Enhancing brand value using corporate social responsibility initiatives:

Evidence from financial services brands in Saudi Arabia

Abstract

Purpose – This study investigates employees’ perceptions of socially responsible financial services brands in Saudi Arabia. The study also identifies the motives and challenges for Islamic banks for higher involvement in social responsibility initiatives in order to enhance their brand values.

Design/methodology/approach – An inductive approach was utilised in this study to identify the motives and challenges related to CSR activities. The research design utilises a qualitative approach where in-depth interviews were carried out among the employees in the financial services sector in Saudi Arabia.

Findings – Findings provide insights about how CSR initiatives for financial services brands in a developing and Islamic country are perceived. Results show that the focus of CSR activities is on the attribute of CSR, magnitude of CSR, and attitude towards CSR. Results show two main motives to engage in CSR activities, which are instrumental and ethical motives. The main challenges are related to the government, business, charitable organisations and customers and society.

Implications – Implications exist for how CSR is perceived in a new context and in the financial services industry. Understanding the current perception of CSR from a financial service brand perspective helps policymakers to develop appropriate platforms for financial service providers to become more socially involved.

Originality/value – The major contribution of this study lies in investigating the CSR perception among the key stakeholder (i.e. the employees) from a brand management perspective in the Saudi Arabian financial services sector. Further, this study shows the main motives and challenges which local financial service brands face in order to become socially responsible. The categories of attributes, magnitude, and attitudes can be utilised to enhance brand value in one of the economically advanced countries in the Arabic world, Saudi Arabia. In the first category “Attribute”, the perception of socially responsible banks are highlighted, while the elements of CSR, including its dimensions, are emphasised in the second category “Magnitude”. The third category “Attitude” shows two themes, including stakeholders’ issues and business related issues.

Keywords: Corporate social responsibility, CSR perception, Islamic banking, financial services brands, brand value.

Paper type: Research paper
Introduction

Corporate Social Responsibility (CSR) has received increasing attention among academics and business practitioners alike (Du, Bhattacharya, and Sen, 2007; Kiliç, 2016). CSR is generally understood as business commitments to contribute to society and the environment on a voluntary basis, alongside their fundamental business role (e.g., Scharf et al., 2012). It is regarded as one of the prominent factors in building and managing brand equity (Japutra et al., 2016). Increasing businesses are adopting different forms of responsibilities towards a variety of stakeholders’ groups, such as employees, customers and environment. In addition there is an increasing societal awareness on corporate misconducts and corporate power and people are willing to punish or reward these corporates according to their social performance (McDonald and Lai, 2011; Salmones et al., 2005).

For example, the global financial crisis has affected the world economy and made a negative impact in almost every country (Dembinski, Lager, Cornford and Bonvin, 2005; Nguyen and Rowley, 2015). According to Francis (2010), one of the major causes of the global financial crisis was the unethical and illegal behaviours of businesses e.g., the collapse of Enron and the bankruptcy of Lehman Brothers. The failure of Enron in Early 2000s provided a lesson for corporate governance to avoid risk management systems including insecure transactions and unethical behaviours (Kirkpatrick, 2009). As societies become more conscious of corporate behaviours and more supportive for responsible businesses (Podnar and Golob, 2007), CSR is now a strategic domain for corporate brands where they can rebuild the trust between business and society (Dembinski et al., 2005). Recent research suggests that construing firm as a responsible brand provides increased awareness, satisfaction, trust and loyalty (Molinillo et al., 2017; Japutra and Molinillo, 2017). Therefore, the CSR of a firm has
become critical for brand managers to decide carefully how they should interact with their stakeholders.

CSR is thought to have a significant impact on consumer behaviour (Scharf and Fernandes, 2013) and many businesses consider CSR an important factor in maintaining strong relationships with their customers. For example, Japutra et al. (2016) shows that greater CSR beliefs strengthen the link between consumer and the brand, driving higher brand loyalty and resilience to negative information. However, although a considerable amount of attention has been given to understanding the perception of CSR (e.g., Bouvain et al., 2013), a number of questions are still unanswered. First, the perceived brand value of CSR has only been implicitly assumed and, therefore, neglected in previous studies. Second, as the majority of previous studies focused on exploring the perception of CSR in manufacturing industries, there is a call for the investigation of an in-depth examination of CSR perceptions in the service industry, to expand the view of CSR. Third, most of the CSR studies have been undertaken in developed economies and is considered as a western phenomenon (Chapple and Moon, 2005). There is a dearth of research on CSR in developing economies, which poses considerable challenge for practising CSR activities in these economies (Jamali and Kamal, 2018; Mishra and Saur, 2010). Finally, it is argued that the confusion around CSR is not related to its definition but on how CSR is socially constructed in a new and specific context (Dahlsrud, 2008; Rahman, 2011). Thus, there is a need to provide a more comprehensive view on CSR, not only in a different sector, but also, in a different culture.

To address these gaps in the literature, this study investigates the brand value of CSR in order to develop a conceptual framework of the brand value-CSR link. Further, this study reveals a different CSR perspective from the employees of banks, instead of examining CSR through
the lens of consumer behaviour (Lee and Shin, 2010). Specifically, the study was undertaken in a developing economy to provide important additional information on the CSR concept (Burgess and Steenkamp, 2013). This study also addresses the calls for more research to examine the context dependence of CSR (Jamali and Karam, 2018). Thus, the main objective of this study is to investigate the employees’ perception of socially responsible financial services brands (e.g. banks) in Saudi Arabia. The first contribution of this study lies in finding the empirical evidence of the relationships between CSR and brand values. The second contribution of this study stems from the identification of the CSR perceptions of important stakeholder (i.e. the employees) in the financial service sector of Saudi Arabia. The final contribution of this study lies in the identification of the challenges faced by the financial service brands in CSR implementation.

Taking into account the fact that poor CSR activities adopted by the financial service brands can adversely impact the economies in general and the financial service systems in particular. The focus of the financial service brands is slowly shifting from the shareholders to the stakeholders which the ethical considerations and the values in their overall business strategy (Dusuki et al., 2011). Thus, financial service brands emphasize on understanding and addressing the demands of stakeholders through their CSR practices.

The rest of the paper is structured as follows: first, a review of literature on CSR, uses of CSR, relationship between CSR and brand values, employees perceptions of CSR and CSR activities in Saudi Arabia is provided. Next, the methodology and research design are illustrated. Thereafter, data analysis and results of the study are discussed. Finally, managerial and theoretical implications are discussed along with the limitations of the study and future research directions are stated.
Literature Review

Corporate social responsibility

Despite the rapid increase in the use of the term “corporate social responsibility” among academics and professionals, not all users understand it in the same way (Van Marrewijk, 2003). For example, one group argues that the CSR we have today is not genuine, as “the world is not getting better fast enough, and it is not getting better for everyone” (Kerr, 2009, p. 1). In reality, it is tailored for corporate benefits of creating new business opportunities, rather than a true concern for social wellbeing (Sklair and Miller, 2010). Another group argues that CSR is subject to unrealistic assumptions that paint it as corporate virtue or “noblesse oblige,” which is actually wrong and will harm the economy by over-regulating the business environment (Henderson, 2009; Mintzberg, 1987, p. 3).

According to Rahman (2011) CSR definitions are tied to the contexts. Jamali and Kamal (2018) argue that there is limited research on how CSR manifest itself in the developing markets and underscore the context dependence of CSR. There is some research evidence, which suggests that in case of the Islamic banks in the GCC (Gulf Coopertaion Council), there is a positive impact of CSR on firm’s financial performance (Platonova et al., 2018). Recent studies have highlighted four main reasons for the lack of a single standard, worldwide definition of CSR. First, there are on-going debates as new ideas and initiatives accrete to the CSR notion (Aguinis and Glavas, 2012; Frynas and Stephens, 2015; Kakabadse et al., 2007). Although CSR is extensively researched, its theoretical background, measurements, and empirical evidence are still developing (Aguinis and Glavas, 2012; Moneva et al., 2007). Second, different industries and businesses require different forms of CSR, and so each business tailors CSR to its own industry and organisational strategy (Rowley and Berman, 2000).
Third, rapid changes in consumer expectations and cultural differences draw the interest of CSR scholars, and their studies contribute in turn to rapid and vast changes in the understanding of the phenomenon (Nijhof and Jeurissen, 2006). Fourth, because CSR has been recognized by different academic disciplines (e.g., business management, sociology, and law), its definition depends on the interests of these disciplines. That is, scholars have adapted CSR definitions to fit the concerns of their own disciplines; i.e., CSR has been adapted to the interests of marketing, finance, and human resources according to the interests of the business management resources (Isa, 2012).

According to Smith (2005), a firm’s social responsibility strategy should be unique, fit the industry characteristics and reflect the individual company’s mission and values. This implies that the notion of CSR should be investigated within a defined set of industry and cultural boundaries. According to Kazmi, Leca and Naccache (2008), CSR is a tool for capitalism to respond to the crisis it has created in society and the environment; i.e., corporations must make up for their amoral and unsustainable behaviours by giving back to society. Unfortunately, CSR has been widely used to advocate the aggressive expansion of business and to respond to failures of capitalism (Aras and Crowther, 2011). However, the problems that capitalism has created still remain unsolved and they need to be addressed by more than simply acknowledging CSR (Carroll and Shabana, 2010). As a result, there are an increasing number of calls for “modern capitalism” to include social and environmental issues in corporate business practices in order to respond to changes in societal expectations (Kazmi et al., 2008, p. 13; Davis et al., 2006; Kotler and Lee, 2005; Prahalad, 2005).

Regardless of the arguments against the notion of CSR, organisations should get involved in responsible activities as this is firmly expected by society (Carroll and Shabana, 2010;
Henderson, 2009). Smith (2005) stated that CSR is a prominent phenomenon that cannot be ignored regardless of the uncertainty and ambiguity around its case, as businesses need to gain public support to retain customers and ensure business continuity. Debate on the positives and negatives of CSR continues (e.g., Henderson, 2009; Carroll and Shabana, 2010; Steenkamp, 2017). In the business world, managers need to justify their decisions economically to the shareholders, who play an important role in a country’s economy (Kurucz et al., 2008). Therefore, the need to develop a solid business case for CSR in response to the economic argument is crucial. In this regard, Jamali and Karam (2018) identify five themes which captures the main differences between CSR practices and conceptualisation in developed and developing economies. These are (i) the complex institutional systems in the national business systems, (ii) complex macro-level antecedents, (iii) presence and impact of multiple stakeholders in governance, (iv) hybridised CSR activities and (v) wide scope of the positive and negative consequences of CSR.

With the dramatic growth of globalisation and the increase of corporate power’s influence on political and economic policies, a direct impact on social welfare has been noticed in some cases, e.g., employment and health care policies are adjusted to give the maximum benefit to corporate demands (Sklair and Miller, 2010). At the same time, there is a growing societal awareness of corporate power, which calls for more corporate initiatives to benefit society (Lee and Shin, 2010). The question is whether the increase in CSR signals a heightened awareness in society of growing corporate power or if it is a sign of the failure to stop the increase in corporate power so society calls for compensation in return (Sklair and Miller, 2010).
It is argued in the literature that transparency plays a significant role in the practices and implementation of CSR policy of firms based on the reputation mechanism. There is a need for CSR transparency in the contemporary society and especially in the financial services sector (Dubbink, Graafland, and Liedekerke, 2008). According to these authors, there are three criteria for evaluating CSR transparency such as allocative efficiency, dynamic efficiency and innovation. It is also morally important because it enhances the attitude of honesty, openness and commitment. CSR transparency benefits customers by lowering risk and uncertainty and leads to sustainable and responsible consumer behaviour (Foscht, Lin, and Eisingerich, 2018; Liu et al., 2015).

Uses of CSR

According to Kurucz et al. (2008), evidence supporting CSR from previous studies can be grouped into four main categories: cost and risk reduction, competitive advantage, reputation and legitimacy, and synergistic value creation. According to Carroll and Shabana (2010), 73% of business executives admitted that they adopted CSR activities for cost saving reasons. CSR can also facilitate the elimination of future business risks, e.g., adopting equal employment opportunity policies is responsible for reducing employee turnover rate (Smith, 2005). These two statements — indicating the argument that CSR diverts businesses from their original goals and results in less productive firms — are not always true. These pieces of evidence also disprove the counterargument that CSR leads to the burden of extra costs. CSR is not just a cost-saving tool—it also can be used as a positioning strategy for businesses to differentiate themselves from competitors by creating competitive advantages (Kurucz et al., 2008). Likewise, Bhattacharya (2017) found that CSR activities of firms goes a long way in creating social transformations and building social identities for brands by generating higher brand equity.
Empirical evidence from the literature proved the ability of CSR to attract customers and enhance customers’ relationships with the firm (e.g., Mohr et al., 2005; Creyer and Ross, 1997). If everything else is equal, customers support firms that meet their social demands (Carroll and Shabana, 2010). This suggests that CSR can be economically justified to shareholders as a marketing tool that can financially contribute to the business. Another advantage of CSR is that it helps to build and improve brand image (Kurucz et al., 2008). CSR enhances brand values by adding a responsible aspect to the brand image (Smith, 2005).

In doing so, firms will gain better reputations and legitimacy for their brand names (Carroll and Shabana, 2010). Empirical evidence from the literature showed that CSR has a positive impact on brand reputation (e.g., Siltajoja, 2006; Minor and Morgan, 2011). Finally, CSR helps generate win-win situations between organizations and their stakeholders by creating “synergistic value” (Kurucz et al., 2008, p. 91). CSR helps to satisfy stakeholders’ demands and establish congruency between stakeholders and organizations, which ultimately has a positive influence on the customer-corporate bond (Sen and Bhattacharya, 2001).

These four categories support the case for CSR by providing managers with business justifications for adopting CSR initiatives. However, this does not repudiate the fact that there are also ethical values that motivate firms to engage in socially responsible activities (Carroll and Shabana, 2010). Given the limited ability of consumer power to support socially responsible organizations, how can the arguments for CSR resist the economic demands of shareholders (Valor, 2008; Rezabakhsh et al., 2006)? Another concern is that the most of the evidence supporting the business case for CSR has been developed in an American or European context, which raises the question as to what extent this case will hold up in the context of this study, i.e., the Saudi Arabian banking sector. In more detail, how would factors such as Islamic values, the modernity of the concept, huge returns of the banking
industry, the economic position of the country, and the infrastructure development status of the country influence the strength of the business case for CSR? These questions prompt an exploration of the different views of CSR in order to identify the common understanding that supports the business case for CSR from the perspective of different stakeholders.

**CSR and Brand Values**

Brands are considered as assets for firms. Brand value is the extra financial value, which a brand contributes to the company from the products and services in its name (Aaker, 1996). Brand value consists of six features, which are completeness, comparability, objectivity, future orientation, simplicity and cost-effectiveness (Borkovsky et al., 2017). Brand value is defined as the incremental value, which is attributed to a firm as a result of managing the asset (i.e. the brand) using the firm-specific skills (Kerin and Sethuraman, 1998).

In the marketing literature, there is a general consensus that CSR will positively impact customers’ perceptions of brands (Rust, Lemon, and Zeithaml, 2000). In the similar vein, Holt, Quelch and Taylor (2004) found that CSR is an important driver of customers’ brand perceptions. Research evidence suggest that customers’ cognitive beliefs about the firms’ CSR initiatives has positive impacts on customers’ behavioural intentions, loyalty and intention to spread positive word-of-mouth (Keller, 2003; Singh and Verma, 2018). Further, companies that treat its stakeholders well are rewarded with positive consumer attitudes and higher levels of customer loyalty (Van Doorn et al., 2017). The impact of CSR communications on consumer-based brand equity also finds support in literature (Guzman and Davis, 2017).
Brickley, Smith and Zimmerman (2002) argue that ethical behaviour by firms entails its integrity in dealing with all its stakeholders and thus, its reputation becomes an integral part of brand value. Therefore, customers’ perceptions of CSR activities pursued by firms will have a positive impact on brand value and it is one of the sources of intangible competitive advantage for firms (Singh and Verma, 2018).

**Employees’ Perception of CSR**

Firms ideally would like to ensure that their employees are attached to their organisations so that the turnover rate is less. In this regard, a reputation of involvement in good CSR activities can potentially lead to positive image of the firm in the minds of present and potential employees (Lee, Park, and Lee, 2013). Rodrigo and Arenus (2008) argue that the implementation of CSR programs in firms leads to two types of attitudes in employees: an attitude towards the society and an attitude towards firms. In a two-country study, Ditlev-Simonsen (2015) found that CSR programs and activities have positive impacts on the affective commitment of employees. Research also indicates that stakeholder perceptions of the CSR activities of firms are necessary for the better implementation of the CSR programs (Kim et al. 2017). In this study, employees’ perception of CSR activities is considered to be the degree to which employees perceive their company’s activities related to the societal cause. Consistent with the propositions of Theodoulidis et al. (2017), this study examines the stakeholders (employees in this study) perceptions of CSR activities in an emerging economy i.e. Saudi Arabia.

**CSR activities in Saudi Arabia**

The present study concerns the Saudi Arabian banking industry. As one of the top 20 economies in the world, with of US$927 billion and a population of less than 28 million,
Saudi Arabia enjoys huge government investments in social development, making it an interesting and relevant context to investigate CSR further. Recently, the Saudi government allocated about US$55 billion for the education sector to improve its social activities (World Bank, 2014; SAMA, 2014). This raises the question of how these huge investments influence corporate social activities. Do they encourage other firms to follow their example, or would it discourage further donations under the view that the government is already taking care of social development? This question prompts an investigation to understand this phenomenon within the Saudi context. In addition, Saudi Arabian culture is dominated by Islamic values, which urge individuals to contribute to the public interest and emphasise ethical behaviours (Rice, 2004). Little is known about how these values work on organisations with a legal status that differentiates them from their shareholders.

Banks in Saudi Arabia in particular operate under Shariah law, which ensures no harm and no ambiguity or betrayal can be made in banking transactions. Local banks are generally proactive in financing local businesses, especially SMEs, due to the high completion in the market (De la Torre et al., 2010). This implies that banks are socially responsible, as they are not doing any harm and they are doing some good in society. Banks that are operating with a socially conscious focus, are socially responsible, are sustainable and contribute to the overall betterment of societies and communities —they are referred to as socially responsible banks (Forbes, 2017). Socially responsible banks has a commitment to sustainability, responsibility, transparency, accountability, commit to do no harm, and commitment to governance and sustainable markets (Missbach, 2004). In this regard, Carmeli (2004: 111–112) argues that in turbulent times sustainable banking is “the real source of competitive advantage is underlined by the organization’s ability to consistently meet environmental changes”. The traditional functions of banks (e.g. savings and investments) are not good enough in the present times.
Sustainable banks have new responsibilities related to tackling environmental and social challenges. The determinants of sustainable banking are not well understood (Carlucci et al., 2018). A clear understanding of such determinants is needed to consider sustainability in a strategic manner by banks. Finally, Saudi Arabia is not a capitalist country. It has adopted a mixed system, which carefully selects economic and social policies in accordance with Shariah law (Wilson, 2004; Alrajhi et al., 2012).

The economic argument that the only responsibility for businesses is to generate a profit, which ultimately leads to an increase the amount of tax paid to the government. This idea, however, is simply not applicable in the Saudi Arabian banking industry, as local businesses operate under a tax-free business policy in Saudi Arabia (Rice, 2004). Thus, the direct financial contribution of an US$8 billion banking industry to the society is limited (Tadawul, 2014). Although local banks pay Zakat (“a part of wealth with certain prerequisite that is compulsion on the owner to give it to the rightful receivers under the certain prerequisite”), Zakat is different from tax in two main ways: first, Zakat is a fixed percentage of 2.5% of net income, while corporate taxes are much higher (e.g., in the UK it was 30% in 2008 and 21% in 2014, and in the USA it has been 40% for the last 10 years); and second, tax is given to the government to spend according to its developmental plan, while Zakat is paid to only specific groups of people, e.g., the poor and needy, and to free slaves (Aziz et al., 2013; Nur Barizah, 2008; KPMG, 2014). Therefore, only limited groups of stakeholders benefit from Zakat.

Methodology and research design

The study employed a qualitative approach, which is particularly suitable when a need exists to unfold what surrounds a phenomenon (Carson et al., 2001). As the purpose of the study is to gain deeper understanding of users engaging with CSR, the study used an ‘inductive
approach’ (observations to theory) and the interpretivist approach was deemed appropriate in this regard, as it offers the opportunity to identify and analyse the motives and challenges for CSR initiatives implemented by the Islamic banks through the employees’ perspective. This approach has been used in recent research (Dey et al. 2018; Filieri et al. 2017). The exploratory study was designed using the interview protocols to address the research questions. Purposive sampling was used to cover the relevant expertise and experiences of the employees chosen for this study. We conducted interviews at 11 (out of the 12 existing) local banks in Saudi Arabia – one employee from each bank. Full time employees (e.g. bank managers) of the banks were chosen for the interviews. Using a single key informant is particularly appropriate due to the hierarchical nature and decision-making process in these firms, as the manager is responsible for all key decisions and is thus appropriate in our study context. Previous studies also support this (e.g., Shepherd et al., 2011). We also made efforts to ensure the variety in the composition of respondents to minimise bias as suggested in existing literature (Filieri et al. 2017). All the interviews were conducted in English and were recorded.

In addition, previous research has identified employees as the primary communicators of CSR activities (Edinger–Schons et al., 2018). Employees are key to extract value from corporate communications related to CSR activities and research evidence suggest that employees play central role in the relationship between CSR investments and firms’ financial performance (Surroca et al., 2010). Thus, this study further collected data from the employees of banks to understand and examine CSR in the chosen context.

The demographic profile of the interviewees revealed that all of the interviewees were Saudi citizens, 9 males (81.82%) and 2 females (18.18%). The age of respondents were 6 in the age
group of 30-40 (54.54%), 2 in the age group of 40-50 and 3 in the age group of over 50 (27.27%). 7 have obtained undergraduate degree and 4 have obtained postgraduate degree (3 MSc and 1 PhD). 1 of them have 9 years of experience (9.09%), 7 of them have 10-15 years of experience (63.64%) and the rest have over 20 years of experience (27.27%) in the field of banking, marketing, PR and/or social work. For CSR experience, 3 of them have below 5 years of experience (27.27%), 2 of them have 6-10 years of experience (36.36%), 5 of them have 11-15 years of experience (27.27%) and 1 of them have over 15 years of experience (9.09%).

Only 3 banks have dedicated CSR unit, while the other 2 banks only have small Community Service unit with only 1 or 2 employees. The banks without a dedicated CSR unit are under the Marketing or PR unit. These units were in the range of 1 to 4 steps in terms of the distance to the CEO. 10 of the banks were listed in the stock market, while 1 bank was not listed since the government acquired it. 6 of the banks have 5% or more foreign ownership. Table 1 shows the interviewees’ profiles in detail.

< Insert Table 1 Here >

**Data Analysis and Results**

The interviews were recorded and were transcribed in NVivo. Template analysis was applied for data management. The transcripts were coded using the NVivo software package. Analysis of data started with the development of a coding template and identification and classification of themes and constituting codes for motives and challenges of CSR. While some of the codes were theory driven, others were data driven, as suggested and practiced in previous scholarly works (Chen et al., 2011; Fereday and Muir-Cochrane, 2006). Once the information related to the research objectives had been identified, data were analysed using a
constant comparative method (opcit.). In addition, we further used triangulation as a useful part in the data analysis. Triangulation was used in this study to compare and contrast the data collected from multiple sources (i.e. in-depth interviews and secondary data) to ensure the validity and reliability of the findings and resulting claims. We followed the recommendations of Farmer et al. (2006) and meticulously read through the scripts of the in-depth interviews and validated the excerpts with those obtained from the supporting materials (e.g. secondary data obtained from government websites and published materials on CSR activities of Saudi banks).

Based on the data analysis, the study develops three categories of CSR, namely, (1) attributes, (2) magnitude, and (3) attitudes. In the first category “Attribute”, the perception of socially responsible banks is discussed, while the elements of CSR, including the dimensions are highlighted in the second category “Magnitude”. The third category “Attitude” shows two themes, including stakeholders’ issues and business related issues. These are presented next along with verbatim quotes.

**Findings - The Attribute**

**The definition and meaning of CSR**

It was notable that the local banks shared similar definitions of CSR. Most of the banks had adopted a well-established definition of CSR – either from the World Bank definition or from the World Business Council for Sustainable Development. The Corporate Social Responsibility Council in Riyadh, which sponsored most of the CSR conferences in Saudi Arabia, had adopted these definitions. Accordingly, these definitions have been communicated to the local banks on a number of different occasions.
It is notable that there is an opinion, which believes that culture plays a role in the understanding of CSR. Meanwhile, the majority of the interviewees believe that different culture does not produce different understanding of CSR.

“Different cultures may produce different understandings of CSR. CSR is an emerging concept in Saudi Arabia. However, CSR is not an emerging activity”. (Bank no. 2)

“The concept of CSR is the same among different cultures and different industries, but the practices are different” (Bank no. 9). “Values and principles are the same worldwide; the difference is the practice. Everyone agrees lying is a bad habit, but we lie”. (Bank no. 5)

“CSR does not differ according to industry or culture”. (Bank no. 10)

This is a surprising finding as previous studies have highlighted the importance of cultures in understanding social issues and on making ethical decisions (Singh and del Bosque, 2008; Maignan, 2001). However, the participants believe that the economic status of the country also plays a major role in type of activities banks initiate. For instance, “We are a rich country, so we should not have CSR” (Bank no. 10). Some note that CSR should be directed to people in need in the country. As a rich country, we should not have any people in need, so banks should not perform any CSR activity. This bank held a different opinion about CSR activities, believing that CSR is very similar to donation and not something that can be embedded within business lines.

Several banks believe that they should have their product connected to CSR. Doing harm and covering it with CSR is not the right thing.
“CSR activities should spout from the core business; banks should develop their products and services according to the stakeholders’ benefits, not only for the shareholders. CSR is not donation. It should be implemented within the business line of the organizations. When weapon and tobacco companies donate to society it does not make them socially responsible.” (Bank no. 5)

It has been suggested that, although CSR should be embedded within core business activities, it is not limited to business-related activities;

“CSR activities should be diversified geographically and economically, among education programmes and health care, and should have a timeframe. All stakeholders’ groups should benefit from our CSR activities, not only directly business-related groups”. (Bank no. 3)

These views can be summarised as firms have four different types of responsibilities; “do no harm for industry related activities”, “do no harm for non-industrial related activities”, “do some good for industry related activities” and “do some good for non-industrial related activities”. The views and the practices of CSR are influenced one way or another by Islamic values. As the birthplace of Islam, the expectations of other Muslim countries for Saudi CSR activities are high; Saudi Arabian companies should present a good example of Islam. Bank no. 7 states “Our Islamic position imposes on us to perform at high standards of CSR activities”. The dominant Islamic values influence the understanding of CSR by introducing three relatively new views that enrich the discussion of CSR: altruism, Ihsan, and social hypocrisy.
The findings reveal that CSR could be understood as altruistic actions (willingness to do things that bring advantages to others, even if it results in a disadvantage for you (Cambridge Dictionary online, 2014), as companies forego some financial benefits for some social and environmental causes. Although the word “altruism” only appeared twice in the interviews, we believe it is a relatively important view of the concept, as it represents a unique Islamic interpretation of the notion and adds a new theme that justifies corporate social behaviours. Bank no. 2 states “Our moral values encourage us to become altruistic of our own interest to the favour of the society”.

The second view of CSR is derived from one of the Islamic values – Ihsan. According to the Dictionary of Contemporary Arabic (2013), the word Ihsan has two literal meanings: (1) doing something in an excellent and perfect way, which implies the best and the right way of doing things; and (2) kindly doing what is best for others based on love, especially charity and support. Ihsan herein expresses the second meaning. This understanding is widely expressed implicitly and explicitly during the interviews. When Bank no. 2 identifies their motives to become socially responsible, they say: “It is the duty of Ihsan that drives us to care for and support the people in need and people whom we are dealing with on a daily basis”. The concept of Ihsan urges interaction with society in a kind manner, even with very small issues such as saying positive words [It is also charity to utter a good word] and tiny environmental jobs such as removing harmful things from people’ way:

“CSR is nothing more than a form of Ihsan and benevolence that our religion asks us to do. Allah the Most High says [Indeed, Allah orders justice and good conduct and giving to relatives and forbids immorality and bad conduct and oppression]. Do not forget that our prophet peace be upon him said
“Every good done to others is a charity, and said [removing harmful things from the pathways is charity]” (Bank no. 3).

These understanding of CSR (i.e. Ihsan and altruism) have been identified in the literature as the personal motive for employees, managers and shareholders to conduct CSR, but never as corporate motive (Jamali et al., 2009). Many banks have indicated that Ihsan will positively contribute to firms’ goodwill, e.g.

“We are actually Mohsen [the adjective of Ihsan] to ourselves before we are Mohsen to our society. The activities we conduct help us to embellish our brand image and endear our customers to us” (Bank no. 7).

Two participants (i.e. Bank no. 5 and 11), in one way or another, claim that the concept of Ihsan expresses good conducts between human beings, not between organizations and people. So, if Ihsan is applicable in a CSR context, it is the Ihsan of shareholders and management, not the Ihsan of the company. These participants support their arguments that people are doing Ihsan for the sake of God’s remunerations, while a corporation is doing CSR for the sake of customers’ remunerations. Bank no. 8 points out:

“Again, our role is to maximize shareholders’ portfolios. If they want to be Mohsen, they can do it with their own money. Businesses should mainly focus on improving their financial statements. If corporate charity will help us to achieve this, then we will adopt it”.

Despite this counterargument, Ihsan is still a valid attempt to interpret social responsibility for shareholders or for corporations. The growing evidence confirming the influence of corporate charity and ethical practices on consumer behaviour motivates managers to
interpret and communicate CSR as *Ihsan* to touch and create congruency between customers’ religious values and corporate behaviours. Although Ihsan has not been particularly discussed in the literature, it is commonly eluded as a theme that describes the ethical and philanthropic responsibilities of firms. According to Carroll (1991), both ethical and philanthropic responsibilities of firms include fairness, justice, being moral, and acting as a good citizen. The distinctive character of the ethical responsibility between them is that the ethical responsibility is originated from societal expectation, while the philanthropic responsibility is originated from corporate belief to become a good citizen (Carroll, 1991).

This finding is consistent with the majority of CSR studies that investigate customers’ awareness i.e., CSR awareness in generally low and the need is always there to promote CSR activities (e.g., Albareda *et al.*, 2007; Gigauri, 2012; Ditlev-Simonsen, 2015). Although *altruism* and the *Ihsan* concept of CSR may contradict with social hypocrisy, it has been understood that CSR should be adopted on the basis of *altruism* and *Ihsan*. Unfortunately, a number of banks believe the current situation is one form of social hypocrisy forms as there is no improvement of social causes made by CSR programs.

**The Magnitude**

The second category that helps readers to understand how CSR is perceived within the Saudi banking industry is the magnitude (i.e., the structure of CSR). This category includes two main themes: elements of CSR definition and the dimensions of CSR. A number of elements have been identified and found to support and complement each other. This section will explain these elements.
Elements of CSR

Three elements of CSR have been identified during the qualitative data analysis. These elements can be represented in one statement; CSR is a continuous development on a voluntary basis. These three elements have been widely reported in the literature and the majority of CSR definitions are developed around these elements. Respondents indicate that CSR activities are part of a long-term strategy of firms rather than short-term projects. Mixed findings are found regarding whether donations and sponsoring social activities are CSR. “CSR is the strategy, not the activities” (Bank no. 9).

The participants, in one way or another, agree that CSR is about “continuous development” rather than one-time projects. Statements like “CSR is about commitment”, “We are committed to our stakeholders”, “Undertaken social duties” and “Our department is dedicated to supporting the community” are widely used in the interviews to indicate the continuous nature of CSR. Many participants express the belief that corporations should operate under conditions that ensure the protection of people and the environment—and these conditions, of course, should be consistently applied, and not on an occasional basis.

It has also been claimed that CSR aims to develop, support and improve society and the environment. This idea is widely referenced by the interviewees in their perception of CSR as a “continuous development”. In one way or another, CSR activities should contribute to the development of areas of social wellbeing. A number of examples are drawn of the areas that can be targeted by CSR, e.g. energy saving, health services campaigns, SMEs and productive families issues, beaches and rural areas cleanliness, social and cultural events, education
awareness and employee development. Different opinions are expressed about whether football team sponsorship is a form of CSR or not.

“I do not see these kinds of activities as contributing to social wellbeing by any means. Yes, we do some PR activities with football teams to get access to their fans; however, this is more PR rather than CSR” (Bank no. 1).

However, some banks perceive sponsoring football teams as a form of CSR activities. This answer is based on the conclusion that football is one of only a few outlets available for youth in Saudi Arabia. If their energy is not used for good and healthy practices, this may lead to undesirable consequences. Despite this understanding, none of the local banks sponsor football teams. The justification being provided for this was that supporting one football team would upset the other teams’ fans, and it is financially not feasible to sponsor the top four or five teams in the league.

The next element of CSR definition is its voluntary nature. Paying Zakat (similar to income tax), Saudization (compulsory percentage of Saudi employees in each organization) and offering work insurance for employees were considered forms of CSR activities. According to Bank no. 8, CSR includes “any activities that support any groups of stakeholders on a regular basis”. This bank argues that “Zakat goes to poor people, Saudization has helped the society by reducing the unemployment rate, and work insurance improves the employees’ wellbeing”.

This bank holds a unique opinion that CSR is not limited to volunteer activities. This may be due to the fact that it does not adopt any well-established definition of CSR. This bank defines CSR as “everything you or we can provide to our society as good citizens that has a
positive impact on your brand and helps your business”. This understanding of CSR does not differentiate between voluntary and compulsory actions. A great number of respondents indicated that CSR activities have to be initiated beyond what is required, i.e. CSR should be conducted on a voluntary basis.

“In order for Saudiization to be considered as a CSR activity, banks should exceed the required rate from the Ministry of Labour, i.e. local banks are required to employ 70% Saudi within the bank; however, our Saudiization rate is about 90%. This is because we care about you” (Bank no. 1).

“Zakat is not a form of CSR. Only if banks decided to pay more than the required rate (2.5%), then the extra difference is considered CSR. I doubt any bank will do it” (Bank no. 9).

This understanding is not new, it was proposed in early 1960s by McGuire (in McGuire et al., 1988) who argued that CSR should go beyond economic and legal responsibilities. The majority of CSR scholars support these arguments (Carroll, 1999; Dahlsrud, 2006).

**Dimensions of CSR**

Two major dimensions of CSR are identified: economic and non-economic. The economic dimension concerns corporate responsibilities towards shareholders, e.g. increasing their wealth portfolio, ensuring business continuity, long- and short-term profits, and increasing tangled and untangled assets. The non-economic responsibility concerns corporate responsibility towards the others group of stakeholders, mainly customers, employees, and society. Banks 1 and 10 report that banks’ responsibility is limited to economic responsibilities, e.g.; “Our only role is to increase ROA (return on assets) and ROI (return
on investments)’’ and ‘‘Banking is profitable business. We are not charitable organizations. Our shareholders aim for increases in their return’’. Similarly Bank no. 4 indicates, ‘‘We only have a limited budget allocated for community service, as we have primary business responsibilities to achieve’’.

Other researchers support the separation of the economic responsibilities from the non-economic responsibilities (Salmones et al., 2005). These authors find that the economic responsibility negatively correlates with non-economic responsibilities. We attribute the economic responsibilities dimension due to several main reasons: (1) it is axiomatic and intuitive that banks have to be profitable and to achieve decent revenue to survive and stay attractive to shareholders and investors; (2) the Arabic translation of ‘‘social’’ perhaps limits the term to corporate responsibility towards society rather than different groups of stakeholders; and (3) the nature of the job that PR managers hold rouses them to market the bank by highlighting and marketing the positive aspects of their banks rather than the primary, fundamental jobs.

The second dimension of CSR is the non-economic responsibilities dimension. According to bank no. 11, ‘‘beside our responsibilities towards stakeholders, we care about our customers and employees’’. Both banks no. 4 and 8 provide different points about non-economic responsibilities. They are unhappy with the term ‘‘responsibilities’’, as it implies that banks have to respond to these calls.

‘‘Responsibility means that we are held responsible and accountable for improving the society. Actually, we are not. This is the government’s role. We choose to do some good deeds to help our partners and friends”
(meaning customers and society) based on our Islamic value’s not because we have to do it’’ (Bank no. 8).

However, the majority of participants do not indicate a contradiction between the term “responsibilities” and the voluntary nature of CSR apart from philanthropic responsibilities: “The media is complicit in expressing our role in the society. They set high expectations for our responsibilities. They want us to donate cash and build schools. This is not what is meant by CSR. The Ministry of Education have an allocated budget for SR 200 billion (about of £35 billion)... Donation is not CSR; our strategy does not suggest donations to needy people or charitable organisations... We support productive families by providing interest-free micro-loans (not exceeding £1,500), training courses, business advice, and if needed the required machinery and equipment” (Bank no. 5).

The findings demonstrate misunderstanding of philanthropic responsibilities, e.g. a great number of banks reject the view that CSR is donations, the contradiction between the voluntary nature of CSR and the term responsibility when it comes to donation, and the overlap of philanthropic responsibilities with ethical and legal responsibilities. This can be attributed to the values of Islam. In Islam, satisfying legal and ethical requirements is considered a form of philanthropy, e.g. stopping at red traffic light is a must in Islam and ignoring traffic lights is considered a sin. The philanthropic notion in Islam is embedded within all aspects of life. It is not defined as separate entity. Even when it comes to donations, Muslims are better off not donating compared with donors who hurt peoples’ feelings:
“Kind words and forgiving of faults are better than Sadaqah (charity) followed by injury. And Allah is Rich (Free of all wants) and He is Most-Forbearing”. (The Holy Quran, Al baqarah, 263)

Thus, the philanthropic dimension is not considered a component of the non-economic dimension of CSR. The only identified components of the non-economic dimension of CSR are legal and ethical responsibilities. The interviewees point out that in order for a firm to become socially responsible, it has to obey the local laws and regulations.

“Organisations profiting from breaking the law or exploiting the loopholes of the law are not socially responsible. Laws and regulations must be respected” (Bank no. 4).

“You cannot be socially responsible and break the rules at the same time. However, banks obey SAMA regulations not necessarily because they are socially responsible, but because they have to, otherwise they will be exposed to strict financial penalties” (Bank no. 6).

Although the majority of respondents emphasised that local laws and regulations must be obeyed and that this is the first step to becoming socially responsible, it has been commonly reported that obedience of laws is not enough. It has been understood as organisational strategy that continuously contributing to improving social wellbeing must go beyond what has been regulated.

“CSR starts after complying with the local laws and regulations. Compulsory responsibilities have to be fulfilled foremost, then we can evaluate if these companies are offering something extra to the society and the environment” (Bank no. 10).
Similarly, bank no. 2 and 3 note: “For a corporation to become socially responsible, they should not limit themselves to obeying written laws. Unwritten laws should also be considered”. Unwritten law is an expression that indicates ethics, social norms, local customs and traditions. This leads to the second component of the non-economic dimension of CSR, which is ethical responsibility. This includes any voluntary actions undertaken by organisations that are not required by law. This has been widely expressed by phrases like “we care” and “we respect”. The participants define business ethics as a product of organisational values and social norms and local customs and traditions. According to Bank no. 3, “We operate according to our bank values and the cultural values of Saudi Arabia”.

It has been understood from the respondents that ethical organisations should not compromise their ethical values to gain economic benefits. Bank no. 10 claims:

“We do not advertise Visa cards, as we do not want to harm our consumers by increasing their consumption behaviours. Other banks market their Visa cards aggressively—[fulfil your desires] and pay later.

They promote holiday trips on Visa cards where the rate is 20%”.

The Attitude

This section discusses two issues: the conflict between different stakeholder groups and business-related issues connected to CSR, i.e. motives, limitations and examples of current practices. Seven main stakeholder groups have been identified and grouped into two categories: internal and external. Internal stakeholders include shareholders, management, and employees, while external shareholders include customers, society, government and charitable organisations.
**Internal Stakeholders’ Issues**

A great number of participants believe that CSR is activities directed towards society and stakeholders outside the organisation, not in-house activities favouring management, shareholders and employees. Dividing stakeholders into these two categories can be attributed to the Islamic perspective of the dependability i.e. inner circle (i.e. yourself and your relatives) are financially dependable on a Muslim, while financial responsibility of the outer circle (i.e. neighbours, friends and people in need) is philanthropic (Senturk, 2007). In CSR context, the shareholders, management and employees represent the inner circle; while other stakeholders’ groups represent the outer circle. According to Hasan (2007) Muslims have to financially support their inner circle and highly recommended help their outer circle. This understanding is responsible to influence customers’ perception of CSR structure into two dimensions; economic responsibility which is related to inner circle and the non-economic responsibility which is related to outer circle.

Four CSR managers note the beliefs that shareholders are the main obstacle limiting their CSR activities. Bank no. 4 states: “Our shareholders are not willing to wait for two years to see the payback of CSR in their bank. CSR needs time”. The same idea is mentioned by Bank no. 10: “As a joint stock company, we cannot just give out our earnings”. Bank no. 11 says: “Banking is profitable business. We are not charitable organisations. Our shareholders aim for increases in their returns”. A similar point was conveyed by Bank no. 1: “Our only role is to increase ROA (return on assets) and ROI (return on investments)”.

These banks perceive CSR as an expenditure that reduces profitability rather than an investment in society or investment in brand image. In one way or another, these banks are found to believe that being profitable does not go along with CSR, so CSR contradicts with
profit-making. In contrast, other banks (i.e. Bank no. 2, 3, 7 and 9) generally reported a strong support from their management. For example;

“Although we seek to maximise our shareholders’ profit, we are neither selfish nor greedy. We are just aggressive due to market competition. We care about our society and the bank owners encourage us and closely follow our CSR activities” (Bank no. 9).

“Our boards of directors are keen to provide high-quality social activities to support people in need, especially orphans, widows and people with special needs, and to treat our employees and customers in an ethical way that represents our Islamic identity” (Bank no. 2).

It is found that the distance to the CEO (see Figure 1) and the support of the shareholders are related to each other, i.e. the banks that have one or two levels of hierarchy from the staff responsible for CSR to the CEO state that their management is supportive; while the banks that have four or five levels of hierarchy indicate that the CEO is not keen to invest in CSR. This fact can be reported in two different ways: (1) the shorter the distance to the CEO, the more support is given to CSR, and (2) the more the CEO believes in CSR, the closer he/she keeps the person responsible for CSR.

< Insert Figure 1 Here >

A number of issues have been identified regarding the role of banks management, namely budget, approvals and conflicts between business and social objectives. For banks that have CSR departments, the annual budget is approved based on the CSR department strategy and
action plan; however, banks without a CSR department has to get their budget approved on an ad hoc basis for each activity.

The top management of local banks differ based on their perception of CSR and the priority they give to CSR. Bank no. 2 states: “Frankly speaking, we have everything we need to become a CSR-oriented organisation, especially the budget and the support from top management. It all depends on us now”. This shows the kind of support and priority given by the top management to CSR. The same is stated by Bank no. 6: “Like as any other project, CSR has to obtain approval. There is no bureaucracy at the bank, CSR has high priority”. On the other hand, Bank no. 4 stated:

“We are pushed by our CEO and board members to show quick impacts on the balance sheet, rather than long-term objectives. As you know, CSR will start showing its impact after a long time. That is why it is difficult to obtain a big budget for CSR”.

The same message is conveyed by Bank no. 5: “We are an emerging bank. We open a new branch every month. Our management’s focus is on the business in the first place, which makes us very selective in our CSR programmes”. Some banks believe CSR can operate parallel to the bank’s business strategy, while others reported that CSR is a secondary issue that always comes after business issues: “CSR is important as long as it does not conflict with business-related issues. In banks, profit-making has the top priority” (Bank no. 1).

Overall, CSR projects are assigned to experienced and socially active employees, i.e. three banks assigned CSR projects to employees with about 25 years of experience, seven banks to employees with about 15 years of experience and one bank to an employee with 10 years of
experience. Assigning experienced and qualified staff to CSR indicates some importance of CSR to the top management.

Some CSR managers believe that any internal CSR activities that involve employees should be managed by the HR department, i.e. Bank no. 6 says: “Any form of CSR directed towards employees is HR’s responsibility. We had an agency agreement between departments about this point”. Bank no. 1, 3, and 4 report similar actions. Saudiasation and training were among the contradictory issues that some banks perceived as CSR issues, while other banks did not. Similarly, other activities have been identified as CSR activities towards employees:

“Fulfilling employees’ wellbeing can be achieved by health and safety, education, job security, medical insurance, employees’ investment fund, providing environmentally friendly products, appreciating and thanking, providing compensations and paying for their children’s education” (Bank no. 2).

It has been claimed that appreciating employees and ensuring their wellbeing will directly and indirectly contribute to business: “Customer number one is our employees. They are our true VIP customers. Internal CSR creates employee loyalty and employee satisfaction, and therefore a better work environment and more efficiency at work” (Bank no. 1).

**External stakeholders’ issues**

The external stakeholders are divided into four groups; customers, society, charitable organisations and government. CSR managers have different views towards customers in regards to CSR. Some banks believe CSR towards customers can be expressed in the form of product development, i.e. Bank no. 1 said: “Our CSR role towards customers is to improve
our product and services”. A similar idea is confirmed by Bank no. 3: “For customers, CSR is manifested in the Islamisation of products”.

The Islamisation of products means developing alternative Islamic products rather than providing traditional banking services. Islamisation is common in Saudi Arabia, as Islam is the dominant religion (100% of the citizens are Muslims). Bank no. 5 claims: “We do not call customers ‘customers’; we call them ‘partners’, because account opening is a partnership as they share their details and give us access to their money”. This view indicates the importance of customers.

An alternative customer view of CSR is that it should be delivered to those in need, not to customers, for two main reasons: “Customers do not need us” and “We do not have smart customers who can compare and find what’s best for them” (Bank no. 8). This contradiction can be attributed to the understanding of what CSR is. Those who define CSR as donations believe that customers do not need donations, while the others who have broader understanding of the concept believe customers are classified as a major stakeholders’ group.

The second stakeholders’ group identified was society, which is defined differently among participants. Three definitions are drawn from the interview answers: (1) society means any stakeholders’ group that does not own shares or work in the organisation, e.g. “Society includes everyone a part of us”, (2) society means people in need of help, such as orphans and the disabled, e.g. “Society is a generic word, however in our context it only means these member of society who are in need of our support” and (3) society is citizens who do not fall into any major stakeholders’ group, i.e. shareholders, managers, employees, customers, suppliers, and the government, e.g. “Although every stakeholder is a member of society,
when we discuss society, we focus on those who do not belong into any other stakeholder groups”.

This discussion adopts the third definition, as it was the most common understanding among participants e.g. Bank no. 3 states: “Because we are part of the society, we have to seek to develop and support our society and become good citizens”. According to participants, the society is not getting the deserved amount of CSR in Saudi Arabia, as they are not aware of their rights. Bank no. 6 states:

“We still need to do more for our people, our friends, our society. They are waiting for us. Corporations ignore societies because they do know their rights and how to ask for them... Our role towards society is to educate them, solve their problems, develop the right products that suit them, and make banking easier for them”.

Questions emerge, what is role of banks towards society? And does society care about CSR. According to Bank no. 8:

“Outside the bank, our role is focused on educating the society, providing conferences, and sponsoring investment seminars and Islamisation seminars. We do not conduct the CSR programmes ourselves; we just support the best ones that are proposed to us. We do not pay cash, either”.

The society needs to be aware of the CSR concept to put social pressure on local corporations. Bank no. 3 states:

“The society is still not aware of CSR. The society has to exert social pressure to force local banks to do more CSR. Societies could govern
corporations by supporting firms that act responsibly and rejecting those who do not”.

The same bank continued:

“I am happy to see some researchers interested in CSR. We need to increase awareness of the local society towards the importance of CSR so they can exert social pressure in order to force or encourage banks to become more CSR-oriented. However, we also need to manage their expectations at the same time”.

A positive finding is that banks can see signs of interest from society towards CSR. Bank no. 11 states: “Everybody has started questioning CSR and finding out more about it”. The same bank states in another question that: “People understand charity and love to do philanthropy, but this is not CSR and not social development. Soon, people will become more aware of these issues”.

Motives for CSR

A number of motives have been identified during the interviews analysis. These motives are grouped into two main categories; instrumental motives and ethical motives. Although this categorisation is previously discussed in the literature, the motives under each category are slightly influenced by contextual factors. In one way or another, all banks indicated that CSR activities generate business benefits to companies. These benefits include consumer support, loyalty and satisfaction; repeat purchase; and positive word-of-mouth. Bank no. 6 affirms that:

“Banks aim to attract customers, retain existing customers, and develop loyalty. CSR will definitely help them to do so”.
There is a common agreement that these benefits can be enhanced provided that customers have reasonable expectations and high awareness of CSR initiatives, and if customers choose to support responsible businesses (i.e. they believe in the social cause). Only seven out of the 11 interviewed banks claim that they perform CSR as a part of their human, religious, national or social duties in addition to its financial benefits, while the remaining four banks stated that they only adopted CSR for its financial benefits. For example, Bank no. 3 states:

“Corporations pay some of their profits back to the society to keep [society] quiet so [the banks] can continue their business. So, it is repayment of an old loan (the harm they did).”

Relieving banks from social and media pressure was identified as a major gain from CSR.

“CSR is our way to silence the media and to response to their fierce attack against banks. The media inflames society against us and increases the social pressure on the banking industry. We cannot ignore these pressures if we want to focus on business” (Bank no. 11).

Another bank confirms the fact that CSR helps to relieve businesses from social pressure, adding that banks do not necessarily believe in CSR:

“Our ultimate goal from CSR is to show off. Banks do CSR because it is the trend (fashion) and for the social hypocrisy. People are more willing to pay than corporations. Banks sometimes pay to show society and newspapers they are paying, even if they are not really convinced of some programmes” (Bank no. 9).
The majority of participants believe that CSR generates business benefits for banks and serve a greater purpose at the same time, i.e. social causes. Unfortunately, the benefits are limited by different aspects of consumer behaviour, i.e. customer awareness, customer expectations, and customer support. The participants revealed that a lack of customers’ awareness results in the following consequences, as shown in Figure 2.

< Insert Figure 2 Here >

Even though customers can be made aware of CSR initiatives, another challenge is still present. In some way or another, the interviewees conveyed that high and unreasonable customer expectations of CSR activities negatively affect customer satisfaction. The difference between CSR perception and CSR expectations is customers’ satisfaction.

The majority of the participants question the customer support of social causes. If customers do not support responsible businesses and they do not care about social causes, the business-driven benefits of CSR will be minimal (as shown in Figure 3).

< Insert Figure 3 Here >

**Discussion**

The findings of this study provide important implications to the extant body of knowledge in CSR and branding (Carroll and Shabana, 2010). They provide insights about how CSR is perceived in a new context and in a service industry. Understanding the current perception of CSR from a banks’ perspective helps policymakers to develop appropriate platforms for banks to become more socially involved (Alwi et al., 2017). The findings highlight the main
motives and challenges that face local banks to become socially responsible, which in turn, enhance their brand value. They facilitate the practitioners’ role, particularly brand managers, by providing an overall understanding of the notion and an overall understanding of an important stakeholder i.e. employees’ role across industry (Edinger-Schons et al., 2018). This will enable brand managers to communicate their brands’ values with each stakeholder’s group separately. The perception of socially responsible banks has been discussed in five themes; definitions, interpretation of definition, sources of information, elements of definition, and dimensions. The first three themes (i.e., definitions, interpretation of definition, and sources of information) have been discussed in the first category “Attribute”, the fourth and fifth themes (i.e., elements of definition and dimensions) have been discussed in the second category “Magnitude”. The second aim has been addressed in the third category “Attitude” which consists of two themes stakeholders’ issues and business related issues. The conclusion section provides an implication of these findings.

Attribute category concerns about what is meant by CSR. The majority of banks in Saudi Arabia adopt the WBCSD definition of CSR (Singh and del Bosque, 2008). Several banks doubt the importance of defining CSR, claiming it limits understanding and can be easily be misunderstood, and there is no real need to define CSR. The current understanding of CSR can be integrated into one definition that includes serving stakeholders, doing no harm to society or the environment, responding to people's need, observing rights, and making concessions of public interest without prejudice to the economic obligations (Godfrey and Hatch, 2007).

Although the majority of banks believe that the concept of CSR is similar across different industries, they agree that the practices differ across industries. There is agreement that
donation is not CSR, as CSR is a concept that should be embedded within the business activities (Carroll and Shabana, 2010). When companies clean up their own environmental mess, they are not really doing CSR; CSR consists of the extra activities they do to protect the environment and to improve stakeholders’ quality of life. CSR is not compensation or a bribe for societies to forget business harm (Podnar and Golob, 2007). CSR activities can be grouped into four main categories according to their nature and their relation to the core business. There is still debate on the conceptualization and definition of CSR (Steenkamp, 2017) and the findings of this study contribute to this debate by providing a definition and categories for a nuanced understanding of CSR in the chosen context. The CSR matrix (Table 2) summarises these categories:

< Insert Table 2 Here >

Despite the fact that culture has not been viewed as a factor that causes a difference of understanding, it is one of the main sources from which CSR can be learnt (Godfrey and Hatch, 2007). This is true because all cultures around the world share the same values in regards to others, i.e. respecting others, supporting the poor, leaving no trace, doing no harm, and considering sustainability as a source of life. The CSR concept does not differ among rich and poor countries (Lee and Shin, 2010); however, CSR initiatives do differ between rich and poor countries. CSR activities should be directed towards locals in the first place, and then the organisation may think about exporting their CSR activities to support other societies and communities in different countries (Jamali et al., 2009).

The status of Saudi Arabia as a rich countries and a leading Islamic country raises the bar and the standard of CSR activities that banks have undertaken. The Islamic belief of the participants introduced three relatively new areas in explaining CSR: altruism, Ihsan and
social hypocrisy. The main sources from which CSR can be learnt are social sources, on-the-job experience and daily activities, and educational and professional sources, respectively. Finally, it can be concluded that banks in Saudi Arabia adopt explicit CSR, as they tend to describe their activities rather than their role within society, and it is conducted on a voluntarily basis rather than through mandatory activities.

The second category is magnitude, which concerns about the structure of the concept i.e., elements and dimensions. CSR is a continuous voluntary development that organisations are committed to undertake to improve stakeholders’ wellbeing by conducting supplementary activities that are not required by law (Singh and del Bosque, 2008). Organisations are responsible for fulfilling their economic and non-economic responsibility. Economic responsibilities include maximising shareholders’ profits and developing long-term plans, while non-economic responsibilities include complying with legal and ethical requirements (Alwi et al., 2017).

The final category is the attitudes towards CSR, which discusses how different stakeholders groups are engaged in CSR, what motivates and challenges organisations to more engaged in socially responsible activities, and naming some examples of CSR activities. To better understand the perception of CSR within the Saudi banking industry, the role of each stakeholder group must be understood, as it will contribute to capturing the concept from different points of views. The direct stakeholders for local banks can be grouped into two categories: internal (shareholders, management and employees) and external (customers, society, government and charitable organisations). Banks are conducting CSR activities to achieve business benefits and to satisfy their ethical beliefs. This is consistent with the findings of Van Doorn et al. (2017).
**Theoretical contributions**

Despite the role of CSR in firms executives still do not understand the relationship between CSR and brand building activities (Steenkamp, 2017). The first major contribution of this study lies in developing a new framework that shows the CSR perception among the key stakeholder (i.e. the employees) from a brand management perspective in the Saudi Arabian financial services sector. The second contribution of this study lies in providing qualitative evidence on the relationship between CSR activities of firms and brand values. The business benefits include brand promotion and positioning tools, relief from social and media pressure, and enhancement of brand-customer relationships, i.e. satisfaction, commitment, positive word-of-mouth and loyalty (Van Doorn et al., 2017). The ethical values include human duty, religious duty, national duty and social duty (Podnar and Golob, 2007). This contribution corroborates with the findings of Hur, Kim and Woo (2014) that CSR activities has a positive impact on brand equity. Although there are many studies examining CSR and its related outcomes. Our finding is a welcome addition to the literature on the marketing outcomes of CSR activities such as increased brand value. Thus, CSR is a source of intangible competitive advantage.

The third contribution of this study lies in investigating the CSR perception among the key stakeholder in the Saudi Arabian banking sector. Most of the research till date has focused on customers’ perceptions of CSR activities of service firms (Lee at al., 2013). Thus the new representation of CSR’s perception among employees helps to better evaluate the CSR in the chosen context and extends this research field. Results show that in the chosen context focus is on the attribute of CSR, magnitude of CSR, and attitude towards CSR. Investigating CSR perception in a homogeneous industry such as banking (all banks provide similar products...
and services) would help find out how consumers respond to social initiatives of the service brands while minimising the influence of product attachment.

There is limited research on the challenges to CSR in the middle-eastern economies (Jamali and Karam, 2018). Thus, the fourth contribution of this study lies in identifying the challenges that limit banks’ social responsibility. Results show that these challenges fall into 4 groups: government, businesses, charitable organisations and customers and society. Governmental challenges include lack of coordination, lack of statistical information, lack of regulation, and lack of rewards and incentives. This corroborates with the suggestions of Edinger-Schons et al., (2018). Business challenges include conflicts between businesses and social orientations, and compliments and favouritism. A lack of professionalism was reported as the main challenge related to charitable organisations, while consumer behaviour (i.e. customer expectations, awareness, and support of the social cause) were identified as major threats to the financial motives of CSR. The most corporate activities are directed towards shareholders and the community, while the fewest are directed towards the environment and suppliers.

Conclusions, Limitations and Further Research

Saudi Arabia has never integrated in the Western legal institutional framework as it was never colonised, and its legal system is shaped by homogenous religious affiliation in the country. This makes the Saudi Arabia context good to answer recent calls in using theories such as the institutional theory through challenging the assumptions of the theory and the existing findings in a context other than the western context (Brouthers, 2013).

As banks in Saudi Arabia are obligated to operate based on the Islamic law, it is essential that they place CSR-related activities and policies as a top priority and disclosing information
related to CSR. Maintaining a good CSR policy also helps in increasing the capability of the financial service brands to generate positive contributions to social good and coping with reputation damaging events. Based on the findings of the study maintaining a good CSR policy will go a long way in generating valuable goodwill for the Saudi Arabian banks.

This study highlights important contribution to the body knowledge in understanding the motives and challenges for financial services brands to engage in social activities. Findings provide insights about how CSR initiatives can enhance the brand value for financial services firms in a developing and Islamic country. Results show that in the chosen context focus is on the attribute of CSR, magnitude of CSR, and attitude towards CSR. However, the study is not without its limitations. The exploratory nature of this study limits the generalisability of the findings. Thus, future studies should test our framework (i.e., magnitude of CSR) in different sector of financial services as well as different culture. Future research is hereby advised to conduct this study with a large number of interviewees incorporating all levels of employees at an organisation. Future studies can extend the findings of this study in new and different context, country and other sectors of an economy.

The findings also shed a light that Islamic belief of the participants is salient in explaining new areas of CSR. Ramasamy et al. (2010) find that there is direct relationship between religiosity and CSR support. Future studies could explore how religiosity influences the magnitude of CSR that is proposed in the present study. In addition, future studies could also investigate the role of brand logo in shaping the consumers’ CSR perceptions. For example, while previous studies noted that brand logo affects commitment (e.g., Japutra et al., 2016), future studies could examine the way in which a brand logo impacts on the consumer’ attitudes towards the CSR.
References


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Kotler, P. and Lee, N. (2005), Corporate social responsibility: Doing the most for your company and your cause. Wiley & Sons, Hoboken, NJ.


Figure 1. Distance to the CEO

Figure 2. Consequences of the Lack of Awareness

Figure 3. Less Support from Customers
Table 1. Profile of the interviewees

<table>
<thead>
<tr>
<th>No.</th>
<th>Designation</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Head of CSR</td>
<td>ARAMCO (The biggest oil company in the world) – Financial services division</td>
</tr>
<tr>
<td>2</td>
<td>Secretary-General</td>
<td>Riyadh Corporate Social Responsibility Council (RCSRC) – Banking sector</td>
</tr>
<tr>
<td>3</td>
<td>Secretary-General</td>
<td>The Media and Banking Awareness Committee at Saudi Banks</td>
</tr>
<tr>
<td>4</td>
<td>Responsible Competitiveness Index Coordinator</td>
<td>SAGIA (Saudi Arabian General Investment Authority) – Financial services</td>
</tr>
<tr>
<td>5</td>
<td>Head of Social Responsibility</td>
<td>Chambers of Commerce – Financial services</td>
</tr>
<tr>
<td>6</td>
<td>CSR Manager</td>
<td>National Commercial Bank</td>
</tr>
<tr>
<td>7</td>
<td>CSR Coordinator at BMG</td>
<td>BMG Financial Services</td>
</tr>
<tr>
<td>8</td>
<td>Head of CSR Department</td>
<td>Saudi Telecommunication Company – Banking division</td>
</tr>
<tr>
<td>9</td>
<td>CEO</td>
<td>Meras (CSR Consultant Company) – Financial services sector</td>
</tr>
<tr>
<td>10</td>
<td>CSR Projects Manager</td>
<td>House of Sustainability (CSR Consultant Company) – Financial services sector</td>
</tr>
<tr>
<td>11</td>
<td>CSR Coordinator</td>
<td>Meras (CSR Consultant Company) – Financial services industry</td>
</tr>
</tbody>
</table>

Table 2. Matrix of CSR

<table>
<thead>
<tr>
<th></th>
<th><strong>Do no harm</strong></th>
<th><strong>Do some good</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within the core business domain</strong></td>
<td>Stop promoting products that increase unnecessary consumption</td>
<td>Islamization of products and services</td>
</tr>
<tr>
<td><strong>Outside the core business domain</strong></td>
<td>Do not hire children to work as full-time employees</td>
<td>Sponsoring social and cultural events</td>
</tr>
</tbody>
</table>