultures"*, Third Edition, New Jersey: Prentice Hall Inc, 2000.
119. Dimaggio, P., and Powell, W., *"The iron cage revisited: institutional isomorphism and collective rationality in organizational fields"*, American Sociology Review, 8(2), 1983, pp. 147-60.
120. Donaldson, T., and Preston, L., *"The stakeholder theory of the corporation: Concepts, evidence, and implications"*, Academy of management Review, 20(1), 1995, pp.65-91.
121. Dowling, G., and Moran, P., *"Corporate reputations: built in or bolted on?"*, California Management Review, 54(2), 2012, pp.25-42.
122. Dunning, J., *"The moral imperatives of global capitalism: An overview making globalisation good: The moral challenges of capitalism"*, Oxford University Press, 2003.
123. Dusuki, A., *"Banking for the poor: the role of Islamic banking in microfinance initiatives"*, Humanomics, 24(1), 2008, pp.49-66.
124. Dusuki, A., *"What does Islam say about corporate social responsibility"*, Review of Islamic Economics, 12(1), 2008, pp.5-28.

125. Dusuki, A., "Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 2008, pp.132.
126. Dusuki, A., and Abdullah, N., "Maqasid al-Shariah, Maslahah, and corporate social responsibility", *American Journal of Islamic Social Sciences*, 24(1), 2007, pp.25.
127. Dusuki, A., and Abdullah, N., "Why do Malaysian customers patronise Islamic banks?", *International Journal of Bank Marketing*, 25(3), 2007, pp.142-160.
128. Dyreng, S., Mayew, W., and Williams, C., "Religious Social Norms and Corporate Financial Reporting", *Journal of Business Finance & Accounting*, 39(7-8), 2012, pp.845-875.
129. Ebrahim, S., and Joo, T., "Islamic banking in Brunei Darussalam", *International Journal of Social Economics*, 28(4), 2001, pp.314-337.
130. EIRIS, Guide to Responsible Banking, Ethical Investment Research Service, London, 2003.
131. Elasrag, H., "Social responsibility of the private sector and its role in sustainable development of the Kingdom of Saudi Arabia", 2014.
132. EMG WORLDWIDE, 2016. <http://www.emg-csr.com/national-vision-2030-training/>; Saudi National Vision 2030, <http://www.emg-csr.com/national-vision-2030-training/>
133. Emtairah, T., Al-Ashaikh, A. and Al-Badr, A., "Context and corporate social responsibility: the case of Saudi Arabia", *International Journal of Sustainable Society*, 1(4), 2009, pp.325-346.
134. Esposito, J., and Askari, H., "Islam and Development: Religion and Sociopolitical Change", Syracuse University Press, 1980.



135. European Commission, Directorate-General for Employment and Social Affairs. Unit D., ABC of the main instruments of corporate social responsibility. Office for Official Publications of the European Communities, 2004.
136. European Commission, Green Paper: Promoting a European Framework for CSR, 2001.
137. Evan, W., and Freeman, R., "*A stakeholder theory of the modern corporation: Kantian capitalism*", 1988.
138. Farook, S., "*On corporate social responsibility of Islamic financial institutions*", Islamic Economic Studies, 15(1), 2007, pp.31-46.
139. Ferdinand, K., and Mozaffari, M., "*Islam: State and Society*", Curzon Press, 1988.
140. Fernando, M., and Jackson, B., "*The influence of religion-based workplace spirituality on business leaders' decision-making: An inter-faith study*", Journal of management & organization, 12(1), 2006, pp.23-39.
141. Forest L., Stavins, R., and Vietor, R., "*Corporate Social Responsibility Through an Economic Lens*", Resources for the Future, St. NW Washington, DC 20036, 2008, pp. 219-239.
142. Fox, T., and Howard, B., "*Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study*", Washington, DC: World Bank, 2002.
143. Frederick, W., Post, J., and Davis, K., "*Business and Society*", Corporate Strategy, Public Policy, Ethics, 7th edn. McGraw-Hill:London, 1992.
144. Freeman, R., "*Stakeholder management: framework and philosophy*", Pitman, Mansfield, MA. 1984.
145. Freeman, R., "*Strategic Management: A Stakeholder Approach*", Boston: Pitman, 1984.

146. Friedman, M., *"The social responsibility of business is to increase its profits"*, The New York Times Magazine, 1970.
147. Friedman, M., *"Capitalism and freedom"*, Chicago: University of Chicago Press, 1962.
148. Gangi, F., and D'Angelo, E., *"The Virtuous Circle of Corporate Social Performance and Corporate Social Disclosure"*, Modern Economy, 7(12), 2016, pp.1396.
149. García-Sánchez, I., and Martínez-Ferrero, J., *"Independent Directors and CSR Disclosures: The moderating effects of proprietary costs"*, Corporate Social Responsibility and Environmental Management, 24(1), 2017, pp.28-43.
150. Garriga, E., and Melé, D., *"Corporate social responsibility theories: Mapping the territory"*, Journal of business ethics, 53(1-2), 2004, pp.51-71.
151. Gensler, J., *"Ethics and the Golden Rule"*, Routledge, 2013, pp. 84.
152. Gibbs, G., *"Analysing Qualitative Data"*, Sage, 2008.
153. Gibson, K., *"The moral basis of stakeholder theory"*, Journal of business ethics, 26(3), 2000, pp.245-257.
154. Gladwin, T., Kennelly, J., and Krause, T., *"Shifting paradigms for sustainable development: Implications for management theory and research"*, Academy of management Review, 20(4), 1995, pp.874-907.
155. Golafshani, N., *"Understanding reliability and validity in qualitative research"*, The qualitative report, 8(4), 2003, pp. 597-607.
156. Goodpaster, E., *"Business Ethics and Stakeholder Analysis"*, Business Ethics Quarterly, Rae, Beyond Integrity, 1991.
157. Goodson, L., and Phillimore, J., *"Qualitative Research in Tourism: Ontologies, epistemologies and methodologies"* Routledge. London, 2004.

158. Googins, B., and Rochlin, S., *"Creating the partnership society: understanding the rhetoric and reality of cross-sectoral partnerships"*, Business and society review, 105(1), 2000, pp.127-144.
159. Goulding, C., *"Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research"*, European journal of Marketing, 39(3/4), 2005, pp. 294-308.
160. Gravem, O., *"Corporate Social Responsibility in Saudi Arabia"*, (Master's thesis), 2010.
161. Gray, R., Adams, C., and Owen, D., *"Accountability, social responsibility and sustainability: accounting for society and the environment"*, Pearson Higher Ed, 2014.
162. Gray, R., Owen, D., and Adams, C., *"Accounting & accountability: changes and challenges in corporate social and environmental reporting"*, Prentice Hall, 1996.
163. Greenfield, W., *"In the name of corporate social responsibility"*, Business Horizons, 47(1), 2004, pp.19-28.
164. Guion, L, *"Triangulation: Establishing the validity of qualitative studies"*, Department of Family, Youth and Community Sciences, University of Florida, 2011.
165. Guthrie, J., and Parker, L., *"Corporate social reporting: a rebuttal of legitimacy theory"*, Accounting and business research, 19(76), 1989, pp.343-352.
166. Hadjikhani, A., Lee, J., and Ghauri, P., *Network view of MNCs' socio-political behaviour"*, Journal of Business Research, 61(9), 2008, pp.912-924.
167. Hamann, R. and Kapelus, P., *"Corporate social responsibility in mining in Southern Africa: Fair accountability or just greenwash?"*, Development, 47(3), 2004, pp.85-92.
168. Handy, C., *"The Hungry Spirit. Beyond Capitalism: A Quest For Purpose in the Modern World"*, London: Arrow Books, 1997.

169. Hansen, S., Dunford, B., Boss, A., Boss, R., and Angermeier, I., "*Corporate social responsibility and the benefits of employee trust: A cross-disciplinary perspective*", *Journal of Business Ethics*, 102(1), 2011, pp.29-45.
170. Harrison, J. and Freeman, R. "*Stakeholders, Social Responsibility, And Performance: Empirical Evidence And Theoretical Perspectives*", *Academy of management Journal*, 42(5), 1999, pp.479-485.
171. Hasanuzzaman, S., "*Islam and Business Ethics, Institute of Islamic Banking and Insurance*", 2003.
172. Hassan, A., and Harahap, S., "*Exploring corporate social responsibility disclosure: the case of Islamic banks*", *International Journal of Islamic and Middle Eastern Finance and Management*, 3(3), 2010, pp.203-227.
173. Haufler, V., "*A public role for the private sector: Industry self-regulation in a global economy*", 2001.
174. Hemphill, T., "*Corporate Citizenship: The Case for a New Corporate Governance Model*", *Business and Society Review*, 109(3), 2004, pp.339-361.
175. Henderson, D. "*Misguided virtue: False notions of corporate social responsibility*", 2001.
176. Henriques, I., and Sadorsky, P., "*The relationship between environmental commitment and managerial perceptions of stakeholder importance*", *Academy of management Journal*, 42(1), 1999, pp.87-99.
177. Heskett, J., and Kotter, J., "*Corporate culture and performance*", *Business Review*. Vol, 2(5), 1992, pp.83-93; L. Hosmer, "Trust: The connecting link between organizational theory and philosophical ethics", *Academy of management Review*, 20(2), 1995, pp.379-403.
178. Hidayat, S., and Alhur, S., "*Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks*", In 8th International Conference on Islamic Economics and Finance, Doha, Qatar, 2011.

179. Hopkins, M., *"The business case for CSR: where are we?"*, International Journal of Business Performance Management, 5(2-3), 2003, pp.125-140.
180. Hopkins, M., *"The planetary bargain: Corporate social responsibility matters"*, Routledge, 2012.
181. Horrigan, B., *"Corporate Social Responsibility in the Twenty-First Century: Debates, Models and Practices across Government"*, Law and Business, Legal Studies, 31, 2011, pp. 667-670.
182. Human Development Index, 2015. <http://hdr.undp.org/en/indicators/137506#>
183. Humber, J., *"Beyond stockholders and stakeholders: A plea for corporate moral autonomy"*, Journal of Business Ethics, 36(3), 2002, pp.207-221.
184. Hummels, H., *"Organizing ethics: A stakeholder debate"*, Journal of Business Ethics, 17(13), 1998, pp.1403-1419.
185. Hung, H., *"Directors' roles in corporate social responsibility: A stakeholder perspective"*, Journal of Business Ethics, 103(3), 2011, pp.385-402.
186. Huselid, M., *"The impact of human resource management practices on turnover, productivity, and corporate financial performance"*, Academy of management journal, 38(3), 1995, pp.635-672.
187. Husted, B., *"Governance choices for corporate social responsibility: to contribute, collaborate or internalize?"*, Long range planning, 36(5), 2003, pp.481-498.
188. Husted, B., and Allen, D., *"Corporate social responsibility in the multinational enterprise: Strategic and institutional approaches"*, Journal of international business studies, 37(6), 2006, pp.838-849.
189. Hyde, K., *"Recognising deductive processes in qualitative research"*, Qualitative market research: An international journal, 3(2), 2000, pp. 82-90.

190. Ibn Taymiyyah T., (d.728) | TAHQIQ & DARASAH: 'Amir al-Jazzar & Anwar al-Baz | COVER: HARD BACKCOVER | 22 VOLUMES | 7380 PAGES | 4th PUBLICATION 2011 | PUBLISHED: Dar Ibn Hazm | Beirut, Lebanon | ISBN: 977-15-0198-4.
191. Ibp Usa, "*Saudi Arabia Central Bank & Financial Policy Handbook*", World Business, Investment and Government Library, USA International Business Publications, 2005, pp.38.
192. Idowu, S., and Leal Filho, W., "*Professionals' perspectives of corporate social responsibility*", Germany, Berlin: Springer, 2009.
193. Idowu, S., and Papasolomou, I., "*Are the corporate social responsibility matters based on good intentions or false pretences? An empirical study of the motivations behind the issuing of CSR reports by UK companies*", *Corporate Governance: The international journal of business in society*, 7(2), 2007, pp.136-147.
194. ILO, "*Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*", 2000.
195. Inglehart, R., "*Modernization and post modernization: Cultural, economic, and political change in 43 societies*", Princeton University Press, 1997.
196. International Chamber of Commerce, "*Business Charter for Sustainable Development*", 1991.
197. Iqbal, M., and Molyneux, P., "*Thirty Years of Islamic Banking: History Performance and Prospects*", London: Palgrave Macmillan, 2005, pp.190.
198. Jamali, D., "*A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice*", *Journal of business ethics*, 82(1), 2008, pp.213-231.
199. Jamali, D., and Mirshak, R., "*Corporate social responsibility (CSR): Theory and practice in a developing country context*", *Journal of business ethics*, 72(3), 2007, pp. 243-262.

200. Jamali, D., Sidani, Y. and El-Asmar, K., "A three country comparative analysis of managerial CSR perspectives: Insights from Lebanon, Syria and Jordan", *Journal of business ethics*, 85(2), 2009, pp.173-192.
201. Jeffreys, A., "The report. London", Oxford Business Group, 2011.
202. Jenkins, R., and Unies, N., "Corporate codes of conduct: Self-regulation in a global economy", 2001.
203. Jonas, H., and Herr, D., "The Imperative of Responsibility: In Search of an Ethics for the Technological Age", *The Review of Metaphysics*, 39(2), 1985, pp. 362-364.
204. Jones, T., "An integrating framework for research in business and society: A step toward the elusive paradigm?", *Academy of Management Review*, 8(4), 1983, pp.559-564.
205. Kamali, M. "Source, Nature and Objectives of Shari'ah", *Islamic Quarterly*, 33(4), 1989, pp.215.
206. Kamla, R., Gallhofer, S. and Haslam, J., "Islam, nature and accounting: Islamic principles and the notion of accounting for the environment", In *Accounting Forum* 30(3), 2006, pp. 245-265.
207. Kant, I., "Grounding for the metaphysics of morals: With on a supposed right to lie because of philanthropic concerns", Hackett Publishing, 1993.
208. Key, S., and Popkin, S., "Integrating ethics into the strategic management process: doing well by doing good", *Management Decision*, 36(5), 1998, pp.331-338.
209. Khalid, F., "Islam and the Environment", *Encyclopedia of Global Environmental Change*, 5, 2002, pp.332-339.
210. Khan, S., Al-Maimani, K., and Al-Yafi, W., "Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead", *Journal of Leadership, Accountability and Ethics*, 10(3), 2013, pp.65-78.

211. Khurshid, A., Al-Aali, A., Ali Soliman, A., and Mohamad Amin, S., *"Developing an Islamic corporate social responsibility scale"*, 19th International Business Information Management Conference Proceeding, Barcelona, Spain, 2012, pp.1263-1270.
212. Khurshid, A., Al-Aali, A., and Ibrahim, A.R., *"Awareness of corporate social responsibility in an emerging economy"*, International Proceedings of Economics Development and Research, 69, 2014, pp.99.
213. Khurshid, A., Malik, O.M., and Soliman, A.A., *"Corporate Social Responsibility Awareness: An Exploratory Study among MBA Students"*, International Journal of Arts & Sciences (IJAS) Conference for Academic Disciplines, Harvard University, USA, 10(4), 2013, pp. 1-23.
214. Kim, C. and Scullion, H. *"The effect of Corporate Social Responsibility (CSR) on employee motivation: A cross-national study"*, 2013.
215. Kim, H. Lee, M., Lee, H., and Kim, N., *"Corporate social responsibility and employee–company identification"*, Journal of Business Ethics, 95(4), 2010, pp.557-569.
216. Kinderman, D. *"Corporate Social Responsibility in the EU, 1993-2013: Institutional Ambiguity, Economic Crisis, Business Legitimacy and Bureaucratic Policies"*, Journal of Common Market Studies, 51(4), 2013, pp. 701-720.
217. King Faisal Foundation. <http://www.kff.com>
218. King Khalid Award, <http://kka.kkf.org.sa/ar/pages/default.aspx>
219. Kinley, D. and Chambers, R. *"The UN Human Rights Norms for corporations: The private implications of public international law"*, Human Rights Law Review, 6(3), 2006, pp.447-497.
220. Kolk, A. and Van Tulder, R. *"The effectiveness of self-regulation:: Corporate codes of conduct and child labour"*, European Management Journal, 20(3), 2002, pp.260-271.



221. Korten, D. *"Limits to the Social Responsibility of Business"*, The People-Centred Development forum, article 19(1), 1996.
222. Kurucz, E. Colbert, B.A. and Wheeler, D., *"The business case for corporate social responsibility"*, In The Oxford handbook of corporate social responsibility, 2008.
223. Lantons, G. *"The Boundaries of Strategic Corporate Social Responsibility"*, Journal of Consumer Marketing, 18(7) 2007, pp. 595-597.
224. Lantos, G. *"The ethicality of altruistic corporate social responsibility"*, Journal of consumer marketing, 19(3), 2002, pp.205-232.
225. Laverie, D. and McDonald, R. *"Volunteer dedication: Understanding the role of identity importance on participation frequency"*, 2007.
226. Lee, E. Park, S.Y. and Lee, H.J., *"Employee perception of CSR activities: Its antecedents and consequences"*, Journal of business research, 66(10), 2013, pp.1716-1724.
227. Leisinger, M. *"Corporate Philanthropy: The Top of the Pyramid"*, Business and Society Review, 112(3), 2007, pp. 315–342.
228. Lewis, M. and L. Algoud, *"Islamic Banking"*, Cheltenham, UK and Northampton, 2001.
229. Liston-Heyes, C. and Ceton, G. *"Corporate social performance and politics"*, 2007.
230. Lunt, S., *"Rethinking Corporate Social Responsibility: An Exploration of Ethics, Morality and Social Legitimacy in the Mining Industry"*, PhD. Thesis, University of Bath, 2001.
231. Luo, Y., *"Political behaviour, social responsibility, and perceived corruption: A structuration perspective"*, Journal of International Business Studies, 37(6), 2006, pp.747-766.

232. Maali, B. Casson, P. and Napier, C., *"Social reporting by Islamic banks"*, Abacus, 42(2), 2006, pp.266-289.
233. Mahon, J., and Wartick, S., *"Dealing with Stakeholders: How Reputation, Credibility and Framing Influence the Game"*, 6(1), 2003, pp.19-35.
234. Maignan, I. and Ferrell, O. *"Corporate citizenship as a marketing instrument- Concepts, evidence and research directions"*, European Journal of Marketing, 35(3/4), 2001, pp.457-484.
235. Maignan, I., Ferrell, O. and Ferrell, L., *"A Stakeholder Model for Implementing Social Responsibility in Marketing"*, 39(9/10), 2005, pp.956-977.
236. Mainardes, E. Alves, H. and Raposo, M., *"Stakeholder theory: issues to resolve"*, Management decision, 49(2), 2011, pp.226-252.
237. Majlis Ash-Shura,  
<https://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/committees/>
238. Majlis Ash-Shura, *Shura in the Kingdom of Saudi Arabia: A Historical Background*,  
<https://www.shura.gov.sa/wps/wcm/connect/ShuraEn/internet/Historical+BG/>
239. Manakkalathil, J. and Rudolf, E. *"Corporate social responsibility in a globalizing market"*, SAM Advanced Management Journal, 60(1), 1995, pp.29.
240. Mandurah, S., Khatib, J. and Al-Sabaan, S., *"Corporate social responsibility among Saudi Arabian firms: An empirical investigation"*, Journal of Applied Business Research, 28(5), 2012, pp.1049.
241. Marrewijk, M. *"Concept and Definitions of CSR and Corporate Sustainability: Between Agency and Communion"*, Journal of Business Ethics, 2003, pp. 105.
242. Marsden, C. *"The Role of Public Authorities in Corporate Social Responsibility"*, 18, 2001, pp. 9.

- 
243. Matten, D. "Why do companies engage in corporate social responsibility? Background, reasons and basic concepts", The ICCA handbook on corporate social responsibility, 3, 2006, pp.28.
244. Matten, D. and Moon, J. "“Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility", Academy of management Review, 33(2), 2008, pp.404-424.
245. McBarnet, D. "Corporate social responsibility beyond law, through law, for law", U. of Edinburgh School of Law Working Paper, 2009.
246. McWilliams, A., Siegel, D., and Wright, P., "Corporate social responsibility: strategic implications", Journal of Management Studies, 43(1), 2006, pp. 1-18.
247. Melé, D. "The view and purpose of the firm in Freeman's stakeholder theory", Philosophy of management, 8(3), 2009, pp.3-13.
248. Miles, M., Munilla, L.S. and Darroch, J., "The role of strategic conversations with stakeholders in the formation of corporate social responsibility strategy", Journal of Business Ethics, 69(2), 2006, pp.195-205.
249. Milne, J. and Gray, R. "W (h)ither ecology? The triple bottom line, the global reporting initiative, and corporate sustainability reporting", Journal of business ethics, 118(1), 2013, pp.13-29.
250. Mirvis, P. "Employee engagement and CSR: Transactional, relational, and developmental approaches", California Management Review, 54(4), 2012, pp.93-117.
251. Mitchell, R., Agle, B., and Wood, D., "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts", Academy of management review, 22(4), 1997, pp.853-886.
252. Mitnick, B. "Systematics and CSR: The theory and processes of normative referencing", Business & Society, 34(1), 1995, pp.5-33.

- 
253. Moir, L. "What do we mean by corporate social responsibility?", *Corporate Governance: The international journal of business in society*, 1(2), 2001, pp.16-22.
254. Morgan, G. and L. Smircich, "The case for qualitative research", *Academy of management review*, 5(4), 1980, pp.491-500.
255. Mosley, D. Pietri, P.H. and Megginson, L.C., "Management, leadership in action", HarperCollins College Publishers, 1996.
256. Munilla, L. and Miles, M. "The corporate social responsibility continuum as a component of stakeholder theory", *Business and society review*, 110(4), 2005, pp.371-387.
257. Murphy, D. "Taking multinational corporate codes of conduct to the next level", *Colum. J. Transnat'l L.*, 43, 2004, pp.389.
258. Murray, K. and Vogel, C. "Using a hierarchy-of-effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: Financial versus nonfinancial impacts", *Journal of Business Research*, 38(2), 1997, pp.141-159.
259. Musibah, A. and Alfattani, W., "The Mediating Effect of Financial Performance on the Relationship between Shariah Supervisory Board Effectiveness, Intellectual Capital and Corporate Social Responsibility, of Islamic Banks in Gulf Cooperation Council Countries", *Asian Social Science*, 10(17), 2014, pp.139.
260. Musnad Ahmad, Hadith
261. Nalband, N. and Al-Amri, M., "Corporate social responsibility: Perception, practices and performance of listed companies of Kingdom of Saudi Arabia", *Competitiveness Review: An International Business Journal*, 23(3), 2013, pp.284-295.
262. Nasrullah, N., and Rahim, M., "Understanding of CSR and its standards. In *CSR in Private Enterprises in Developing Countries*", Springer, Cham, 2014, pp. 11-40.

263. Neergaard, P., Jensen, E.C. and Pedersen, J.T., *"Barriers and success factors in the establishment and continuous development of NGO-business partnerships in Denmark"*, CBS Center for Corporate Social Responsibility, 2009.
264. Noronha, C. and Wang, S., *"Corporate Social Disclosure and Performance Gap: Greenwashing Foxconn's Shenzhen Factories"*, Corporate Social Disclosure 59, 2015, pp. 59-86.
265. Norton, A., *"The Geopolitics of the Sunni-Shia Rift"*, Regional Insecurity After the Arab Uprisings, 2015, pp.129-148.
266. Nourafchan, N. *"Apartheid, profits, and corporate social responsibility: A case study of multinational corporations in Saudi Arabia"*, Dartmouth LJ, 9, 2011, pp.1.
267. Novak, M. *"Business as a Calling: Work and the Examined Life"*, The Free Press, New York, NY, 1996.
268. O'Rourke, D. *"Outsourcing regulation: Analysing nongovernmental systems of labour standards and monitoring"*, Policy Studies Journal, 31(1), 2003, pp.1-29.
269. O'Riordan, L. and Fairbrass, J., *"Corporate Social Responsibility (CSR): Models and Theories in Stakeholder Dialogue"*, Journal of Business Ethics, 83(4), 2008, pp.745-758.
270. OECD, *"Guidelines for Multinational Enterprises"*, 2000
271. Oppenheimer, M., *"'We All Did Voluntary Work of Some Kind': Voluntary Work and Labour History"*, 2001, pp.1-11.
272. Orlitzky, M. and Swanson, D., *"Assessing Stakeholder Satisfaction: Toward a Supplemental Measure of Corporate Social Performance As Reputation"*, Corporate Reputation Review, 15(2), 2012, pp.119-137.
273. Orlitzky, M. and Swanson, D., *"Corporate Social Performance, Stakeholder Satisfaction, and Generalizability Theory"*, Toward Integrative Corporate Citizenship, 2008, pp.192-211.

- 
274. Orlitzky, M., "*Corporate Social Performance and Financial Performance*", Oxford Handbooks Online, 2009.
275. Österman, C. "*Why companies engage in CSR*", 2014.
276. Owen, G., Kirchmaier, T., and Grant. J., "*Corporate Governance in the US and Europe: Where Are We Now?*", Corporate Governance in the US and Europe, 2006, pp. 1-20.
277. Paino, H. Bahari, A.B. and Bakar, R.A., "*Shariah, social responsibilities and corporate governance of the Islamic banks in Malaysia*", European Journal of Social Sciences, 23 (3), 2011, pp. 382- 391.
278. Parvez, Z. "*Building a new society: An Islamic approach to social change*", Revival, 2008.
279. Patton, M. "*Qualitative research & evaluation methods*", California: Sage Publications Incorporated, 2001, pp. 503-504.
280. Pedersen, E. "*Modelling CSR: How managers understand the responsibilities of business towards society*", Journal of Business Ethics, 91(2), 2010, pp.155-166.
281. Peterson, D. "*The relationship between perceptions of corporate citizenship and organizational commitment*", 2004.
282. Phillip, H. "*The Tripartite Declaration of Principles Concerning Multinational Enterprises*", in Rammon Mullerat (ed)", Corporate Social Responsibility: The Corporate Governance of the 21st Century, 2005, pp. 217.
283. Piacentini, M., MacFadyen, L. and Eadie, D., "*Corporate social responsibility in food retailing*", International Journal of Retail and Distribution Management 28(10): 2000, pp. 459–469.
284. Piercy, N. and Nikala, L., "*Corporate social responsibility: impacts on strategic marketing and customer value*", The Marketing Review, 9(4), 2009, pp. 335-360.

285. Pinkston, T., and Carroll, A., "*A Retrospective Examination of CSR Orientations: Have They Changed?*", *Journal of Business Ethics*, 1996, pp. 199-206.
286. Polonsky, M., "*A stakeholder theory approach to designing environmental marketing strategy*", *Journal of business & industrial marketing*, 10(3), 1995, pp.29-46.
287. Pope Francis (2016) *Evangelii Gaudium*, Available at [w2.vatican.va/content/francesco/en/apost\\_exhortations/documents/papa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium.html](http://w2.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html)
288. Porter, E. and Kramer, R. "*The Competitive Advantage of Corporate Philanthropy*", *Harvard Business Review*. 80, 2002, pp. 56-65.
289. Porter, M. and Kramer, M. "*Strategy and society: the link between corporate social responsibility and competitive advantage*", *Harvard business review*, 84(12), 2006, pp.78-92.
290. Porter, M. and Kramer, M. "*The link between competitive advantage and corporate social responsibility*", *Harvard business review*, 2006.
291. Power, M. "*The risk management of everything*", *The Journal of Risk Finance*, 5(3), 2004, 58-65.
292. Preston, L. and Post, J. "*Private Management and Public Policy. The Principle of Public Responsibility*", (Prentice Hall, Englewood Cliffs, NJ), 1975.
293. Preston, L., and Post, J., "*Private Management and Public Policy: the Principle of Public Responsibility*", Stanford Business Books, 2013.
294. Pritchard, K. and Whiting, R. "*Autopilot? A reflexive review of the piloting process in qualitative e-research*", *Qualitative Research in Organizations and Management: An International Journal*, 7(3), 2012, pp. 338.

295. Pulitzer, J. , *"Role of Media in Corporate Social Responsibility and Sustainable Development"*, Property of UNDP/UNV and the New Academy of Business, 2003, pp. 1-9.
296. Quazi, A. *"Identifying the determinants of corporate managers' perceived social obligations"*, Management Decision, 41(9), 2003, pp.822-831.
297. Ramadan, T., *"Western Muslims and the future of Islam"*, Oxford University Press, 2003.
298. Rasche, A. and Kell, G. *"The United Nations global compact: Achievements, trends and challenges"*, Cambridge University Press, 2010.
299. Redington, I. *"Making CSR Happen: e Contribution of People Management"*, London, UK: Chartered Institute of Personnel and Development, 2005.
300. Reynolds, S., Schultz, F.C. and Hekman, D.R., *"Stakeholder theory and managerial decision-making: Constraints and implications of balancing stakeholder interests"*, Journal of Business Ethics, 64(3), 2006, pp. 285-301.
301. Rice, G. *"Islamic ethics and the implications for business"*, 1999.
302. Rice, G., *"Islamic ethics and the implications for business"*, Journal of business ethics, 18(4), 1999, pp. 345-358.
303. Richardson, R., *"The equator principles: The voluntary approach to environmentally sustainable finance"*, European Environmental Law Review, 14 (11): 2005, pp. 280-290.
304. Riege, A. *"Validity and reliability tests in case study research: a literature review with "hands-on" applications for each research phase"*, Qualitative Market Research: An International Journal, 6(2), 2003, pp. 75-86.
305. Riles A, *"Casting Off, and Reclaiming, the Weberian Tradition: Comparative Law and Socio-Legal Studies"*, SSRN Electronic Journal, 2005.



306. Ritchie, J. Lewis, J., Nicholls, C.M. and Ormston, R. eds., *"Qualitative research practice: A guide for social science students and researchers"*, Sage, 2013.
307. Riyad bank, *"Riyad Bank Launches Treasury and Credit Program in collaboration with Saudi Industrial Development Fund"*, 2016.  
<https://www.riyadbank.com/en/information/media-centre/press-releases/2016/14-11-2016>
308. Riyadh Chamber of Commerce, *"The experience of the Kingdom of Saudi Arabia in strengthening the foundations of social responsibility"*, 2009.
309. Robertson, C., Al-Khatib, J. and Rasheed, M.F., *"A cross-national analysis of corporate citizenship: Saudi Arabia vs. the United States"*, Journal of Managerial Issues, 2013, pp.284-298.
310. Rogaly, B., and Fisher, T., *"Poverty, Social Exclusion and Microfinance in Britain"*, Oxfam Publishing, Oxford, 1999.
311. Rondinelli, D., and Berry, M., *"Environmental citizenship in multinational corporations: social responsibility and sustainable development"*, European Management Journal, 18(1), 2000, pp.70-84.
312. Ruf, B., Muralidhar, K., Brown, R.M., Janney, J.J. and Paul, K., *"An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective"*, Journal of business ethics, 32(2), 2001, pp.143-156.
313. Ruggie, J. *"Business and human rights: the evolving international agenda"*, The American Journal of International Law, 101(4), 2007, pp.819-840.
314. Ruggie, J. *"Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework"*, Netherlands Quarterly of Human Rights, 29(2), 2011, pp. 224-253.

315. Ruggie, J. and Des Nations, P. *"Guiding Principles on Business and Human Rights: Implementing the UN "Protect, Respect and Remedy" Framework"*, Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, 2011.
316. Rupp, D., Ganapathi, J., Aguilera, R.V. and Williams, C.A., *"Employee reactions to corporate social responsibility: An organizational justice framework"*, Journal of organizational Behaviour, 27(4), 2006, pp.537-543.
317. Sacconi, L. *"A social contract account for CSR as an extended model of corporate governance (I): Rational bargaining and justification"*, Journal of Business Ethics, 68(3), 2006, pp.259-281.
318. Sacconi, L., *"A wider enterprise governance and value for all the stakeholders"*, In Convegno ABI, Forum CSR, Roma (2930), 2008.
319. Sahih Muslim 1512 a, Book 10, Hadith 3613
320. Salim, D., *"The Transnational and the Local in the Politics of Islam The Case of West Sumatra"*, Indonesia, Springer International Publishing, 2015.
321. SAMA, Consumer Protection department, Banking Consumer Protection Principles, 2013. <http://www.sama.gov.sa/en-US/Laws/ConsumerProtectionRules/Banking%20Consumer%20Protection%20Principles.pdf>
322. Sarker, A. *"Regulation of Islamic banking in Bangladesh: role of Bangladesh bank"*, International Journal of Islamic Financial Services, 2(1), 2000, pp.67.
323. Saudi Arabia Responsible Competitiveness Index, SARCI report, 2009, [https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other\\_9\\_SARCI\\_january\\_09.pdf](https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/other_9_SARCI_january_09.pdf)
324. Saudi Arabian General Investment Authority, *"CSR in Saudi AND Globally: Key challenges, opportunities and best practices"*, Report of First Leadership Dialogue

- hosted by: Harvard Kennedy School CSR Initiative, Saudi Arabian General Investment Authority, King Khalid Foundation, 2008, pp.1-34.
325. Saudi Arabian General Investment Authority, <https://www.sagia.gov.sa/en/Pages/default.aspx>;
326. Saudi Arabian Monetary Agency, "*Fifty First Annual Report, Government of Saudi Arabia*", 2015, [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf)
327. Saudi Arabian Monetary Agency, "*Principles of Corporate Governance for Banks Operating in Saudi Arabia*", 2014, [http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20\(النسخة%20النهائية\).pdf](http://www.sama.gov.sa/ar-sa/Laws/BankingRules/Corporate%20Governance%20%2024-2-2014%20(النسخة%20النهائية).pdf)
328. Saudi Vision 2030, [http://vision2030.gov.sa/sites/default/files/NTP\\_En.pdf](http://vision2030.gov.sa/sites/default/files/NTP_En.pdf) , 2016.
329. Saunders, M. "*Research methods for business students*", 5<sup>th</sup> ed., Pearson Education India, 2011, pp. 588.
330. Scherer, A., Palazzo, G., and Baumann, D., "Global Rules and Private Actors: Toward a New Role of the Transnational Corporation in Global Governance", *Business Ethics Quarterly*, 16(4), 2006, pp.505-532.
331. Schmitt, D. "*CSR practices across four sectors: a synthesis of the surveys*", *Corporate Social Responsibility in Europe: Rhetoric and Realities*, 2009, pp.124-129.
332. Scholtens, B. "*Finance as a driver of Corporate Social Responsibility*", *Journal of Business Ethics*. 68(1), 2006, pp.19-33.
333. Schwartz, S., and Carroll, A., "*Corporate social responsibility: A three-domain approach*", *Business Ethics Quarterly*, 13(4), 2003, pp. 503-530.
334. Seitanidi, M. "*Corporate Social Responsibility and the Non-Commercial Sector*", *New Academy Review*, 3 (4), 2005, pp.60-72.

- 
335. Seitanidi, M. and Ryan, A., "A critical review of forms of corporate community involvement: from philanthropy to partnerships", *International Journal of Nonprofit and Voluntary Sector Marketing*, 12(3), 2007, pp.247-266.
336. Selsky, J. and Parker, B. "Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice", *Journal of Management*, 31(6), 2005, pp.1-25.
337. Sethi, S., "A conceptual framework for environmental analysis of social issues and evaluation of business response patterns", *Academy of Management Review*, 4(1), 1979, pp.63-74.
338. Sethi, S., "Setting global standards: Guidelines for creating codes of conduct in multinational corporations", John Wiley & Sons, 2003.
339. Seymour, R., and Wallace, D. eds., "Transnational Corporations and National Law, United Nations Library on Transnational Corporations", Rutledge, London-New York, 19, 1994, pp. 1-2.
340. Shamim, M. and Karim, N., "Corporate social responsibility: contemporary thought and Islamic perspectives", *Thoughts on Economics*, 21(1), 2010, pp.45-66.
341. Shehadi, R., Ghazaly, S., Jamali, D., Jamjoom, M. and Insight, I.C., "The Rise of Corporate Social Responsibility A Tool for Sustainable Development in the Middle East", *International Journal of Business and Management*, 11(1), 2013, pp. 54.
342. Shocker, A. and Sethi, S. "An approach to incorporating societal preferences in developing corporate action strategies", *California Management Review*, 15(4), 1973, pp.97-105.
343. Siddiqi, M. "The economic enterprise in Islam", Delhi: Markazi Maktaba Islami, (54), 1972.
344. Silverman, D. "Interpreting qualitative data", London: Sage Publications Limited, 2011, pp. 369.

- 
345. Simpson, M., Taylor, N. and Barker, K., *"Environmental responsibility in SMEs: does it deliver competitive advantage?"*, Business strategy and the environment, 13(3), 2004, pp.156-171.
346. Singer, M. *"The golden rule. Philosophy"*, 38(146), 1963, pp. 293-314.
347. Siwar, C. and Hossain, M. *"An analysis of Islamic CSR concept and the opinions of Malaysian managers"*, Management of Environmental Quality: An International Journal, 20(3), 2009, pp. 290-298.
348. Skouloudis, A., Evangelinos, K., Nikolaou, I. and Filho, W.L., *"An overview of corporate social responsibility in Greece: perceptions, developments and barriers to overcome"*, Business Ethics: A European Review, 20(2), 2011, pp.205-226.
349. Smith, J., Chen, J. and Liu, X., *"Language and rigour in qualitative research: problems and principles in analysing data collected in Mandarin"*, BMC Medical Research Methodology 8(1), 2008, pp. 44.
350. Smith, S., and Alcorn, D., *"Cause marketing: a new direction in the marketing of corporate responsibility"*, Journal of Consumer Marketing, 8(3), 1991, pp.19-35; P. Ellen, et al., *"Charitable programs and the retailer: do they mix?"*, Journal of retailing, 76(3), 2000, pp.393-406.
351. Snider, J., Hill, R.P. and Martin, D., *"Corporate Social Responsibility in the 21st Century: A View from the World's Most Successful Firms"*, Journal of Business Ethics. 48, 2003, pp. 175-187.
352. Soana, M., *"The relationship between corporate social performance and corporate financial performance in the banking sector"*, Journal of business ethics, 104(1), 2011, pp.133.
353. Staikouras, P., *"Regulating Insider Trading and Market Manipulation in Greece: Normative Transplants and Conceptual Confusion"*, YB Int'l Fin. & Econ. L., 5, 2000, pp.451.

- 
354. Steidlmeier, P. *"People and Profits: The Ethics of Capitalism"*, Prentice Hall Inc., 1992.
355. Steurer, R., *"The role of governments in corporate social responsibility: Characterising public policies on CSR in Europe"*, Policy Sciences, 43(1), 2010, pp.49-72.
356. Suchman, M. *"Managing legitimacy: Strategic and institutional approaches"*, Academy of management review, 20(3), 1995, pp.571-610.
357. Suddaby, R., *"From the editors: What grounded theory is not"*, Academy of management journal, 49(4), 2006, pp. 213.
358. Sulaiman, M. and Willett, R., *"Using the Hofstede-Gray framework to argue normatively for an extension of Islamic Corporate Reports"*, Malaysian Accounting Review, 2(1), 2003, pp.82-105.
359. Sullivan, R., and Robinson, M., *"Business and human rights: dilemmas and solutions"*, Routledge, 2017.
360. Sunan Ibn Majah Vol. 3, Book 16, Hadith 2443
361. Suto, M., and Takehara, H., *"The Link between Corporate Social Performance and Financial Performance: Empirical Evidence from Japanese Firms"*, International Journal of Corporate Strategy and Social Responsibility, 1(1), 2016, pp.4-25.
362. Tamkeen, *"The Evolution of CSR in Saudi Arabia: The Challenging Landscape"*, 2010, pp.1-18.
363. The Basic Law of Government
364. The Global Competitiveness Report, World Economic Forum, 2017–2018, <http://alianciapas.sk/wp-content/uploads/2017/09/TheGlobalCompetitivenessReport2017–2018.pdf>
365. The OECD Guidelines for Multinational Enterprises

366. The United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.
367. Thompson, P. and Cowton, C., “*Bringing the environment into bank lending: implications for environmental reporting*”, The British Accounting Review, 36(2), 2004, pp. 197-218.
368. Tichy, N., McGill, A., and Clair, L., “*Corporate Global Citizenship: Doing Business in the Public Eye*”, New Lexington Press, 1997.
369. Tilling, M. “*Refinements in legitimacy theory in social and environmental accounting*”, School of Commerce, Flinders University, 2004.
370. Towards Binding Corporate Accountability, Friends of the Earth International briefing paper, 2005.  
[http://www.foe.co.uk/sites/default/files/downloads/corporate\\_accountability1.pdf](http://www.foe.co.uk/sites/default/files/downloads/corporate_accountability1.pdf)
371. Transparency International, Corruption Perceptions Index, 2016.  
[https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)
372. Trebucq, S., and D'arcimoles C., “*The Corporate Social Performance-Financial Performance Link: Evidence from France*”, SSRN Electronic Journal, 2002.
373. Tse, T., “*Shareholder and stakeholder theory: after the financial crisis*”, Qualitative Research in Financial Markets, 3(1), 2011, pp.51-63.
374. Tuncalp, S., “*The marketing research scene in Saudi Arabia*”, European Journal of Marketing, 22(5), 2007, pp. 15-22.
375. Turker, D. “*How corporate social responsibility influences organizational commitment*”, Journal of Business Ethics, 89(2), 2009, pp.189.
376. Ullah, S., and Jamali, D., “*Institutional investors and corporate social responsibility: the role of Islamic financial institutions*”, International review of business research papers, 6(1), 2010, pp.619-630.

377. UN Human Rights Council, "*Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development*", note / by the United Nations High Commissioner for Human Rights, 17 November 2008, A/HRC/10/24, available at: <http://www.refworld.org/docid/49a5223b2.html>
378. United Nation Global Compact, United Nation, New York, 2000, [http://www.aeca.es/comisiones/rsc/documentos\\_fundamentales\\_rsc/pactomundial/after\\_the\\_signature.pdf](http://www.aeca.es/comisiones/rsc/documentos_fundamentales_rsc/pactomundial/after_the_signature.pdf)
379. United Nations Global Compact, 2004
380. United Nations Industrial Development Organisation (UNIDO), Survey of Small and Medium Enterprises in the Global Compact, 2004.
381. United Nations, Global Compact, [https://www.unglobalcompact.org/system/attachments/16882/original/UNGC\\_2011.pdf?1343898163](https://www.unglobalcompact.org/system/attachments/16882/original/UNGC_2011.pdf?1343898163)
382. Utting, P. "*Business responsibility for sustainable development*", (2), Geneva, Occasional Paper, 2000.
383. Utting, P. "*Re-thinking business regulation: from self-regulation to social control*", Programme paper Technology. Business and Society, Paper, (15), 2005.
384. Van der Laan, G., Van Ees, H. and Van Witteloostuijn, A., "*Corporate social and financial performance: An extended stakeholder theory, and empirical test with accounting measures*", Journal of Business Ethics, 79(3), 2008, pp.299-310.
385. Van Marrewijk, M. "*Concepts and definitions of CSR and corporate sustainability: between agency and communion*", Journal of Business Ethics 44, 2003, pp. 95-105.
386. Visser, W., "*Revisiting Carroll's CSR pyramid*", Corporate citizenship in developing countries, 2006, pp.29-56.
387. Vogel, D. "*The Market for Virtue*", Washington, D.C.: Brookings Institution Press, 2005, pp.56.



388. Vuontisjärvi, T., *"Modernisation of the European Social Model and Corporate Social Responsibility: A Critical Analysis of Finnish Companies"*, PhD diss., University of Sunderland, 2004.
389. Waddock, S., *"Building successful social partnerships"*, MIT Sloan Management Review, 29(4), 1988, pp.17.
390. Waddock, S., *"Understanding Social Partnerships. An Evolutionary Model of Partnership Organisations"*, Administration & Society, 21(1), 1989, pp. 78-100;
391. Waddock, S., and M. Boyle, *"The dynamics of change in corporate community relations"*, California Management Review, 37(4), 1995, pp.125-140.
392. Waddock, S., and McIntosh, M., *"Beyond Corporate Responsibility: Implications for Management Development"*, Business and Society Review, 114(3), 2009, pp.295-325.
393. Warde, I., *"Islamic Finance in the Global Economy"*, Edinburgh University Press, 2008.
394. Warhurst, A., *"Corporate Citizenship and Corporate Social Investment"*, Journal of Corporate Citizenship, 1(1), 2001, pp.57-73.
395. Weaver, G. Trevino, L.K. and Cochran, P.L., *"Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices"*, Academy of Management Journal, 42(5), 1999, pp.539-552.
396. Weber, O. and Remer, S., *"Social banking: introduction"*, Social Banks and the Future of Sustainable Finance, 2011, pp.1-14.
397. Weiss, J., *"Business Ethics A Stakeholder and Issues Management Approach"*, Berrett-Koehler Publishers, 2014.
398. Weissbrodt, D. and Kruger, M., *"Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights"*, American journal of international law, 97(4), 2003, pp.901-922.

399. Werther, J., and Chandler, D., *"Strategic corporate social responsibility as global brand insurance"*, Business Horizons, 48(4), 2005, pp.317-324.
400. Werther, W., and Chandler, D., *"What is corporate social responsibility"*, Strategic corporate social responsibility: stakeholders in the global environment, 2006, pp.15-19.
401. Whitehouse, L. *"Corporate social responsibility, corporate citizenship and the global compact: a new approach to regulating corporate social power?". Global Social Policy*", 3(3), 2003, pp.299-318.
402. Whitehouse, L. *"Corporate social responsibility: Views from the frontline"*, Journal of Business Ethics, 63(3), 2006, pp.279-296.
403. Whysall, P. *"Addressing ethical issues in retailing: a stakeholder perspective"*, The International Review of Retail, Distribution and Consumer Research, 10(3), 2000, pp.305-318.
404. Wiedmann, T., and Lenzen, M., *"Triple-Bottom-Line Accounting of Social, Economic and Environmental Indicators - A New Life-Cycle Software Tool for UK Businesses"*, Third Annual International Sustainable Development Conference, Sustainability – Creating the Culture, Perth, Scotland, 15-16 November 2006.
405. Wilenius, M., *"Towards the age of corporate responsibility? Emerging challenges for the business world"*, Futures, 37(2-3), 2005, pp.133-150.
406. Willetts, P. *"What is a non-governmental organization?"*, 2002.
407. Williams, A. *"Linking the environmental and social dimensions of corporate social responsibility the centre for business relationships, accountability"*, Centre for Business Relationships, Accountability, Sustainability & Society, Cardiff University, 2003, pp. 1-23.
408. Williams, G. and Zinkin, J. *"Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact"*, Journal of Business Ethics, 91(4), 2010, pp.519-533.

- 
409. Williams, G. and Zinkin, J. *“Doing business with Islam: can corporate social responsibility be a bridge between civilisations?”*, 2005.
410. Wood D, *“Corporate Social Performance Revisited”*, Academy of Management Review, 16(4), 1991, pp.691-718.
411. Wood, D. & Jones, R. *“Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance”*, The International Journal of Organizational Analysis, 3(3), 1995, pp.229-267.
412. Woodward, D., Edwards, P. and Birkin, F., *“Some Evidence on Executives’ Views of Corporate Social Responsibility”*, British Accounting Review. (33), 2001, pp. 357-397.
413. Woodward, D., Edwards, P., & Birkin, F. *“Organizational legitimacy and stakeholder information provision”*, British Journal of Management, 7(4), 1996, pp.329-347.
414. Wu, L., *“Impact Factors of Corporate Social Responsibility (CSR) Information Disclosure Based on Previous Empirical Studies”*, Information Science and Management Engineering, 2013.
415. Xiaoyong, H. *“Corporate codes of conduct and labour related corporate social responsibility: analysing the self-regulatory mechanisms of multinational enterprises and their impacts to developing countries”*, 2006.
416. Yamak, S., *“state as a stakeholder”*, Corporate Governance, 5(2), 2005, pp. 111-120.
417. Yin, R., *“Case study research: Design and methods”*, California: Sage Publications, Incorporated, 2009, pp. 1-3.
418. Yin, R., *“Qualitative research from start to finish”*, New York: Guilford Press, 2010.

- 
419. Young, B., *"Religion and Enlightenment in Eighteenth Century England: Theological Debate from Locke to Burke"*, 1998.
420. Yuen, K. and Lim, J. *"Barriers to the Implementation of Strategic Corporate Social Responsibility in Shipping"*, The Asian Journal of Shipping and Logistics, 32(1), 2016, pp.49-57.
421. Zairi, M. and Peters, J. *"The impact of social responsibility on business performance"*, Managerial Auditing Journal, 17(4), 2002, pp.174-178.
422. Zappi, G. *"Corporate responsibility in the Italian banking industry: creating value through listening to stakeholders"*, Corporate Governance: The international journal of business in society, 7(4), 2007, pp.471-475.
423. Zehri, F. and Mbarek, N. *"Banks' Performance in KSA during Financial Distress: A Comparative Study Islamic and Conventional Banks"*, Arabian J Bus Manag Review S1:009, 2016.
424. Zinkin, J. *"Islam and CSR: A study of the compatibility between the tenets of Islam, the UN global compact and the development of social, human and natural Capital"* CSR and Environmental Management, 14(4), 2007, pp. 206-218.
425. Zubairu, U., Sakariyau, O.B. and Dauda, C.K., *"Social reporting practices of Islamic banks in Saudi Arabia"*, International Journal of Business and Social Science, 2(23), 2011.