

# A Survey On Depositors' Awareness Towards Corporate Social Responsibilities Practices Of Islamic Banks In Saudi Arabia

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## Abstract

*This study aims to measure the depositors' awareness on the corporate social responsibilities (CSR) of Islamic retail banks in Saudi Arabia. A survey questionnaire filled up by 100 Islamic bank depositors was used to determine the level of their awareness towards the pursuit of the corporate social responsibilities of the banks in terms of various issues. The questionnaire was developed based on the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)'s Governance Standard No. 7: Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions. The study finds relatively low level of depositors' awareness towards CSR activities of the banks. The level of depositors' awareness also varies significantly when they are grouped according to their respective banks in which Al-Rajhi Bank found to be the best. The study fills the gap in the literature on CSR of Islamic banking. The findings of the study can be used as an input for policy makers in the area of CSR of Islamic banks. This study recommends to the Islamic retail banks in Saudi Arabia to intensify their efforts to make their depositors more aware of the CSR programs and activities undertaken by them.*

**Keywords:** *Depositors' Awareness, Corporate Social Responsibilities (CSR), Islamic Banking, Saudi Arabia*

## 1. Introduction

Nowadays, all types of companies, including Islamic financial institutions (IFIs), are operating not only to achieve the goal of maximizing profit but to also contribute in the improvement of the welfare of society. The voluntary programs conducted by

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corporations to improve the welfare of the society are defined as Corporate Social Responsibility (CSR). CSR is also known in a variety of other terms such as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business, or corporate social performance (Wood, 1991).

Islam as a complete way of life has its own CSR concept. It can be found in the *maqasid al shari'ah* (the objectives of *shari'ah*) and the principles of *maslahah* (the depositors good) (Dusuki and Abdullah, 2007). The *shari'ah* covers all aspects of life, including the family and society, and intertwined with *maslahah*, provides benefits and prevents harm to people and society. Unity (*Tawhid*), justice (*Al 'Adl*), free will (*Ikhtiyar*), and responsibility (*Fardh*) are the axiomatic principles upon which the conceptual framework of Islamic perspective of CSR rests (Mohammed, 2007).

Essential to the successful operation of a business enterprise is awareness of its mission, strategies, and programs on the people who use its products and services. Clients' awareness refers generally to the attitudes, opinions, activities, and behaviors of people towards pieces of information they get about an organization (Gregory & Miller, 1998).

Islamic financial institutions (IFIs) including Islamic banks were established with the aims to achieve the *maqasid al-sharia'h* (the objectives of *shari'ah*). Therefore, all Islamic banks must direct their activities towards realizing the objectives of *shari'ah*. In general, the objectives of *shariah* can be divided into three categories, namely education (*tarbiyah*), justice (*adalah*) and the welfare of the society (*maslahatul ammah*) (Hidayat, 2010). Each objective of *shari'ah* mentioned above should be reflected in the operations of the Islamic banks.

Based on the above explanation, it is clear that Islamic banks must perform its corporate social responsibilities and the banks' stakeholders should be aware of the banks' CSR programs and activities (AAOIFI, 2010). Islamic banks that perform CSR programs and activities will be socially recognized as good banks by their stakeholders and this surely enhances the stakeholders' confidence on the Islamic banks (Rashid et.al, 2009). Such awareness promotes better client understanding and acceptance of the firm. Therefore, this study aims to measure depositors' awareness towards the CSR activities of Islamic banks in Saudi Arabia. It is expected to determine how much the depositors know about what their banks are doing to promote the welfare of the society beyond their business objectives. The objectives of the study can be further put in details by answering the following questions:

1. What is the level of awareness of Islamic banks' depositors in Saudi Arabia towards the CSR practice of their banks?
2. Is there a significant difference in the level of awareness of the depositors when they are grouped according to their respective banks?

The study also aims to test the following hypotheses:

H<sub>0</sub>: There is no significant difference in the level of awareness of the depositors in Saudi Arabia towards the CSR practice of their banks when they are grouped according to their respective banks.

H<sub>a</sub>: There is a significant difference in the level of awareness of the depositors in Saudi Arabia towards the CSR practice of their banks when they are grouped according to their respective banks.

The study is expected to add value to the existing literatures on CSR of Islamic banking. The findings of the study can be used as inputs for policy makers in the area of corporate social responsibility of Islamic banks. However, the study only revolves around Islamic banks in Saudi Arabia. Therefore, the findings cannot give a universal conclusion about CSR of Islamic banks.

This paper has five sections. This study starts with the introduction to corporate social responsibility, the objectives, the significance and the limitations of the study. Section two provides review of literature in the area of CSR. Section three describes the research design and methodology explaining the exact steps to be undertaken to address the hypotheses and/or research questions. Section four presents the analysis of the data found in the study. The last section presents the conclusion and recommendations of the study.

## **2. Review Of Literature**

This section explains the concept of CSR and includes previous studies in the area of awareness and corporate social responsibilities.

### ***2.1 The CSR Concept***

There is no single definite definition of CSR. The broadest definition refers to it as the relationship between global corporations, governments of countries, and individual

citizens (Crowther & Aras, 2008). On the local level, it refers to the relationship between a corporation and the local society in which it resides or operates. It can also refer to the relationship between a corporation and its stakeholders. All CSR activity operates on three basic principles, namely, sustainability, accountability, and transparency (Crowther & Aras, 2008). Sustainability requires that no resource shall be used by society more than it can be regenerated. Accountability refers to the responsibility of a corporation for the effects of its activities on the external environment. Transparency means that the corporation has the necessary mechanisms to disseminate to the depositors truthful information about its operations.

Companies gain various benefits from pursuing corporate social responsibility such as “increased profits, customer loyalty, trust, positive brand attitude and combating negative publicity (McDonald & Rundle, 2008). Because of these positive developments, the international banking community has implemented their own programs. Banks around the globe are spending millions of dollars for different kinds of CSR strategies with the purpose of building their public image and strengthening their ties with their stakeholders. However, the authors point out that there is little research attention being given to the relationship between Islamic banking and CSR. The following subsection describes some examples of previous studies in the area of CSR for Islamic banks.

### ***2.2 Previous Studies in the Area of CSR for Islamic Banks***

Review of available literature reveals that there are only a limited number of studies in the area of CSR for Islamic banks. Mohammed (2007) made a survey on six Islamic banks located in different countries and obtained primary data from two well selected managers of each bank in face-to-face structured interviews. He concluded that the “four ethical axioms (unity, equilibrium, free will, and responsibility),” the foundation of any Islamic business and society, were quite extensively implemented by them. This study is similar to that of Mohammed as it focuses also on CSR as applied in Islamic banks. However, the sources of the data are different. The data obtained in Mohammed’s study was from bank managers. This study will be based on responses of bank depositors to a survey questionnaire.

Dusuki and Dar (2007) conducted a survey on the stakeholders of two Islamic banks in Malaysia. There were seven groups of stakeholders that were interviewed in the study, namely depositors, financing customers, employees, branch managers, Sharia

advisors, regulators, and associates of the distant communities. Using a sample of over 1,500 respondents, the paper aims to explore the perceptions of the stakeholders of Bank Islam Malaysia Berhad (BIMB) and Bank Muammalat Malaysia Berhad (BMMB) which were the two largest full-fledged Islamic banks in Malaysia regarding their social responsibility activities.

The study found that in general the seven groups of stakeholders had generally positive views on CSR. CSR related factors that were addressed in their survey were: product price, quality of customer service, convenience, financial and economic reputation, value for human rights, Islamic image and reputation, contribution to the community, and environmental practice. The study used a survey questionnaire as its research instrument in order to collect the data and analyzed the data using the descriptive method. The statistical tools used by the study are frequency distribution, weighted means and the Kruskal Wallis H-test.

Farook et. al (2011) measured the level of CSR disclosure of Islamic banks in their annual reports and identified the determinants of the CSR disclosure. Annual reports of 47 Islamic banks from 14 countries for the period of 2012-2013 were collected and used for data analysis. The study found that the level of CSR disclosure of Islamic banks is still significantly below the expectation. In addition, using OLS regression, the study also found socio-political influences, economic incentives and corporate governance factors as important determinants of CSR disclosure of Islamic banks.

Rashid et. al (2013) investigated the level of CSR involvement of Islamic banks in Bangladesh, Malaysia and GCC countries using customer-centric CSR framework. Employing content analysis, annual reports of 16 Islamic banks from the three regions above were analyzed and used for data analysis. The study found Islamic banks are too customer centric and efficiency driven. However, that efficiency is achieved by sacrificing the banks' commitments to basic Islamic rules which obviously violates the original wisdom behind the establishment of those Islamic banks. This is due to tough competition between Islamic and conventional banks that are operating side by side in those regions.

Mallin et al. (2014) examined the relationship between CSR and financial performance (FP) of Islamic banks. The paper emphasized the effect of SSB's size on the level of CSR disclosure and the direction of causality between FP and the CSR. They used a

comprehensive CSR index including ten dimensions covering a sample of 90 Islamic banks in 13 countries from the period of 2010-2011. The study found that the vision and mission, the board and top management, and the financial product/services dimension generally have high scores across all countries whereas the environment generally scores the lowest. It was illustrated that Islamic banks demonstrate a considerable awareness of the mandatory disclosures stated by AAOIFI though; they have less concern to the voluntary CSR disclosures.

The empirical analysis also highlights a positive connection between CSR disclosure and financial performance whereby CSR disclosure is determined by financial performance and the opposite is not true. They also found a positive and extremely considerable connection between the Sharia supervisory board (SSB) size and CSR disclosure index.

### ***2.3 Previous Studies in the Area of Public Awareness of Islamic Financial Products***

There are several studies that discuss public awareness towards Islamic financial products. Akbar et. al (2012) investigated the perceptions of users toward Islamic banking services in the United Kingdom. The 5-Likert scale questionnaire was used as the research instrument. One of the items measured in this survey is the level of users' awareness towards Islamic banking products, services and the principles of Islamic finance such as the prohibition of Riba. The survey result reveals that Muslim users of Islamic banking and services have relatively low level of awareness towards Islamic banking products, services and the principles of Islamic finance such as the prohibition of Riba and the profit and loss sharing concept.

Hidayat and Rafeea (2014) evaluated the level of public awareness towards Takaful concept and principles in Bahrain through a survey questionnaire. 150 respondents participated in the survey. The study finds that unlike in other countries, the level of public awareness towards Takaful concept and principles in Bahrain is quite high. This is an evidence of the success of awareness campaign held by Takaful stakeholders in Bahrain.

## **3. Research Methodology**

This is a descriptive type of study using a survey questionnaire as its research instrument. The questionnaire was distributed to bank depositors in order to measure their level

of awareness towards the CSR activities pursued by the banks. The questionnaire was developed based on the Accounting and Auditing Organization for Islamic Financial Institution's (AAOIFI) Governance Standard No. 7: Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions.

The questionnaire consists of two parts. Part I of the questionnaire gathers the profile of the respondents in terms of the banks they patronize, age group and level of education. Part II of the questionnaire asks the respondents to respond to the statements related to the policies and conduct of the banks on the pursuit of their corporate social responsibilities. The fifteen statements are (AAOIFI, 2010):

1. The bank has a policy to screen prospective clients for Shari'a compliance that is actively implemented to avoid using the bank for criminal related activities, such as money laundering.
2. The bank has a policy for responsible dealing with clients with provisions relating to marketing ethics, implementing responsible financing practices in all types of transactions with clients, and dealing with late repayment and insolvent clients.
3. The bank has a policy to restrict earnings and expenditures prohibited by Shari'a.
4. The bank has a policy for employee welfare that stipulates provisions for the rights and obligations of employees, avoidance of discrimination, expected behavior of all employees, and merit-based salary and promotion structure for all employees.
5. The bank has a policy for the collection and distribution of Zakah revenues on behalf of clients, customers, or shareholders.
6. The bank has a policy of Qard Hasan distribution for social reasons.
7. The bank has a policy for the reduction of the adverse impact of bank activities on the environment.
8. The bank assists poor and needy individuals and families on health, education, and business.
9. The bank has investment targets for the development of small to medium size enterprises that offer significant growth potential for the country.
10. The bank has targets for impact investments that aim to protect the environment and increase the use of renewable sources of energy.

11. The bank has been implementing a policy to develop and monitor par excellence customer service skills of its employees.
12. The bank has a policy to assist micro and small businesses through special features and terms of these types of investment depositors.
13. The bank has a policy to encourage social savings for marriages, children's education, community-based programs, and other social welfare programs.
14. The bank has established a charity fund and avenues for voluntary donations by donors.
15. The bank has a policy of managing Waqf properties on behalf of their beneficiaries.

The researchers use the following statistical tools for the interpretation and analysis of the data gathered in the survey:

1. The percentage of each score was computed with the use of this formula:

$$\% \text{ Distribution} = \frac{F}{N} \times 100$$

where:

F = frequency of an item or response  
 N = total number of items or responses

2. Weighted Mean - The arithmetical average when all the scores are added and divided by number of items obtained with the use of this formula:

$$M = \frac{\sum X}{N}$$

where:

M = mean  
 X = sum of the scores / measures in the series  
 N = number of cases

3. The Kruskal-Wallis H test was used to determine whether or not significant differences exist in the means obtained by the responses of the respondents when they are grouped according to their respective banks. The formula is:

$$H = \frac{12}{N(N+1)} \sum \frac{R_i^2}{N_i} - 3(n+1)$$

where :

$N$  = the number in all samples combined

$R_i$  = the sum of ranks assigned to the  $N_i$  values of the  $i$ th sample

$N_i$  = the numbers in  $i$  samples

Respondents rated the items using a 5-point Likert scale with the following scale values:

5 – Strongly Agree

4 – Agree

3 – Neutral / I don't know

2 – Disagree

1 – Strongly Disagree

Thus, a higher score indicated a higher level of agreement with the statement.

#### 4. Analysis And Findings

This section reveals the findings of the study. This section is divided into three sub-sections namely demographic profile of the respondents, level of depositors' awareness towards the CSR of Islamic banks and the comparative analysis of the respondents' awareness when they are grouped according to their respective banks.

##### *4.1 Demographic profiles of the respondents*

100 depositors from 11 financial institutions operating in Saudi Arabia participated in the survey. 3 banks are full-fledged Islamic retail banks (Al-Rajhi Bank, Bank Al-Bilad and Bank Al-Jazira). The remaining 8 banks (SAMBA, SAAB, Bank Al-Saudi Al-Fransi, National Commercial Bank, Saudi Hollandi Bank, Arab Bank, Riyadh Bank, and Alinma Bank) are conventional banks with an Islamic windows operation.

Only the depositors of the Islamic windows scheme of those 8 banks participated in the survey. The retail banks used as the subject of this study and the number of depositors who took part in the survey are described in Table 1 below:

Table 1. Distribution of the Respondents Based on Their Respective Banks

<b>Bank</b>	<b>No of Respondents</b>
1. SABB (Saudi British Bank)	26
2. National Commercial Bank	21
3. Al Rajhi Bank	15
4. Bank Al Saudi Al Fransi	13
5. Riyadh Bank	9
6. Saudi Hollandi Bank	5
7. Arab National Bank	3
8. Samba Financial Group	3
9. Bank Al Jazira	2
10. Alinma Bank	2
11. Bank AlBilad	1
Total	100

The study covers 11 banks. Four (4) banks are represented by 75 respondents, or three-fourths (3/4) of the total: The Saudi British Bank (SABB) with 26; The National Commercial Bank, 21; Al Rajhi Bank, 15; and Al Bank Al Saudi Al Fransi, 13 respondents). For that reason, the study groups the remaining banks as other banks.

In terms of age, the 100 respondents are distributed as follows: 25 years of age & below – 15%, 26-35 years old – 60%, 36-45 years old – 18%, 7% did not disclose their ages. The average age of the respondents is 36.

As regards to educational attainment, 74% of the respondents have a bachelor's degree, 21% have a diploma, and 5% did not disclose their educational backgrounds. It can be inferred that the respondents are mature and have enough capability to answer the questionnaire intelligently and honestly.

#### ***4.1 Depositors Awareness on the CSR of the Banks***

The complete statements for each item in the questionnaire are presented in section 3. The responses to the questionnaire provided by 100 respondents were used for the data analysis. The tabulated data are available at the appendices. This section elaborates the results of the survey.

Five (5) out of 15 items in the survey questionnaire obtained weighted means with a verbal interpretation of “agree” from the responses of all the respondents (Table 2). These are “Screening clients for Shari’a compliance” (M = 3.96), “Development of par excellence customer service” (M = 3.84), “Responsible dealing with client” (M = 3.80), “Earning and expenditure prohibited by Shari’a” (M = 3.78) and “Encouragement of social savings” (M = 3.57). Ten (10) items got weighted means with a verbal interpretation of “Neutral / I don’t know.” The items with the lowest weighted means are “Management of Waqf properties” (M = 3.07), “Assistance to poor and needy families” (M = 3.38), “Collection and distribution of Zakah revenues” (M = 3.16), “Qard Hasan distribution” (M = 3.23), and “Impact Investments to protect the environment” (M = 3.33). The average weighted mean received by all items was 3.45 with a verbal interpretation of “Neutral / I don’t know”. It means in overall, the respondents are still not much aware of the CSR activities pursued by their respected banks.

The next five tables show how the respondents answered the items in the survey questionnaire when they are grouped according to their respective banks. Six (6) out of 15 items in the survey questionnaire received weighted means with a verbal interpretation of “agree” from the responses of respondents for SABB (Table 3). These are “Screening clients for Shari’a compliance” (M = 4.23), “Earning and expenditure prohibited by Shari’a” (M = 4.00), “Responsible dealing with client” (M = 4.00), “Development of par excellence customer service” (M = 3.85), “Encouragement of social savings” (M = 3.81) and “Investments for the development of small to medium size enterprises” (M = 3.58). Nine (9) items obtained weighted means with a verbal interpretation of “Neutral / I don’t know.” The items with the lowest weighted means are “Management of Waqf properties” (M = 2.88), “Qard Hasan distribution” (M = 2.92) and “Charity fund and avenues for voluntary donations by donors” (M = 3.00). The average weighted mean received by all items was 3.45 with a verbal interpretation of “Neutral / I don’t know”.

Seven (7) out of 15 items in the survey questionnaire obtained weighted means with a verbal interpretation of “agree” from the responses of respondents for The National Commercial Bank (Table 4). These are “Responsible dealing with client” (M = 3.76), “Development of par excellence customer service” (M = 3.76), “Screening clients for Shari’a compliance” (M = 3.71), “Impact investments to protect the environment” (M = 3.57), “Assistance to micro and small businesses” (M = 3.52), and “Charity

fund and avenues for voluntary donations by donors" (M = 3.52). Eight (8) items got weighted means with a verbal interpretation of "Neutral / I don't know." The items with the lowest weighted means are "Collection and distribution of Zakah revenues" (M = 3.14), "Qard Hasan distribution" (M = 3.29), "Employee welfare" (M = 3.38), and "Reduction of adverse impact of bank activities on the environment" (M = 3.38). The average weighted mean received by all items was 3.48 with a verbal interpretation of "Neutral / I don't know".

Twelve (12) out of 15 items in the survey questionnaire obtained weighted means with a verbal interpretation of "agree" from the responses of respondents for Al-Rajhi Bank (Table 5). These are "Earning and expenditure prohibited by Shari'a" (M = 4.00), "Development of par excellence customer service" (M = 4.00), "Screening clients for Shari'a compliance" (M = 3.93), "Responsible dealing with client" (M = 3.87), "Encouragement of social savings" (M = 3.87), and "Charity fund and avenues for voluntary donations by donors" (M = 3.87). The rest of the items got weighted means with a verbal interpretation of "Neutral / I don't know." The items with the lowest weighted means are "Impact investments to protect the environment" (M = 3.27), "Investments for the development of small to medium size enterprises" (M = 3.33), and "Assistance to poor and needy individuals and families" (M = 3.40). The average weighted mean received by all items was 3.68 with a verbal interpretation of "Agree".

As shown in Table 6, three (3) out of 15 items in the survey questionnaire obtained weighted means with a verbal interpretation of "agree" from the responses of respondents for Bank Al Saudi Al Fransi. These are "Development of par excellence customer service" (M = 3.69), "Screening clients for Shari'a compliance" (M = 3.62), and "Encouragement of social savings" (M = 3.62). Thirteen (13) items got weighted means with a verbal interpretation of "Neutral / I don't know." The items with the lowest weighted means are "Management of Waqf properties" (M = 2.77), "Collection and distribution of Zakah revenues" (M = 2.92), "Assistance to poor and needy individuals and families" (M = 3.00), "Impact investments to protect the environment" (M = 3.08), and "Qard Hasan distribution" (M = 3.08). The average weighted mean received by all items was 3.27 with a verbal interpretation of "Neutral/I don't know".

Table 7 shows that 5 out of 15 items in the survey questionnaire obtained weighted means with a verbal interpretation of "agree" from the responses of respondents for the other banks. These are "Screening clients for Shari'a compliance" (M = 4.08),

“Earning and expenditure prohibited by Shari’a” (M = 3.88), “Development of par excellence customer service” (M = 3.88), “Employee welfare” (M = 3.68), and “Responsible dealing with client” (M = 3.76). Ten (10) items got weighted means with a verbal interpretation of “Neutral / I don’t know.” The items with the lowest weighted means are “Management of Waqf properties” (M = 2.84), “Assistance to poor and needy individuals and families” (M = 2.92). Reduction of adverse impact of bank activities on the environment” (M = 2.96), and “Collection and distribution of Zakah revenues” (M = 3.04). The average weighted mean received by all items was 3.39 with a verbal interpretation of “Neutral / I don’t know”.

#### ***4.2 Comparative Analysis of the Respondents’ Awareness***

This subsection aims to evaluate whether there was a significant difference or not in the level of awareness of the depositors on the pursuit of corporate social responsibilities by the banks when they are grouped according to their respective banks. The results of the Kruskal Wallis H-test reveals that there exist significant differences in the responses of the respondents when they are grouped according to their respective banks as shown by the computed H-value of 11.52 which is greater than the critical value of 5.60 at the .05 level of significance with 2 degrees of freedom (Table 8). Thus, the null hypothesis (H<sub>0</sub>) is rejected. Based on the analysis of the data gathered in the previous section, Al-Rajhi obtained the highest rating followed by NCB and SAAB. The other banks came in the fourth place and Al Saudi Fransi was in the fifth place.

### **5. Conclusions And Recommendations**

This chapter covers the conclusions and recommendations of the study. The level of depositors’ awareness on the banks’ pursuit of corporate social responsibility is limited in light of the small number of questionnaire items which the respondents agree to or of which they have adequate knowledge of. Based on the findings of the study, the Saudi depositors generally know that the Islamic banks in the study “have a policy to screen prospective clients for Shari’a compliance that is actively implemented to avoid using the bank for criminal related activities, such as money laundering”, “have been implementing a policy to develop and monitor par excellence customer service skills of its employees”, “have a policy for responsible dealing with clients with provisions relating to marketing ethics, implementing responsible financing practices in all types of transactions with clients, and dealing with late repayment and insolvent clients”, “have a policy to restrict earnings and expenditures prohibited by Shari’a”, “have a

policy to encourage social savings for marriages, children's education, community-based programs, and other social welfare programs".

However, the depositors are not very much aware of the some of the banks' CSR programs and activities such as "having a policy of managing Waqf properties on behalf of their beneficiaries", "assisting poor and needy individuals and families on health, education, and business", "having a policy for the collection and distribution of Zakah revenues on behalf of clients, customers, or shareholders", "having a policy of Qard Hasan distribution for social reasons", "having a policy for the reduction of the adverse impact of bank activities on the environment", "having targets for impact investments that aim to protect the environment and increase the use of renewable sources of energy", "having a policy to assist micro and small businesses through special features and terms of these types of investment depositors", "having established a charity fund and avenues for voluntary donations by donors", "having a policy for employee welfare that stipulates provisions for the rights and obligations of employees, avoidance of discrimination, expected behavior of all employees, and merit-based salary and promotion structure for all employees", "having investment targets for the development of small to medium size enterprises that offer significant growth potential for the country".

The level of depositors' awareness varies significantly when they are grouped according to their respective banks as shown by the differences of the respondents' responses to the questionnaire. The oldest Islamic bank in the kingdom, Al-Rajhi is perceived to be the best in term of CSR practice by the Saudi depositors. The results of the study imply that the banks should make their clients more aware of their role as active corporate citizens by undertaking effective measures to disseminate information on programs and activities they undertake to pursue their corporate social responsibility. This will enhance their depositors' image and instill more confidence in them on the part of their clients.

In consideration of the findings of the study, the study comes out with the following recommendations:

1. The Islamic banks in general and the Islamic banks used as the sample in this study in particular should intensify their efforts to make their clients more aware of the programs and activities undertaken by them in pursuit of their corporate

social responsibility. The program can be in the forms of seminar, campaign and promotion related to the CSR activities of the banks.

2. The same survey should also be administered to other stakeholders of the banks such as to regulators, to enable the banks to formulate appropriate programs related to the pursuit of their corporate social responsibility.
3. Similar studies may be conducted by other Islamic financial institutions such as Takaful companies since every enterprise is deemed to have a social responsibility to fulfill.

## APPENDICES

**Table 2**  
Overall Respondents' Responses to the CSR Statements  
N = 100

Item	5	4	3	2	1	Weighted Mean	Verbal Int.	SD
1. Screening clients for Shari'a compliance	32	44	17	2	5	3.96	AG	14.7
2. Responsible dealing with client	22	48	22	4	4	3.80	AG	16.7
3. Earning and expenditure prohibited by Shari'a	26	34	34	4	2	3.78	AG	14.2
4. Employee's welfare	16	30	37	13	4	3.41	NE	11.9
5. Collection and distribution of Zakah revenues	12	20	47	14	7	3.16	NE	14.1
6. Qard Hasan distribution	16	22	39	15	8	3.23	NE	10.5
7. Reduction of adverse impact of bank activities on the environment	18	21	40	16	5	3.31	NE	11.4
8. Assistance to poor and needy individuals and families	23	14	29	20	14	3.12	NE	5.7
9. Investments for the development of small to medium size enterprises	21	22	39	14	4	3.42	NE	11.5
10. Impact investments to protect the environment	19	23	36	16	6	3.33	NE	9.8
11. Development of par excellence customer service	29	38	25	4	4	3.84	AG	13.7
12. Assistance to micro and small businesses	13	35	35	11	6	3.38	NE	12.4
13. Encouragement of social savings	19	36	32	9	4	3.57	AG	12.5
14. Charity fund and avenues for voluntary donations by donors	21	26	32	13	8	3.39	NE	8.6
15. Management of Waqf properties	11	18	49	11	11	3.07	NE	14.7
Average Weighted Mean = 3.45      Verbal Interpretation = Neutral / I don't know								

**Table 3**

SABB Depositor's Responses to the CSR Statements

N = 26

Item	5	4	3	2	1	Weighted Mean	Verbal Int.
1. Screening clients for Shari'a compliance	12	9	4	1		4.23	AG
2. Responsible dealing with client	7	13	5	1		4.00	AG
3. Earning and expenditure prohibited by Shari'a	8	10	8			4.00	AG
4. Employee welfare	5	6	7	4	4	3.15	NE
5. Collection and distribution of Zakah revenues	5	3	13	2	3	3.19	NE
6. Qard Hasan distribution	3	3	12	5	3	2.92	NE
7. Reduction of adverse impact of bank activities on the environment	6	5	9	5	1	3.38	NE
8. Assistance to poor and needy individuals and families	7	3	5	7	4	3.08	NE
9. Investments for the development of small to medium size enterprises	6	7	9	4		3.58	AG
10. Impact investments to protect the environment	6	5	9	5	1	3.38	NE
11. Development of par excellence customer service	8	9	7	1	1	3.85	AG
12. Assistance to micro and small businesses	3	9	8	4	2	3.27	NE
13. Encouragement of social savings	5	12	8	1		3.81	AG
14. Charity fund and avenues for voluntary donations by donors	4	5	8	5	4	3.00	NE
15. Management of Waqf properties	3	3	12	4	4	2.88	NE
Average Weighted Mean = 3.45      Verbal Interpretation = Neutral / I don't know							

**Table 4**

## National Commercial Bank Depositors' Responses to the CSR Statements

N = 21

Item	5	4	3	2	1	Weighted Mean	Verbal Int.
1. Screening clients for Shari'a compliance	6	7	6		2	3.71	AG
2. Responsible dealing with client	7	5	7	1	1	3.76	AG
3. Earning and expenditure prohibited by Shari'a	4	8	7	1	1	3.62	AG
4. Employee welfare	3	5	10	3		3.38	NE
5. Collection and distribution of Zakah revenues	1	4	14	1	1	3.14	NE
6. Qard Hasan distribution	2	6	11		2	3.29	NE
7. Reduction of adverse impact of bank activities on the environment	3	5	10	3		3.38	NE
8. Assistance to poor and needy individuals and families	4	3	11	1	2	3.29	NE
9. Investments for the development of small to medium size enterprises	4	4	11	2		3.48	NE
10. Impact investments to protect the environment	4	5	11	1		3.57	AG
11. Development of par excellence customer service	4	9	7	1		3.76	AG
12. Assistance to micro and small businesses	3	6	11	1		3.52	AG
13. Encouragement of social savings	3	5	11	2		3.43	NE
14. Charity fund and avenues for voluntary donations by donors	5	4	9	3		3.52	AG
15. Management of Waqf properties	2	6	12		1	3.38	NE
Average Weighted Mean = 3.48      Verbal Interpretation = Neutral / I don't know							

**Table 5****Al Rajhi Bank Depositors' Responses to the CSR Statements**

N = 15

Item	5	4	3	2	1	Weighted Mean	Verbal Int.
1. Screening clients for Shari'a compliance	3	10	1		1	3.93	AG
2. Responsible dealing with client	2	9	4			3.87	AG
3. Earning and expenditure prohibited by Shari'a	5	6	3	1		4.00	AG
4. Employee welfare	3	4	7	1		3.60	AG
5. Collection and distribution of Zakah revenues	2	5	7	1		3.53	AG
6. Qard Hasan distribution	4	5	5	1		3.80	AG
7. Reduction of adverse impact of bank activities on the environment	3	4	7		1	3.53	AG
8. Assistance to poor and needy individuals and families	4	4	2	4	1	3.40	NE
9. Investments for the development of small to medium size enterprises	3	3	6	2	1	3.33	NE
10. Impact investments to protect the environment	3	3	5	3	1	3.27	NE
11. Development of par excellence customer service	4	8	2	1		4.00	AG
12. Assistance to micro and small businesses	2	7	4	1	1	3.53	AG
13. Encouragement of social savings	5	5	3	2		3.87	AG
14. Charity fund and avenues for voluntary donations by donors	4	6	4	1		3.87	AG
15. Management of Waqf properties	4	2	8	1		3.60	AG
Average Weighted Mean = 3.68      Verbal Interpretation = Agree							



**Table 7**

## Other Banks Depositors' Responses to the CSR Statements

N = 25

Item	5	4	3	2	1	Weighted Mean	Verbal Int.
1. Screening clients for Shari'a compliance	9	11	4	0	1	4.08	AG
2. Responsible dealing with client	5	14	3	1	2	3.76	AG
3. Earning and expenditure prohibited by Shari'a	7	9	8	1		3.88	AG
4. Employee welfare	5	11	5	4		3.68	AG
5. Collection and distribution of Zakah revenues	4	3	9	8	1	3.04	NE
6. Qard Hasan distribution	5	7	4	7	2	3.24	NE
7. Reduction of adverse impact of bank activities on the environment	4	4	7	7	3	2.96	NE
8. Assistance to poor and needy individuals and families	6	3	5	5	6	2.92	NE
9. Investments for the development of small to medium size enterprises	6	3	9	5	2	3.24	NE
10. Impact investments to protect the environment	5	5	8	5	2	3.24	NE
11. Development of par excellence customer service	9	8	6		2	3.88	AG
12. Assistance to micro and small businesses	4	8	8	4	1	3.40	NE
13. Encouragement of social savings	3	9	7	3	3	3.24	NE
14. Charity fund and avenues for voluntary donations by donors	6	6	7	4	2	3.40	NE
15. Management of Waqf properties	0	6	12	4	3	2.84	NE
Average Weighted Mean = 3.39      Verbal Interpretation = Neutral / I don't know							

**Table 8**

Summary of Values Showing the Results of the Kruskal-Wallis H-Test for the Significant

Differences of the Respondents' Awareness Towards Corporate Social Responsibilities Statements When They Are Grouped According to Their respective Banks

Variable	SAAB		NCB		Alrajhi		Al Saudi		Other Banks		Computed H-Value	df	Decision
	wt. X	sum of rank	wt. X	sum of rank	wt. X	sum of rank	wt. X	sum of rank	wt. X	sum of rank			
Respondents' Awareness	3.45	541.5	3.48	604	3.68	794.7	3.27	402.5	3.39	505	11.52	2	p<. 05 Significant
Final Rank	3		2		1		5		4		H. <sub>.05</sub> = 5.60		

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