



## International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 22 • 2017

### Emerging Dimensions of CSR: A Descriptive Study of Saudi Arabian Banks

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#### ABSTRACT

Social responsibility of the business refers to what business does over and above the statutory requirement for the benefit of the society. The word responsibility connotes need for business organisation to undertake certain moral responsibility in the uplift of the organisation. In the last 20 years Multinationals have played a key role in defining markets and influencing the behaviour of a large number of consumers. The rules of corporate governance have changed too and there has been a range of reactions to this change. On one hand globalisation and liberalisation have provided a great opportunity for corporations to be globally competitive by expanding their product base on the other they have also made the corporate focus on social responsibility not as a cost factor but a avenue to create corporate value. The present study aims to study the role of the Saudi Arabian banking sector in creation of this value.

**Keywords:** Corporate Social Responsibility, Corporate Governance, Islamic Principles, Social Entrepreneurship, Youth Engagement, , Community Development, Women Empowerment, sustainability.

CSR is being increasingly considered as a priority objective of global corporations and one that needs to be a part of corporate strategies, processes, and culture (Engen & Di Piazza, 2005;Matten & Moon, 2008; Schuler & Jackson, 2006 as quoted in Garavan and Mac Guire). One of the earliest works in the area of CSR is by Khan and Atkinson 1987 wherein they consider CSR essentially a concept whereby companies voluntarily contribute to a better society and cleaner environment. Though an abundance of literature is found in the area of CSR an absence is noticed in the methodology required to operationalise the theory into concrete practice. (Meehan, Meehan and Richards 2006 as quoted in Garavan and Mac Guire) As organizations around the globe continue to restructure, downsize, and reshape the social contract through

varied, short-term employment contracts, concerns arise regarding the appropriate actors and ethical spaces of CSR (K Ramesh and C Praseeda). The demand for the implementation of an affirmative action policy in the corporate sector is gradually acquiring greater support and simultaneously strident opposition (Sekhar and Praseeda, 2006).

In the development of corporate ethics, we have reached a stage where the question of the social responsibility of business to the community can no longer be scoffed at or taken lightly. In the environment of modern economic development the corporate sector no longer functions in isolation. If the plea of the companies that they are fulfilling a social purpose in the development of the country is to be accepted it can only be judged by the test of social responsiveness shown to the needs of the community by the business community in general and individual organisation in specific. The business organisation must function as a responsible member of the society. It cannot set aside moral values nor can it ignore ethical compulsions. The need of the hour is for some focus of accountability on the part of the management of the business organisations, which is not limited to share holders alone. In modern times, the objective of the business has to be proper utilisation of resources for the benefit of others and not just dwell on profit maximisation. Profit is a necessary result of the entrepreneurial venture but not its primary and sole purpose. This implies that the claims of various interests have to be balanced not on the narrow ground of what is best for the shareholders alone but also from the point of view for the community at large. The company must accept its obligation to be socially responsible and to work for the larger benefit of the community. (Sachar Committee, 1978).

Social responsibility of the business refers to what business does over and above the statutory requirement for the benefit of the society. The word responsibility connotes need for business organisation to undertake certain moral responsibility in the uplift of the organisation. The term corporate citizenship is also commonly used to refer the role played by organisations to fulfill the social obligations by adopting a model code of conduct, which inspires investor and social confidence. This implies that the corporate is also an integral part of the society and that their behaviour shall be guided by certain social norms.

The operations of business enterprises affect a wide spectrum. The resources they make use of are not limited to those of the proprietors and the impact of their operations is also borne by people who are no way connected with the enterprise. The shareholders, the suppliers of resources, the consumers, the local community and society at large are affected by the way an enterprise functions. Hence a business enterprise has to be socially responsive so that a social balance may be struck between the opposing interests of these groups.

CSR is described as a multidimensional construct comprising initiatives undertaken by a company into four broad domains:

- the natural environment (e.g., environmentally friendly products and hazardous waste management),
- the treatment of employees (e.g., profit sharing and union based diversity record and initiatives),
- customers, product (e.g., product safety),

Corporate social responsibility (CSR) can be described as an approach by which a company-

1. Recognises that its activities have a wider impact on the society and the development in the society which, in turn supports the company to pursue its business successfully

2. It actively manages the economic social environmental and human rights impact of its activities.

In the last 20 years Multinationals have played a key role in defining markets and influencing the behaviour of a large number of consumers .The rules of corporate governance have changed too and there has been a range of reactions to this change .On one hand globalisation and liberalisation have provided a great opportunity for corporations to be globally competitive by expanding their product base on the other they have also made the corporate focus on social responsibility not as a cost factor but a avenue to create corporate value. This unprecedented growth of MNC's has been protested by labourers, marginalised consumers environmental activists and social activists. The burgeoning revolution in communication technology and the effectiveness of knowledge based economies have created a new model of business and corporate governance A growing awareness about the need for the social responsibility and the new economy framework have paved the way for the new generation of business leaders concerned about the response of the community (Justin Paul 2008)

There are three emerging perspectives pertaining to corporate social responsibility

**Reputation Capital:** New business strategy to reduce investment risks and to maximise profits by taking all the key stake holders into confidence. This may also be described as a bid to undertake comparatively socially responsible investment (SRI).

**Eco Societal perspective:** Social and environmental stability and sustainability are two important pre-requisites for the sustainability of the market

**Optimisation of profits rather than the maximisation of profits:** There are shift in the orientation from accountability of shareholders to accountability to stake holders (employees, consumers, and affected communities). (Justin Paul 2008)

Along with innovation at conceptualization and implementation, organisations are now undertaking greater evaluation and stricter accountability and transparency norms. Evaluating the programme essentially answers the question “what good did we do?” Evaluating programmes, based on internationally accepted formats provide feedback for correction and based on that public disclosure is done.

A very important aspect of CSR is the reporting practices that corporate adhere to inform their key internal and external stakeholders of social responsibility practices. In the recent past, several indicators such as the Global Reporting Initiatives, guidelines and sustainability reporting have been developed. Sustainability Reporting (SR) frameworks help the companies conform to the global standards of disclosures for maintaining transparency with regard to its operations and value chain and ensuring accountability towards its internal and external stakeholders. All the above mentioned forms of responsibility can be classified into three broad areas that are political social and economical responsibilities of the business. The present paper is an attempt to examine the extent to which the nascent corporate sector is adhering to the norms of social responsibility.

## 1. CSR – A REVIEW

Bernadette, M. Ruf, Krisnamurthy Muralidhar and Karen (1998) in their study **The Development of a Systematic, Aggregate Measure of Corporate Social performance**, propose a methodology for

developing a systematic, aggregate measure of Corporate Social performance (CSP), adapting information from both the social issues and management science literature. The proposed measure provides the ability to incorporate independent assessments of performance on different dimensions of CSP and the ability to incorporate value judgments of the stakeholders. This measure uses a management science technique called the Analytic Hierarchy Process (AHP). The methodology itself is independent of the parameters being used, namely, dimensions of social performance, the stakeholders, and the independent assessments, and can be easily adapted for particular specifications of the parameters.

In this article, **Issues in the Use of the Event Study Methodology: A Critical Analysis of Corporate Social Responsibility Studies, (1999)** the authors Abigail McWilliams, Donald Siegel and Siew Hong Teoh study the use of event study methodology, as applied in management research. To illustrate the importance of these issues, they examine five published studies that estimate the effect of CSR decisions on firm performance. These five studies all examine the same issue, divestment of South African assets during the apartheid controversy, but report conflicting results. Therefore, an in-depth analysis of these studies offers fertile ground for examining methodological issues. The article begins with a brief description of the methodology, followed by a discussion of the use of event studies in management research. Next it points out the inconsistencies in the direction and magnitude of the reported abnormal stock price returns in the South African divestment studies. This leads us to consider how these contradictory results might arise. The aim of the study is to provide general guidance on the use of event studies, especially in the area of CSR.

Backhaus, Stone and Heiner (2002) in their article **Exploring Relationship Between Corporate social performance and Employer Attractiveness**, define Corporate social performance (CSP) as a “a business organization’s configuration of principles of social responsibility, processes of social responsiveness and policies, programs, and observable outcomes as they relate to the firm’s societal relationships”. CSP is a multidimensional construct, encompassing organizational activities related to treatment of employees, the natural environment, workplace diversity, customers, product, and other issues. The article focuses on the Stakeholder theory which suggests that organizations must be responsive to the competing demands of those who hold a stake in the organization. Employees are among the important stakeholders identified in CSP research.

Roberts (2003) in his article **The manufacture of Corporate Social Responsibility** focuses on the institutional shifts that have heightened the scrutiny to which business is subject. The article studies the response of the corporate to the demand for CSR in terms of development of ethical codes, with associated internal communication and training, and, for some organizations, a move to the production of social and environmental reports as a complement to their financial accounts. The author has identified and delineated four different versions of the manufacture of corporate social responsibility. The first, negative, case suggests that ethical sensibility is routinely occluded in the way that exclusively financial interests, advertised and enforced by disciplinary processes both within and beyond the corporate hierarchy, have the effect of rendering us defensively or assertively preoccupied with the self. The second, more positive, form of corporate social responsibility is termed the ethics of narcissus. Stimulated by new forms of negative external visibility, the corporate response has been to seek to manufacture the appearance of its own goodness through the production of corporate ethical codes and new forms of social and environmental reports. The third form of the attempt to manufacture corporate social responsibility seeks to give more

than local reach to sincere moral sensibility within the corporation through the creation of new forms of internal social and environmental controls, with associated rewards and incentives, as a complement to existing management accounting. The final form suggests the necessity and potential of a dialogue across the corporate boundary with those most vulnerable to the effects of corporate conduct.

Haas, (2003), **Toward An “Ethic Of Futurity”**: **Corporate Social Responsibility in the Age of the Risk Society**, focuses on the development of a corporation’s moral imagination, or its ability to “envision the potential help and harm that are likely to result from a given action” , the study therefore tries to focus on the moral consciousness of an organization which would lead it to adopt employee friendly and environment friendly policies, which indirectly contribute to the CSR of an organization.

The author further argues that the approaches to corporate social responsibility no longer offer adequate ethical guidance for specifying how a corporation should interact with its stakeholders. Drawing on the German sociologist Ulrich Beck’s (1992, 1999) work on the risk society and other sources, the author presents an alternative “ethic of futurity,” which posits that the form of corporation-stakeholder interaction should be commensurate with the anticipated effects of the corporation’s actions on stakeholders.

Reis, Betton and Pena ( 2004), in their article **Corporate Social Responsibility: Is It High Noon for a New Paradigm**, consider CSR a part of the traditional external affairs function of the organization. External affairs traditionally has three functions: public relations, corporate environmental planning and governmental relations. Later the function of corporate social policy was added to address issues of equal employment opportunity, corporate philanthropy, and other aspects of CSR.

Chapple and Moon (2005) in their article **Corporate Social Responsibility (CSR) in Asia: A Seven-Country Study of CSR Web Site Reporting** raise the following questions.

- Does CSR vary among the seven Asian countries, or is it relatively homogeneous?
- To the extent that any variation is found in the CSR of these countries, is this?
- A function of indicators of development or of their national business systems?
- Is CSR in these countries enhanced or threatened by globalization?
- Do globalizing companies export their CSR to these countries, or do they adapt to the national styles of CSR in the respective countries?

Montiel ( 2008) In this study, titled **Corporate Social Responsibility and Corporate Sustainability** conduct a literature review to identify the main CSR and CS-related definitions and construct measurements that management scholars have presented to the general management audience. The objective of this review is to identify the boundaries, differences, and similarities across CSR and CS research in an attempt to cross-fertilize our research agendas.

Thomas N. Garavan and David McGuire (2010), **Human Resource Development and Society: Human Resource Development’s Role in Embedding Corporate Social Responsibility, Sustainability, and Ethics in Organizations**, have focused on the developmental role of human resources and have made an attempt to correlate HRD with CSR. The author finds a need to focus on the “triple bottomline” of economics, society and environment by linking HRD with organizational development paving way for a holistic social development. This according to them can be achieved by raising employee awareness with

regard to developing positive attitude, towards sustainability and environment thereby giving them the ability to imbibe these principles in their daily work process.

Shaveta Gupta Sukhmani, Neha Kalra (2012) in their article **”Impact of Corporate Social Responsibility on SMEs in India”**, focus on the strategic relevance of corporate philanthropy. They have concluded that with reference to small and medium enterprises CSR activities have no definite and conclusive impact.

Shveta Kapoor and H.S. Sandhu (2013), in their article **Does it Pay to be Socially Responsible? An Empirical Examination of Impact of Corporate Social Responsibility on Financial Performance**, have identified certain variables that are studied for the possible impact of CSR. These variable are size of firm, risk, leverage, research and development, (R&D) intensity, skill, industry, type, age of firm. Their primary conclusion through a thorough statistical analysis is that CSR does influence a firms profitability, however the impact on the company growth is not significant may be due to the factors like product changes, dynamic operating costs and so on.

## **2. CSR AND SAUDI ARABIA**

THE Report of First Leadership Dialogue hosted by: Harvard Kennedy School CSR Initiative Saudi Arabian General Investment Authority King Khalid Foundation traces the growth of the CSR initiative in Saudi Arabia (KSA). The The Saudi Arabian General Investment Authority was established in 2000, and under its 10x10 Initiative of the KSA government. SIGA supports various initiatives undertaken by the KSA corporate to enhance responsible business practices all of KSA. In pursuit of the said goal the following initiatives were undertaken in KSA.

Establishment of the Saudi Arabian Responsible Competitiveness Index

In July 2008, SAGIA launched a Responsible Competitiveness Index (SARCI),

- King Khalid Award for Responsible Competitiveness
- The Responsible Competitiveness Leadership Dialogues: Finally, to build awareness of and support local capacity building for corporate social responsibility.

A study sponsored in collaboration with the Harvard Kennedy school identified the 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 in KSA as the major challenge in implementation of CSR in KSA. The study also highlighted lack of institutionalization of CSR and low focus on CSR organizations, consultancies, business leadership initiatives and availability of CSR resources. It was also found that there was a mismatch between the need for CSR practices and the skills taught by local colleges and universities

Some of the initiatives undertaken under the convention were to primarily to raise awareness of CSR in Saudi Arabia. This was aimed through generating competitiveness by constituting awards like King Khalid Responsible Competitiveness awards, inviting foreign dignitaries to initiate dialogues with the local entrepreneurs regarding the best CSR practices to be adopted. And by creating transparency in CSR activities. Ideas were also floated to translate seminal articles in the area of CSR and to take delegations of leading Saudi industrialists to developed nations to visit their CSR initiatives. In this relation the SAGIA indicated that the creation of a national Saudi Corporate Responsibility Council, with members representing all sectors, could serve as one such network.

An Article published by CSR pulse - A Sustainability dialogue in middle east an online journal in Nov 2014 identifies the top ten companies undertaking CSR in Saudi Arabia. The article reveals that 78% of companies are actively involved in CSR. 66% have integrated CSR strategies. 72% of the CEOs are actively involved in CSR and are able to Attract 74% of their clients through CSR.

An article ” titled CSR in Saudi Arabia - far Behind or Another Path?” (2013)published by INSEAD knowledge an online journal published by INSEAD business school for the world highlights the conclusions reached by a conference on CSR organized on CSR in Jubail . The discussion s related to CSR in KSA are more in lines of donating money by caproates like SASREF for traffic safety, funding “Saudisation” for encouraging young Saudi citizens to join labour force as mostly this segment of Saudis is unwilling to compete with more readily available and cheap foreign labour. The conference raised the issue of ghost workers hired to fulfil the company quotas comprising of well-educated expats. The conference though remains comparatively silent regarding the rights and treatment of the guest workers and their human rights. Thus, a need was felt to identify the areas of CSR to be undertaken by the Saudi corporate to implement CSR in word and spirit.

The sentiments of the finding of the INSEAD were realised by the CSR in Saudi Arabia report of 2015 published by CSR Saudi Arabia summit highlights the following areas of CSR undertaken by different banks of Saudi Arabia.

- Social Entrepreneurship
- Youth Engagement
- Education and Employment
- Community Development
- Empowering Women
- Environment Sustainability

### **3. METHODOLOGY**

Data on CSR have been collected from the annual reports of Saudi companies and from their officla websites. Previous research published in this area is also considered as there is paucity of published information especially within the Arab world. Both the sources may be taken as valid as cited by Abbott and Monsen 1979 and Esrock and Leichty (1998) respectively. ( as quoted in Shveta Kapoor and H.S. Sandhu (2013).

The present study has taken the six areas identified by the findings of the INSEAD with an intention to use them as the points of analysis. Four major banks of KSA have been identified, and the CSR activities being undertaken by them are studied as per the classification identified by INSEAD. The purpose of the study is to examine the range of CSR activities being conducted and the specific areas being focussed by the banks in their endeavour to undertake social responsibility.

#### **Objectives of the Study**

To examine the CSR initiatives of the major banks of KSA:

- To identify the focus areas of the CSR initiatives undertaken by the major financial institutions of KSA.

- To identify a model of CSR to suit the financial institutions in their path of undertaking social responsibility in KSA.

### Sample for the Study

Four major banks have been selected for the study based on their contribution to the society in terms of social responsibility. The data related to the CSR activities of the banks is collected through their directors report in annual report and sustainability report.

### Pattern of Analysis

The data collected is primarily classified into six major areas identified by the INSEAD. The activities undertaken by the banks as per their annual report and sustainability report are classified into the identified areas. Thereby an effort is made to identify the specific areas the banks are concentrating their CSR activities. This in turn is also effective in identifying the areas that need to be worked on in future for a holistic development. An attempt is also made to create a model of CSR for the banks to integrate the strategic objectives of the bank with its CSR initiatives leading to a holistic attitude towards social responsibility which stands apart from the piecemeal approach.

### An Analysis of the CSR Initiatives Undertaken by Some Major Corporate Houses of KSA

Most of the CSR activities undertaken in the middle east are charitable acts conducted under the Islamic principle of Zakat and are not considered as an important component of their strategy (Lu Wang and Lee 2013 as quoted in Maqbool 2015). The kingdom has only of late started to focus on encouraging private entrepreneurship and focusing on aspects like environment and green technology. (Ali and Al Ali 2012 as quoted in Maqbool 2015). An attempt is made to analyse the CSR efforts of the various major corporate houses of Saudi Arabia on the basis of the areas identified by the INSEAD report on CSR in Saudi Arabia.

### The National Commercial Bank

The National Commercial Bank had been awarded the King Khalid Award for Responsible Competitiveness in 2008 for its activities in sustainable development. A perusal of the annual report of 2015 shows the banks continuing commitment to responsible business in the Arab world. the bank has undertaken and launched several activities under its corporate responsibility agenda. “Ahalina” is an objective specific program that encourages participation of specific groups of children youth and women.

#### CSR at National Commercial Bank

<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
• Social Entrepreneurship	Program for productive families that aims to enhance the entrepreneurial skills of various families who want to involve in traditional arts and crafts by giving training, providing them finance and market based information and an outlet for the finished goods. The bank has established strategic partnerships with several bodies to open new outlets to display and sell the families’ products at airports, specialized exhibitions, popular markets, and bazaars.



<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
• Youth Engagement	AlAhli Entrepreneurs Program had trained 1,010 male and female entrepreneurs with outstanding business ideas, helping them to establish their businesses. The program also provides them with the basics for setting up successful projects and advice on preparing a feasibility study, making it easier for them to obtain financing to ensure the success and sustainability of their businesses.
• Education and Employment	Alahli Orphans program had added 390 male and female orphan students to the 154 previous beneficiaries of the program, which started in 2014. Of these, 141 male and female students have completed the first level of the program and proceeded to the second level, while new students began the first level at the beginning of the 2015 academic year. The program has other services including health insurance, financial motivational rewards, and library cards throughout the period of enrolment, helping participants to enter the labor market or complete their degree
• Community Development	AL Alahi Volunteer program: NCB continued to capitalize on the skills and capabilities of its staff, encouraging them to join in voluntary activities to meet social needs and contribute to the community. NCB is the first private sector company to approve the 30-hour per year paid voluntary system for employees. Volunteering opportunities included training orphan students, serving pilgrims during the pilgrimage season, supporting families affected by the Jeddah floods, visiting patients, and donating blood, reinforcing the concept of individual participation in sustainable development and community service. During 2015, 511 male and female NCB employees volunteered for the equivalent of 2,019 hours in 15 cities around the Kingdom. Al Alahi Care and Donation program: As part of the Bank's role in corporate responsibility, in addition to its community empowerment programs, during 2015 NCB participated in 56 initiatives with a direct impact on society, with a total value of SAR 35 million
• Empowering Women	The bank has undertaken training of 61 women around the kingdom to equip them with abilities to enhance their skills of design and product innovation. The bank has identified various traditional crafts like wicker, weaving, sadu and decoupage. The bank has provided finance of SAR 3.7 million to 1,236 female beneficiaries during 2015.
• Environment Sustainability	No mention

The bank has made high focus on community development and development of women and children. But not much focus is made on the environment development. The annual report of 2015v is surprisingly silent about environmental issues.

### **The Al Rhajhi Bank**

The Al Rajhi Bank one of the most successful banks has undertaken decisive initiatives in creating a better tomorrow by adopting a philosophy caring a sharing with a deep focus on local communities and environment. the bank under its CSR strategy has adopted a higher social agenda by focusing on the twin goals of community development and women empowerment.

#### **CSR at Al Rahji Bank**

<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
• Social Entrepreneurship	No initiatives
• Youth Engagement	Youth engagement may be considered in terms of the training being given to young entrepreneurs to establish a career for themselves.

<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
• Education and Employment	The bank has established tie ups with the ministry of social affairs and has spearheaded training programs for men and women in establishment of their own small business after their graduation. Training is also given to men and women with an aim to provide them employment in the banking sector. The bank collaborates with women's universities to train aspiring young women to turn into entrepreneurs and own their own small business. Towards this end the bank also collaborates with the Ministry of Finance under the Kafalah program to provide financing and technical assistance to the investors in SME sectors. The bank has an agreement with the Abdul Aziz University Library to establish learning centres in public places to facilitate self-development.
• Community Development	The bank has committed to extend financial support to 20 housing units under Prince Salman Housing project in the areas of Al Kharj and Al Majhmeya. An investment fund for orphans is also created in collaboration with the Ministry of social affairs. The bank has an agreement with the King Fahad Medical city to help patients to reach out to other centers of advanced medical treatment. The bank has partnered with Enaya to organise roadshows to create awareness on fallouts of Diabetes. It has extended its support anti-smoking campaign in Al Ahasa region for a period of three years.
• Empowering Women	No initiatives
• Environment Sustainability	No initiatives

The bank has an impressive CSR program but focus of the CSR initiatives in comparatively restricted. The bank calls its efforts made in education and health care as purely philanthropic though sustainable.

### The Riyadh Bank

The Riyadh bank was established in the year 1956 and is undoubtedly one of the most prestigious and leading banks of Saudi Arabia. Since its inception, it has gained heights and has evolved as bank that blends the laws of Islamic banking along with the goals of banking and investment. Being considered as the pioneer bank of Saudi Arabia the Riyadh Bank has in the past 60 years has rendered high quality services and has many proud accomplishments to its credit in realising the dream of its shareholders and stakeholders. The following is its contribution to the society in terms of CSR.

#### CSR at the Riyadh Bank

<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
• Social Entrepreneurship	Riyad Bank also sponsored the Productive Families Project in Hoya, Taif as well as 'Bawabet Al-Khair' project which was organized by the Charitable Society for Mother and Childcare in the Eastern Province to improve the income of productive families by selling their handmade products
• Youth Engagement	No initiatives.
• Education and Employment	Bank involved in educating people regarding health hazards like stroke and breast cancer The bank also supports Eta'am Charity's drive to spread awareness of food conservation and preservation, as well as Mawada Society's approach to reduce divorce cases. It opened an online donation feature for customers to be able to donate directly to specific charity organizations

<i>Csr Activity</i>	<i>Activities/ Initiatives Undertaken</i>
• Community Development	<p>The bank has established the Handicapped Society in Bahaa and HADCA association for special needs in Hai'l . Several activities related to health care education is being provided in the areas of breast cancer along with Zahara breast Cancer Association and healthy living. The bank also spearheaded Saudi Stroke Association awareness campaign, "Naqa" Anti-Smoking Society campaign, as well as "Nebras" the National Committee for Combatting Drugs, in addition to participating in the Saudi-American Healthcare Forum. The Bank staff also showed their support by participating in the blood donation campaign for the benefit of Children's Cancer Support Association "Sanad".</p> <p>Caravans are also organized in the winter and Ramadan season to provide food and spread awareness regarding the need to reduce divorce.</p> <p>The banking has also focused on developing skill set and abilities of special needs individuals. Some of the most notable examples include the "Momken" initiative - a program which aims to develop the capabilities of people with special needs to integrate them into the social fabric. In partnership with the Ahsa Handicapped Society and the Irrigation and Drainage Authority, the Bank celebrated the graduation of 15 farmers. Riyadh Bank renewed its 'Wafaa' programme with Al-Othaim Markets Company. An initiative specially tailored for the needy families of deceased staff members.</p>
• Empowering Women	<p>Under the "Productive Families Project", Riyadh Bank trains young women to makethem independent, self -sufficient and productive members of society. The programs included under this banner are 'Nabta' programme in Al Jawf region, which was held in cooperation with Albir Society, and resulted in training 100 girls from beneficiary families computer literacy, lifeskills like sewing, embroidery, cooking, baking and cosmetics..</p> <p>The bank sponsored the first cultural award for women through the establishment of the Women of Excellence Award in cooperation with Al Qaseem Literary Club.</p> <p>Riyadh Bank participated in the campaign organized by Al-Nahda Women's Society to spread awareness on the importance of participating in the municipal elections and emphasized the role of women in Saudi society</p>
• Environment Sustainability	No initiatives

The Riyadh bank has made huge contribution to the community development and women empowerment as it has highlighted in its annual report (2015). The area of youth environment are still left out and may need a higher focus. The approach of the Bank is still philanthropic in nature and may need to review its CSR activities from sustainability point of view.

### **SAAB – The Saudi British Bank**

SABB is a Saudi Joint Stock Company with a strong track record and a heritage that stretches back more than 30 years. The SABB formally commenced activities in 1978, with the taking over of the operations of The British Bank of the Middle East in the Kingdom of Saudi Arabia. The CSR programs of SAAB fall under three unique categories: Foundation, Sustainable Living and the exciting new area of Youth Ambition.

### **Analysis of the CSR Initiatives of the Banks**

A close perusal of the activities being undertaken by the four major banks of Saudi Arabia point out to the fact that the banks are highly society oriented and are making immense efforts to bring the Saudi youth into the fold of employment. As of now the more educated professional and technical needs of the business and corporate of Saudi Arabia are being taken care of by the expatriates emerging from the Asian nations,

### CSR at SAAB

<i>Csr Activity</i>	<i>Activities/Initiatives Undertaken</i>
<ul style="list-style-type: none"><li>• Social Entrepreneurship</li><li>• Youth Engagement</li></ul>	<p>SAAB Investment Research centre to help students studying Investment and Finance as well as MBA students to gain real experience in the financial market.</p> <p>SABB sponsors students from the College of Business Administration at King Saud University to attend extensive training conducted by the Dale Carnegie Institute. The students are taught practical business principles and processes to equip them with the knowledge, skills and practices they need to secure their future jobs.</p> <p>The Chevening Scholarship is a well-known scholarship scheme, which enables Saudi students to study in the United Kingdom for postgraduate studies or research at UK's best institutions of higher education. SABB has contributed to the funding of this scheme since its inception in 2003 by sponsoring 9 Saudi students each year.</p> <p>SAAB money saving program to encourage the youth to save.</p> <p>The SAAB Academy to help students to train in soft skills.</p> <p>TAQADAM to train youth in SME programs.</p>
<ul style="list-style-type: none"><li>• Education and Employment</li></ul>	<p>SABB's special-needs-people employment program won "Best Employment Program in the Kingdom" by disabled Children Society, and is considered to be a leading initiative in the area of social responsibility achieving major success in community service.</p> <p>Kids Read program to help kids gain interest in reading books. Develop skills in 30 days wherein 1,800 trainees through 35 training courses in different areas.</p> <p>SABB worked in collaboration with the Blind Association Charity (Kafeef) to establish a fully equipped computer and Braille training centre for men and women. Training courses have also been arranged to allow for skill development that will help the blind find suitable employment opportunities, enabling them to become productive and financially independent members of society.</p>
<ul style="list-style-type: none"><li>• Community Development</li></ul>	<p>"Farasan"-is an archeological project being sponsored by the SAAB to investigate the archaeological and pre-historical remnants of the red sea coastline to understand the early developments in human history including the pathway for migration between Africa and the Eurasia.</p>
<ul style="list-style-type: none"><li>• Empowering Women</li></ul>	<p>SABB sponsors the "RAWAJ" Programme for Productive Families organised by The Society of Majid Bin Abdulaziz For Development and Social Services in Jeddah. The Programme is designed to train 66 women to produce school uniforms for more than 3,000 orphans</p>
<ul style="list-style-type: none"><li>• Environment Sustainability</li></ul>	<p>The bank has adopted programs to protect the environment by implementing a number of measures to reduce paper, water and power usage and also conducts smart re-cycling operations. The bank celebrates symbolic days like the world environment day and Earth Hour and is also involved it activities like beach cleaning, desert cleaning.</p>

predominantly India, Pakistan and Bangladesh. The Government of Saudi Arabia is making immense efforts to encourage their population to enter the labour market. Encouragement is also being given to the women of KSA to educate themselves and to undertake gainful occupation. The IMF country report has made mention of the need to develop employment in the Kingdom as statics have not shown much improvement across the decade.

The IMF country report No 15/286 shows dramatic increase in the demographic profile of the country, but is yet to be supported by equivalent labour market growth in terms of employment opportunities. The report points out that out of the "7 percent a year and created more than 3.6 million jobs in the private

sector, but only one fifth of these went to nationals”. The graphs given below show the employment details as in 2014.

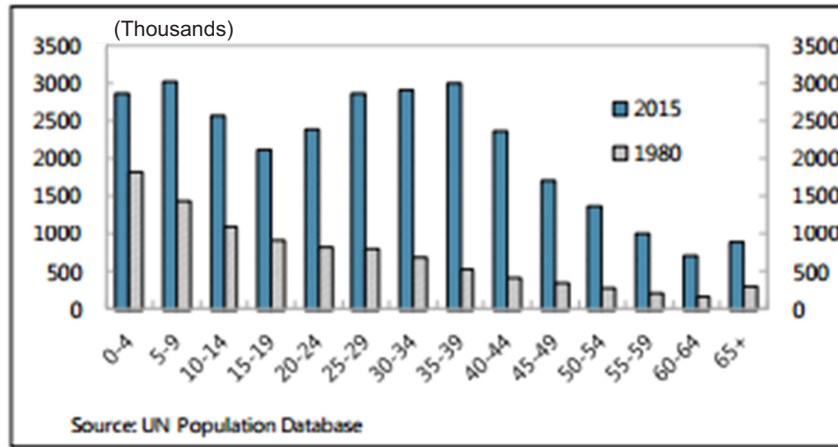


Figure 1: Saudi Arabia: Total Population by Age, 1980 and 2015

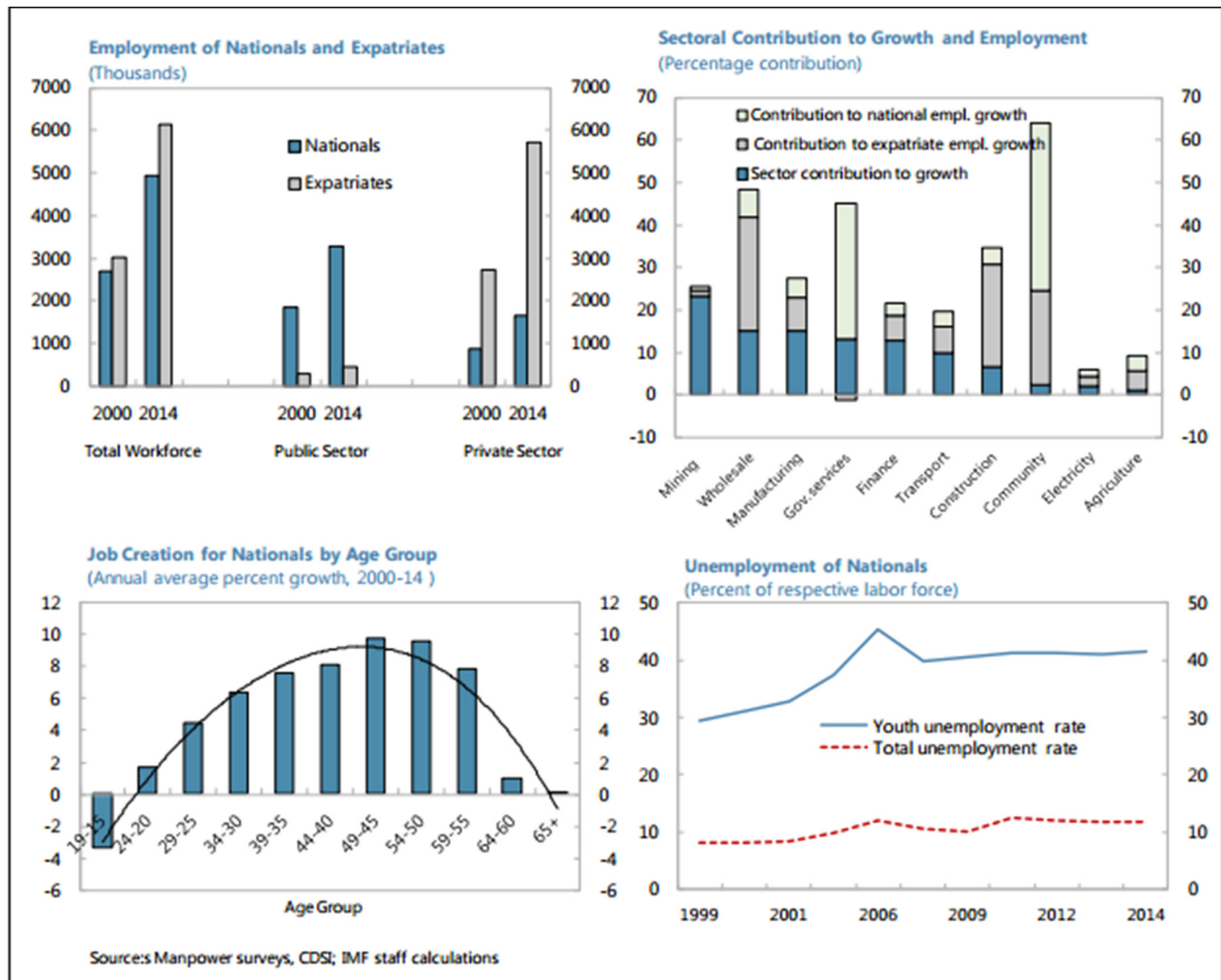
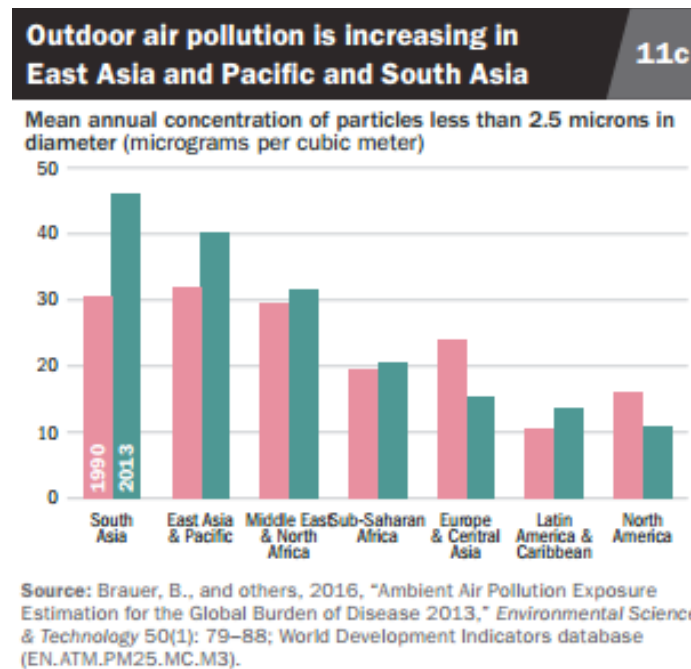


Figure 2: Employment of Saudi Nationals

Thus the need for the major banks of KSA to focus on creating employment opportunities cannot be gainsaid. The banks can also take into account the skills mismatches projected by the report and address them.

The Banks are also found to be making efforts to encourage small and medium business ventures to develop the social capital of the country. This may be motivated by the Risk Assessment Matrix of Saudi Arabia as given by the IMF for the years 2014 and 2016. The report clearly identifies the need for KSA to focus on developing its private sector employment. One of the observations made by the report is “Absorbing new labor market entrants into government jobs is not be an option going forward given the need for fiscal consolidation. Unless private sector hiring increases, unemployment will rise”. The need to develop SMEs is also mentioned in the report.

The only aspect that may need a higher focus and participation is the segment of environment. It is clearly noticed that environment has not featured as a major component in any of the Directors report in the annual report. It is natural for a growing and developing economy to be faced with environmental concerns. The world development indicators report of 2016 published by the world bank shows the middle eastern countries as the third largest in contributing to outdoor pollution.



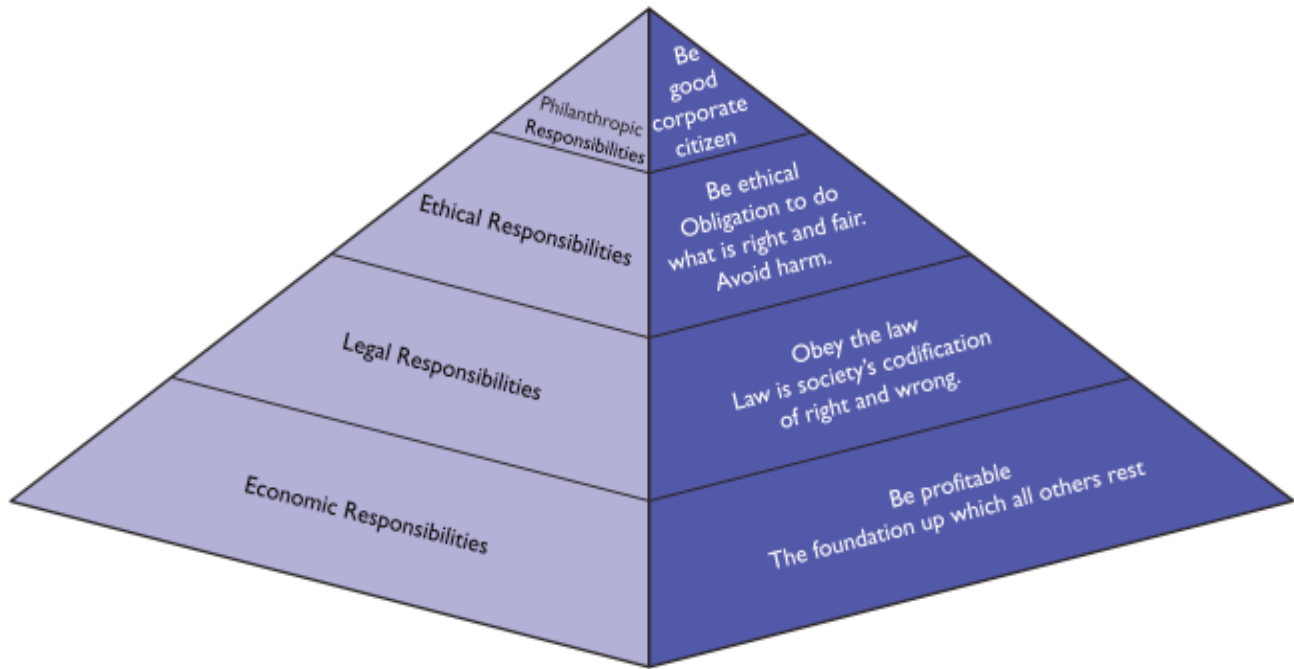
Source: WDI 2015, World Bank.

The report also talks about increase of desertification in the East Asian and African areas. The efforts of the SAAB maybe recognised in this direction. Yet an overall comprehensive policy is needed towards environment protection and ecological safeguarding.

### A Holistic Model of CSR

In view of the various issues identified in relation to CSR in KSA, an attempt has been made to develop a working model of CSR for the banks of KSA. The review of literature reveals a number of models in the

area of CSR primary of them being the Carrolls model (1991). The pyramid model suggests the focus of CSR as inclusive of economic and legal responsibilities as a integral part of a responsible corporate. This principle may go well with the principles of Islamic banking and strengthen the efforts of the banks of the kingdom in their effort to develop the economy and society of KSA.



Carroll's CSR Pyramid

The Carroll's Pyramid gives highest focus on the economic responsibilities of a business entities which is but natural for banking operations, followed by legal responsibilities. A clear and responsible implementation of the legal requirements also suggests focus on corporate governance which is the initial step of CSR. The third place given to ethical responsibilities is again in line with the Islamic banking dictates. CSR as the final step in completion of the holistic designs of a business shows that no business banking or otherwise can be considered complete without the implementation of its philanthropic responsibilities. The principles of Zakat of the Arab world automatically gain precedence as seen in the implementation of CSR initiatives of various banks. It may be noticed that the major CSR initiatives of the banks are towards enhancing the education and employment capabilities of the youth of the nation, a need much stressed upon by both the world bank and IMF reports on Saudi Arabia. The CSR taken up in such activities will ultimately have a positive effect on the economic conditions of the nation. Thus the role of CSR in adding on to the economic development of the nation also needs to be stressed upon. This dimension makes CSR an activity that contributes to the economic margins of an organization thereby rendering the age old concept of CSR being an non rewarding expenditure null and void.

### Acknowledgement

This Research was supported by a grant from the Research Centre for the Humanities Deanship of Scientific Research at King Saud University, Riyadh, Kingdom of Saudi Arabia.

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