Comparative analysis of customers' awareness toward CSR practices of Islamic banks: Bahrain vs Saudi Arabia

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Abstract

Purpose – *This study aims to analyze the level of customer awareness of Islamic Banks' activities toward corporate social responsibility (CSR) in the Kingdoms of Bahrain and Saudi Arabia and test whether both groups have similarities or not. The outcome of this study determines the extent to which customer awareness regarding Islamic banking activities furthering the betterment of society and achieving socioeconomic goals beyond their financial objectives.*

Design/methodology/approach – *Quantitative methods are used in this study covering Islamic Banks in both the Kingdoms of Bahrain and Saudi Arabia; using a survey questionnaire distributed to a total of 150 customers in the Kingdom of Bahrain and 100 customers in the Kingdom of Saudi Arabia. The weighted means are calculated, and statistical tests are used, such as, Kruskal–Wallis H and independent sample tests, in analyzing the data.*

Findings – *The results of the survey reveal that the level of customer awareness is generally low in terms of the pursuit of corporate social responsibilities by the Islamic Banks. The significant statistical difference in the data gathered from the sample is highlighted when they are grouped according to their respective banks. It proves that the level of customer awareness varies considerably among the Islamic banks in the survey. It was also found that there is no significant difference between the two groups of Islamic banks' customers in the two countries in terms of their awareness toward the CSR practices of the Islamic banks.*

Originality/value – *The findings of this study could be used to aid policymakers in the field of CSR of Islamic banks to formulate a more efficient set of CSR activities that are better aligned with the ultimate goal of achieving society's betterment. This study may also facilitate Islamic banks in the region to set up strategies that highlight their CSR efforts and raise the awareness levels of their customers.*

Keywords *Islamic banking, Kingdom of Bahrain, Kingdom of Saudi Arabia, Corporate social responsibilities (CSR), Customers awareness*

Paper type *Research paper*

1. Introduction

The business environment is rapidly changing across the globe because of various factors, such as, economical unrest, environmental issues and shortage of resources. Scholars have indicated that high levels of corporate performance can be obtained by using corporate social responsibility (CSR) as an essential factor of senior management responsibilities (Hanzaee and Sadeghian, 2014). The CSR dictates how an organization plans its operations with respect to society. CSR can assist society in many ways, training and educating future generations to consider CSR issues and actual implementation can truly change a society's future. Organizations have realized that using CSR will result in various benefits to their stakeholders and the organization (Hidayat and Alhur, 2011a). CSR has been recognized as a standard concept in the financial services industry, and now

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financial industry players are being more aware that their investments can be channeled through other settings (Scholtens, 2009).

The practices of CSR also have become the global concern and interest. In a conference held by the International Standardization Organization (ISO) in 2004, the majority of conference participants agreed with the idea of developing international guidelines on CSR which led to the ISO resolution on CSR. In addition, CSR is also seen by the global community as companies' contributions to sustainability especially those are related to environmental and social aspects (Leow, 2004). Obviously, CSR practice helps countries in achieving sustainable development goals (SDGs) by 2030.

As CSR is being laid out in a business entity's foundations as a requirement, Islamic financial institutions (IFIs) are facing higher expectations from their stakeholders because CSR aligns with sharia principles that govern them. IFIs, such as, Islamic Banks, are governed by the sharia principles which requires fulfillment of religious, legal, economic and ethical responsibilities in all aspects of the organization whether it is full-scale strategies or basic operations affecting their stakeholders. The objectives of sharia principles can be divided into categories that fulfill a segment of society such as education (tarbiyah), justice ('adalah) and welfare of society (maslahatul ammah) (Hidayat, 2010). Therefore, Islamic Banks should ensure that all their activities are directed toward achieving the objectives of sharia by aligning the same in their operations.

CSR as a concept or practice is perceived as vague, or too general, as it can be implemented differently depending on the market, environment or the geographical area. That is mainly because of CSR holding a different meaning, or interpretation, across nations that are accompanied by different sets of cultures and their expectations. According to Maignan (2001) French and German consumers expect organizations to undertake more philanthropic activities than American consumers. Therefore, organizations that contribute to charity may be viewed as more, or less, socially responsible depending on the country they are operating in. According to Maghrabi (2008), Saudi students were of the perspective that Multi-National Corporations had a high significant public role, much more than American students did. Such differences in perceptions and business practices across different nations across the globe provide an obstacle in developing a standard understanding of the CSR concept (Fombrun, 2005).

In fact, many practitioners and researchers consider CSR reporting both as a part, and outcome, of reputational risk management (Friedman and Miles, 2001; Hasseldine *et al.*, 2005; Rayner, 2001; Starovic, 2002; Toms, 2002). Moreover, an organization which has excellent performance, is normally concerned on social responsiveness through proactive social reporting (Douglas *et al.*, 2004). Particularly for the banks, which increasingly have pressures from their various stakeholders including shareholders, investors, media, non-governmental organizations and customers related to their CSR activities (Bhattacharya and Sen, 2004; Coupland, 2006; Frenz, 2005; Jeucken, 2001, 2004; Ogrizek, 2001).

A comparison of public awareness between countries in different regions, such as, the USA and Saudi Arabia, can be considered a bit extreme, while drawing a comparison between neighboring countries can aid in identifying whether public awareness at a closer proximity overlap. As Islamic banking is our focus, we will examine the public awareness of two neighboring countries using the Islamic Banking system, namely, Saudi Arabia and Bahrain. Saudi Arabia is a country where the dominant banking system is Islamic banking and Bahrain is considered as one of the world's Islamic financial hubs.

It is important to note that there is no general theory which has been universally accepted in explaining CSR disclosure practices (Guthrie *et al.*, 2007; Deegan, 2002, p. 285). One of them, the legitimacy theory, is derived from the concept of organizational legitimacy, which has been defined by Dowling and Pfeffer (1975, p. 122) which highlighted the strategic actions that will be strictly bounded by the institutional environment and by accountability

requirements (Guthrie *et al.*, 2007). Moreover, in adopting this theory, a company would voluntarily report on activities if management perceived that those activities were expected by the communities in which it operates (Deegan, 2002; Deegan *et al.*, 2000; Cormier and Gordon, 2001). Meanwhile, some studies found that this theory has direct and indirect impact on its applicability to the CSR disclosure practices (Adams *et al.*, 1998; Campbell *et al.*, 2003; Deegan *et al.*, 2000; Deegan *et al.*, 2002; Deegan and Gordon, 1996; Deegan and Rankin, 1996; Guthrie and Parker, 1989; Gray *et al.*, 1995; O'Donovan, 1999; Patten, 1991, 1992; Walden and Schwartz, 1997; Wilmshurst and Frost, 2000).

This finding also confirmed that other theories could also be adopted. Therefore, despite the advantages of legitimacy theory in elaborating environmental and social disclosures (Campbell *et al.*, 2003, p. 559; Gray *et al.*, 1995), however, many scholars have criticized the enhancement of the legitimacy theory (Mobus, 2005; Owen, 2008). They mentioned that legitimacy theory was sometimes seen only as a "plausible explanation of managerial motivations" without any real effort to determine how a disclosure "…may or may not promote transparency and accountability toward non-capital provider stakeholder groups" (Owen, 2008, p. 248) and not like an instrument to be used for making viable predictions (Mobus, 2005). Thus, Guthrie *et al.* (2007) suggested that the organizations must voluntarily disclose social and environmental information to legitimate their legitimacy, which means the disclosure of information must be witnessed by concrete actions realized in compliance with social and environmental norms. This expectation can be seen in IFIs including banks whereby the initiatives of CSR implementation were based on the Islamic principles rather than a common purpose of CSR for the sake of legitimacy.

The majority of existing literature covers CSR as a concept and rarely sheds light on the level of public awareness on CSR implementation in terms of activities, policies and programs in the Arab regions. For example, a study conducted by Hidayat and Rafeea (2014) analyzed the level of public awareness of Takaful concept and practices in Bahrain but not their CSR activities and disclosures. With some studies looking to explore public awareness in the region, this study aims to analyze the level of customer awareness of Islamic Banks' activities toward CSR in the Kingdom of Bahrain and the Kingdom of Saudi Arabia, and test whether both groups have similarities or not. It would be beneficial to comparatively see the best practices, initiatives and progresses related to the Islamic banks' CSR activities awareness in both countries. To the best knowledge of the researchers quite a few comparative studies on CSR disclosure have covered in developing countries of GCC countries simultaneously.

2. Literature review

2.1 Concept of corporate social responsibility

The previous empirical research with regard to CSR disclosure of banking institutions has been carried out in developed countries (Ernst and Ernst, 1978; Abbott and Monsen, 1979; Deegan and Gordon, 1996) and developing (Tsang, 1998; Belal, 2001; Chaudhri and Wang, 2007; Dong *et al.*, 2012; Kansal and Singh, 2012 and Fifka and Pobizhan, 2014; Chapple and Moon, 2005; Baskin, 2006; Lattemann *et al.*, 2009; Alon *et al.*, 2010; Abreu *et al.*, 2012; Chapple *et al.*, 2014; Krasodomska, 2015; Achua, 2008) but some of them have relatively lower extent, for example, the disclosure percentage in Hong Kong was as low as 6.4% (Lynn, 1992), 50% in South Africa (Savage, 1994); 52% in Singapore (Tsang, 1998), 44% in Bangladesh (Belal, 2001; Azim *et al.*, 2011; Ullah and Rahman, 2015) and 47% in India (Murthy, 2008; Lattemann *et al.*, 2009; Kansal and Singh, 2012).

The cases in developing countries occurred with several reasons. Bhatia and Makkar (2019) mentioned that it is probably because the developing countries are less economically developed than developed countries. The developing countries focus more on securing basic needs of their people than giving attention to the social matters. Another

reason is because of having high levels of corruption. Rodriguez *et al.* (2005) asserted that the corruption enhances the complexity of institutional environment and makes the firm appear illegitimate.

According to Crowther and Aras (2008), there are various descriptions illustrating CSR as the association between the organization and society's members such as individuals, government and other stakeholders. The CSR activity operations revolve around principles, such as, accountability, sustainability and transparency. Accountability entails that the organization takes responsibility of its operations effect on society's environment, while sustainability entails that the organization will not use resources that society cannot regenerate at the rate of consumption, hence, resulting in scarcity. Finally, transparency entails that the organization has put in place the necessary mechanisms to ensure customers have access to relevant information regarding the organization's operations.

Based on the above explanation, it is clear that CSR plays a pivotal role in banking systems, including the Islamic banks. Mallin *et al.* (2014) asserted that there is a *positive* and significant association between financial performance (FP) and CSR dimensions, while another researcher found that the banking system may perceive a strong reputation and improve corporation brand recognition; being exemplified as responsible by stakeholders; sustainable product brand loyalty; and improved government and community relations (Hodgson, 2005). Meanwhile, the effect of CSR toward the Islamic banking is aligned with the Maqasid Al-Shariah concept. It ensures the welfare of the society through establishment of benefits and prevention of harm in the Islamic banks with implementation of unity, justice, free will and responsibility values (Mohammed, 2007). This is as stated in the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Standard No.7: recommendations on mandatory and voluntary CSR disclosures as the benchmark of CSR indices (Maali *et al.*, 2006; Haniffa and Hudaib, 2007).

AAOIFI is an international standard setting organization for IFIs including Islamic banks that develop their standards based on the uniqueness of IFIs. Thus, many Islamic banks including those in Saudi Arabia and Bahrain refer, or benchmark, their CSR activities to the AAOIFI governance standard No. 7. This standard conceptually differs the Islamic banking and finance from their conventional counterpart in which it has been regarded as a banking type based on permanent divine ethical values and revealed social and religious responsibilities (Wilson, 2001).

2.2 Corporate social responsibility disclosures in Islamic perspectives

CSR has gained vital importance in management and accounting literature (Turker, 2016). It is known that all instruments in Islamic banking system must be consistent with the principles of sharia (Islamic law). Sharia governs every aspect of a Muslim's life such as spiritual, economic, political, social and other obligations including to the society. The sharia is concerned with promoting justice and welfare in society and seeking God's blessings, with the ultimate aim of achieving success in this world and the hereafter (Rafiki and Wahab, 2014; Buchari *et al.*, 2014).

Meanwhile, the concept of CSR is not a new approach for Islamic banking. For example, an Islamic bank is expected to provide transparency in documentation and all processes, particularly, in dealing with customers. Thus, there is no reason for Islamic banks not to portray these aspects of CSR in their activities as it complies with the sharia principles where businesses should give back to the community and operate under the highest moral standards. This makes the CSR disclosure and reporting of an Islamic bank consider social relations. From an Islamic perspective, the CSR disclosure refers to an understanding of the concepts of accountability, social justice and ownership (Dusuki and Abdullah, 2007). Moreover, Almunawar and Low (2013) introduced the Islamic ethical philosophy that must be included in the CSR view such as Tauhid (unity), means the faith insists on

trustworthiness and truthfulness in the business; Al-Adl (equilibrium), as a central principle of the religion that must be implemented in all activities of the business; Ikhtiar (free will), means the human being has been given the complete free will on earth; Fardh (responsibility); and Ihsan (benevolence). Furthermore, Dusuki and Abdullah (2007) suggested to include the Maslahah-pyramid as a framework for the implementation of CSR which is based upon the general ethical guidelines inferred from the understanding of Maqasid ash-Sharia (objectives of sharia) and Maslahah (public interest).

As it has been mentioned earlier, the concept of CSR is aligned with Islamic banking concepts because sharia principles advocate such activities that result in achieving socioeconomic goals. Hence, organizations adopting sharia principles naturally should be incorporating CSR in their operations (Dusuki and Abdullah, 2007). The sharia principles advocate promoting humanity's welfare by prioritizing the benefits for the society. However, as it has been mentioned earlier, there are distinctions between conventional CSR and CSR from Islamic perspectives. Despite that, the majority of Islamic banks are still adopting a conventional framework of CSR which has been modeled around Western beliefs and perspectives which do not fully align with sharia principles (Hamdan, 2014). Furthermore, it is widely cited that Islamic Banks generally tend to execute a part of their social responsibilities because of following mindset of primarily aiming to avoid negative actions instead of focusing on implementing recommended positive activities that are not mandated by a regulatory body (Farook, 2007).

2.3 Previous studies on Islamic banks' corporate social responsibility programs and awareness

A number of studies have investigated the level of CSR disclosure in IFIs (Mallin *et al.* (2014). Some of the findings from the earlier studies by Maali *et al.* (2006) found that the level of social disclosure by the sample banks was well below their benchmark index. They concluded that banks complying with mandated matters such as paying Zakah and adopting AAOIFI standards tend to provide more disclosures than non-compliant banks. Also, Islamic banks tend to show disclosures that construct a positive Islamic image such as charitable activities. Meanwhile Haniffa and Hudaib (2007) revealed that there is a significant gap between the communicated and ideal ethical disclosure in the annual reports of a sample of seven Islamic banks. Thus, this appears to show low awareness among the banks which could be a concern to the Islamic banking regulators. Below is a summary of studies that have been conducted with regards to the CSR disclosure in Islamic banks (Table 1).

Moreover, a study by Mohammed (2007) illustrated a theoretical CSR framework based on sharia principles and compared it with various issues linked to CSR and organizations from a global view. Based on a sample of six Islamic Banks from different countries, it is concluded that because of the influence of sharia principles, the Islamic financial organizations did the activities related to the society through pursuing moral axioms such as harmony, accountability, stability, etc. The current study is similar to Mohammed (2007) in the sense that it examines the application of CSR in Islamic banks. However, the sources of information and the perspectives, are different. Mohammed (2007) approached the sample from Islamic Banks' management perspective, whereas, this study's approach is the perspective of the Islamic Banks' customers regarding their awareness of the CSR activities practiced by their respected Islamic Banks.

A study by Dusuki and Dar (2007) examined a sample of two Islamic Banks in Malaysia by sourcing input from various stakeholders. They have found that the stakeholders being employees, branch managers, depositors, finance customers, regulators, community members and sharia Advisors maintain a positive view toward CSR. The CSR related activities that were included in the survey were community contribution, environmental impacts, Islamic reputation, human rights, economic reputation, customer service quality,

Table 1 Overview of corporate social responsibility disclosure studies in Islamic banks

Authors/Year	*Institution type and countries in sample*	*Sample size and year*	*Measure of CSR*
Maali *et al.* (2006)	Islamic bank around the world	29 (2000)	Disclosure index containing 30 items
Haniffa and Hudaib (2007)	Islamic banks in Gulf countries	7 (2002-2004)	Ethical Identity Index containing 78 items
Rahman *et al.* (2010)	Islamic banks in Malaysia, Bahrain & Bangladesh	1 (1992-2005)	Adapted Maali index
Hassan and Harahap (2010)	Islamic banks in Indonesia, Malaysia, Saudi Arabia, Kuwait, UAE	7 (2006)	Adapted Haniffa and Hudaib index
Farook *et al.* (2011)	Islamic banks around the world	47 (2007)	Adapted Maali index
Aribi and Gao (2012)	Islamic banks in Gulf countries	21 (2004)	Narrative disclosures
Belal *et al.* (2014)	Islamic banks in Bangladesh	1 (1983-2010)	Disclosure index containing 149 items across 16 categories
Bukhari *et al.* (2020)	Islamic bank branches in Pakistan	293	Disclosure index containing 30 items
Jusoh and Ibrahim (2020)	Islamic banks in Malaysia	16	Interview structured questions
Ahmad and Rahman (2019)	Islamic banks in Bangladesh	2007–2010	–
Di Bella and Al-Fayoumi (2016)	Islamic Banks in Jordan	2 Islamic banks (210 respondents)	Some additional items to represent issues like religious and social responsibility
Migdad (2017)	Palestinian Islamic banks	3 Islamic bank (11 respondents)	Annual reports and Interview structured questions

Source: Adapted by Mallin *et al.* (2014) and added by the authors

pricing and convenience. The data was gathered by questionnaires distributed to the mentioned stakeholders. They applied frequency distribution and the Kruskal–Wallis test in terms of statistical analysis tools to compare input of the scoped respondents. The current study is similar to Dusuki and Dar in that it examines the perception of Islamic Banking stakeholders. However, Dusuki and Dar's sample included various stakeholders relating to different groups, while in this study the data gathered is restricted to customers only. Another difference is the number of banks in the sample being 17 in this study versus two examined by Dusuki and Dar. Meanwhile, Donatus and Jude (2008) attempted to study the effects of CSR on performance of various companies in Denmark, Sweden and Nigeria. They have reached the conclusion that the application of activities aligned with social oriented strategy would result in various positive outcomes, such as, improved morale, enhanced customer loyalty, employee retention and increased suppliers' support.

Moreover, a study by Rashid *et al.* (2012) examined the level of CSR activities by Islamic Banks in Malaysia, Bangladesh and GCC countries. Data were gathered from 16 Islamic Banks' annual reports from the mentioned regions and analyzed. According to the study, Islamic banks are efficiency centric to an extent that they are willing to achieve optimal efficiency levels by sacrificing their degree of commitment toward achieving their socio-economic goals that are always advocated as per the principles of Sharia. Islamic banks justify such behaviors owing to competitive markets that include their conventional counterparts. In other words, efficiency becomes a vital aspect embedded in CSR measures.

Mallin *et al.* (2014) attempted to study the relationship between Islamic Banks' financial performance and CSR activities' disclosure. The study highlighted the contribution of the sharia Supervisory Board's size on the CSR activities disclosure level and the causality direction between CSR and Islamic Banks' financial performance. They have used comprehensive CSR index which includes ten dimensions. Data were gathered from a sample of 90 Islamic banks from 13 countries during period of 2010–2011. The study stated

that concerning vision, mission statement, board of directors, top management and financial products/services dimensions generally have high scores across all the 13 countries whereas the environmental dimension scored the lowest. It was also stated that Islamic Banks showed a high level of awareness concerning mandatory disclosures stipulated by AAOIFI, however, less attention was directed toward voluntary CSR disclosures. Their empirical analysis illustrates a positive connection between Islamic Banks' financial performance and CSR activities disclosure, whereby CSR activities disclosure is determined by Islamic Banks' financial performance, however, the opposite is not true.

Akbar *et al.* (2012) examined the perceptions of stakeholders toward Islamic banking services in the United Kingdom. The study used the Likert scale questionnaire to measure stakeholders' awareness toward sharia principles, such as, prohibition of *riba* and Islamic Banks' products/services. The study concluded that Muslim stakeholders of Islamic Banks showed a low level of awareness toward Islamic banking products/services and sharia principles.

Masud and Kabir (2016) conducted a study evaluating the thinking, concepts and understandings of different levels of management toward corporate social responsibilities. This study was conducted on both traditional as well as Islamic banks operating in Bangladesh. It also looked at the philosophy of policymakers for these two types of banks. Analytical research was undertaken on the 14 banks (10 conventional and 4 Islamic banks), based on the availability of banks branches in that area. Primary data was collected through structured questionnaire distributed to 41 officials (13 from top-level, 17 from mid-level and 11 from junior level) of these banks. From the results of the study, it was found that there was a gap in policymakers' assurance on contribution of CSR and its actual implementation. Study also found that Islamic banks were performing better than their conventional counterparts in terms of implementation of CSR polices. Additionally, different level of management respondents in Islamic and conventional banks indicate that majority of banks are undertaking CSR activities with their own interests in mind instead of focusing on the main goal being social welfare of society. Therefore, it was concluded that implementation of good CSR policy is important for all types of banks in Bangladesh. All levels of management must harmonize their CSR philosophy for the betterment of all banks as well as for society.

Another study by Amran *et al.* (2017) asserted other results that revealed CSR disclosure of Islamic banks has generally grown both in Malaysia and Indonesia. More specifically, it was found that workplace and community dimensions were the most highly disclosed areas by the Islamic banks in both countries.

3. Research methodology

This study uses quantitative research methods and survey questionnaire as its research instrument. Similar to that used by previous studies in Hidayat and Alhur (2016); and Dusuki and Dar (2007). In this study, 17 banks were used as the study population. Among these 17 banks, 6 were from Kingdom of Bahrain and 11 were from Saudi Arabia. Questionnaire copies were distributed to customers of these 17 banks. Thus, in this study the whole population becomes the sample. Banks which made up the population of this study were: Kuwait Finance House (KFH), Bahrain Islamic Bank (BISB), Ithmaar Bank, Khaleeji Commercial Bank (KHCB), Al-Salam Bank and Al-Baraka Islamic Bank from Kingdom of Bahrain. Whereas, banks from Saudi Arabia which are included in the population were Al-Rajhi Bank, Bank Al-Bilad and Bank Al-Jazira, SAMBA, SAAB, Bank Al-Saudi Al-Fransi, National Commercial Bank, Saudi Hollandi Bank, Arab Bank, Riyadh Bank and Alinma Bank. The tests used included Kruskal-Wallis *H* and independent sample tests.

The survey questionnaires were distributed directly to the banks' customers' both in Bahrain and Saudi Arabia to measure level of customer awareness of banks CSR practices. This questionnaire was developed using AAOIFI governance standard NO.7 (AAOIFI, 2015). The survey questionnaire is divided into two parts. First part deals with customers' profile information regarding their age and level of education. Second part of this questionnaire uses five-point Likert scale to get responses of the respondents on CSR statements relating to policies and conducts of banks on CSR practices. Scale values that were used in five-point Likert scale were strongly agree = 5, agree = 4, neutral = 3, disagree = 2, strongly disagree = 1. The higher the score, the higher will be respondents' agreement with the statement.

Following statistical tools were used to analysis and then interpret the data collected through survey questionnaire:

1. For computing the percentage of each score this formula is used:

$$\% = \frac{f}{N} \times 100$$

Where; % = Percent
f = Frequency
N = Number of cases

2. To obtain the weighted mean – the arithmetical average is used when the entire scores are added and divided by number of items:

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

where:
M = mean;
ΣX = sum of the scores/measures in the series; and
N = number of cases.

3. Kruskal–Wallis *H* test was used to determine that was there any significant difference or not in the average weighed means that were obtained by the respondent when they were grouped according to their respective banks. Hidayat and Alhur (2011a) used this test in similar study conducted by them.

The formula used is:

$$H = \frac{12}{N(N+1)}\left(\sum \frac{R_i}{N_i}\right)3(n+1)$$

where:
N = the number in all samples when combined;
R_1 = the sum of ranks allocated to the N_1 values of the ith sample; and
N_1 = the numbers in the i samples.

4. Findings

Section 4 provides findings from the results of the surveys conducted both in Bahrain and in Saudi Arabia.

4.1 Demographic characteristics of the respondents

From the results of the survey, it was found that most of the respondents belonged to the age group of 26–35 years old and when it came to their level of educational attainment, most of them were holding bachelor's degree. Therefore, they were considered mature and educationally capable to answer this survey questionnaire honestly and intellectually.

4.2 Distribution of respondents according to their respective banks

Table 2 presents survey participation of respondents according to their respective banks and countries.

From the total 250 respondents of the survey, 150 participated from Kingdom of Bahrain and 100 from Saudi Arabia. Among three banks that represented 70% of total respondents in Kingdom of Bahrain were KFH, BISB and Ithmaar Bank. Whereas, four banks representing 75% of respondents in Saudi Arabia were Saudi British Bank (SABB), National Commercial Bank, Al Rajhi Bank and Bank Al Saudi Al Fransi.

4.3 Customers awareness on corporate social responsibility practices of banks

Subsection 4.3 presents customers awareness on CSR practices of Islamic banks/windows operating in Kingdom of Bahrain and Saudi Arabia. This section is further divided into four sections. *First* section explains "overall" responses of respondents regarding CSR activities of banks according to their jurisdictions. *Second* section will do comparative analysis of overall responses in two jurisdictions. Then, *third* section deals with customers' awareness on CSR activities according to their individual banks. *Fourth* section will then do comparative analysis of individual banks in both jurisdictions. The responses of customers to the questionnaire were used to analysis the data for each country and thus, to elaborate the results. Tabulated data are available in appendices of this paper.

4.3.1 Overall respondents' awareness on corporate social responsibility activities based on their jurisdictions From the overall results of the questionnaire distributed to the customers in Kingdom of Bahrain, it was seen that from the overall responses, 6 items from the total of 15 items gained weighted average means that represented a verbal interpretation of "Agree" (Table 3). These six items were Shari'a compliant screening of clients (M = 3.97), dealing responsibly with clients (M = 3.63), Shari'a prohibited earnings and expenditures (M = 3.66), investments for small and medium size enterprises development (M = 3.77), *par excellence* customer service development (M = 3.84), micro and small businesses assistance (M = 3.56).

Other remaining nine items received weighted means that represented verbal interpretation of "Neutral." Among these nine items, those that received lowest weighted means were

Table 2 Number of respondents according to their respected banks and countries

Bahrain		*Saudi Arabia*	
Bank name	*No. of respondents*	*Bank name*	*No. of respondents*
1. Kuwait Finance House	39	1. Saudi British Bank (SABB)	26
2. Bahrain Islamic Bank	34	2. National Commercial Bank	21
3. Ithmaar Bank	32	3. Al Rajhi Bank	15
4. Khaleeji Commercial Bank	15	4. Bank Al Saudi Al Fransi	13
5. Salam Bank	15	5. Riyad Bank	9
6. AlBaraka Islamic Bank	15	6. Saudi Hollandi Bank	5
Total	150	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

Table 3 Distribution of overall respondents based on their awareness of the pursuit of corporate social responsibilities by their Islamic banks (N = 150) in Bahrain

No.	Item	5	4	3	2	1	Weighted mean	Verbal int.
1	Screening clients for Shari'a compliance	55	59	19	10	7	3.97	AG
2	Responsible dealing with clients	23	70	41	10	6	3.63	AG
3	Earnings and expenditures prohibited by Shari'a	30	57	49	10	4	3.66	AG
4	Employee welfare	14	42	75	15	4	3.31	NE
5	Collection and distribution of Zakah revenues	23	26	66	21	14	3.15	NE
6	Qard Hasan distribution	22	35	54	32	7	3.22	NE
7	Reduction of the adverse impact of bank activities on the environment	8	45	55	34	8	3.07	NE
8	Assistance poor and needy individuals and families	22	48	57	17	6	3.42	NE
9	Investments for the development of small to medium size enterprises	27	73	33	16	1	3.77	AG
10	Impact investments to protect the environment	20	34	56	32	8	3.17	NE
11	Development of par excellence customer service	28	86	25	6	5	3.84	AG
12	Assistance to micro and small businesses	25	58	45	20	2	3.56	AG
13	Encouragement of social savings	21	48	44	29	8	3.30	NE
14	Charity fund and avenues for voluntary donations by donors	17	54	58	13	8	3.39	NE
15	Management of Waqf properties	12	28	78	23	9	3.07	NE
Average weighted mean =							3.44	
Verbal interpretation = neutral								

Waqf properties management (M = 3.07), reduction of activities having adverse impact on environment (M = 3.07), Zakat revenue collection and distribution (M = 3.15), environmental impact investments for protecting environment (M = 3.17), Distribution of Qard Hasan (M = 3.22). Overall responses consisting of total of all items obtained weighted mean of 3.44 representing overall verbal interpretation of "Neutral." This means that in general, customers' awareness on CSR activities of their respective Islamic banks is weak in Bahrain.

Similarly, from the overall results of the survey questionnaire distributed to customers in Saudi Arabia, it was seen that from the overall responses, 5 items from the total of 15 items gained weighted average means that represented a verbal interpretation of "Agree" (Table 4). These five items were shariah compliant screening of clients (M = 3.96), *par excellence* customer service development (M = 3.84), dealing responsibly with clients (M = 3.80), Shari'a-prohibited earnings and expenditures (M = 3.78) and social savings encouragement (M = 3.57).

Other remaining ten items received weighted means that represented verbal interpretation of "Neutral." Among these ten items, those that received lowest weighted means were Waqf properties management (M = 3.07), poor and needy families and individuals assistance (M = 3.38), Zakat revenue collection and distribution (M = 3.16), Distribution of Qard Hasan (M = 3.23) and environmental impact investments for protecting environment (M = 3.33). Overall responses consisting of total of all items obtained weighted mean of 3.45 representing overall verbal interpretation of "Neutral." This means that in general, customers' are not fully aware of CSR activities of their respective Islamic banks in Saudi Arabia.

4.3.2 Comparative analysis of overall respondents in two jurisdictions. When comparing responses of customers from two jurisdictions. It is found that customers' awareness on CSR activities of their respective banks is weak in general for both jurisdictions. Items that received weighted means with verbal interpretation of "Agree" in both jurisdictions were, Shari'a compliant screening of clients, *par excellence* customer service development and dealing responsibly with clients. Whereas, questionnaire items that obtained lowest weighted means with verbal interpretation of "Neutral" in both jurisdictions were Waqf

Table 4 Overall respondents' responses to the CSR statements (N = 100) in Saudi Arabia

Item	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*	*SD*
Screening clients for Shari'a compliance	32	44	17	2	5	3.96	AG	14.7
Responsible dealing with client	22	48	22	4	4	3.80	AG	16.7
Earning and expenditure prohibited by Shari'a	26	34	34	4	2	3.78	AG	14.2
Employee's welfare	16	30	37	13	4	3.41	NE	11.9
Collection and distribution of Zakah revenues	12	20	47	14	7	3.16	NE	14.1
Qard Hasan distribution	16	22	39	15	8	3.23	NE	10.5
Reduction of adverse impact of bank activities on the environment	18	21	40	16	5	3.31	NE	11.4
Assistance to poor and needy individuals and families	23	14	29	20	14	3.12	NE	5.7
Investments for the development of small to medium size enterprises	21	22	39	14	4	3.42	NE	11.5
Impact investments to protect the environment	19	23	36	16	6	3.33	NE	9.8
Development of par excellence customer service	29	38	25	4	4	3.84	AG	13.7
Assistance to micro and small businesses	13	35	35	11	6	3.38	NE	12.4
Encouragement of social savings	19	36	32	9	4	3.57	AG	12.5
Charity fund and avenues for voluntary donations by donors	21	26	32	13	8	3.39	NE	8.6
Management of Waqf properties	11	18	49	11	11	3.07	NE	14.7

Notes: Average weighted mean = 3.45; Verbal interpretation = neutral/I don't know

properties management, Zakat revenue collection and distribution, Distribution of Qard Hasan and environmental impact investments for protecting environment.

4.3.3 Customers' awareness on corporate social responsibility activities according to their individual banks In this section, responses of customers in both jurisdictions will be grouped according to their respective banks.

4.3.3.1 Bahrain From the outcomes of the survey questionnaire distributed to customers of KFH in the Kingdom of Bahrain, it was found that nine items from the total of fifteen items obtained weighted means with the verbal interpretation of "Agree" (Table 5). These nine items were Shari'a compliant screening of clients (M = 4.28), dealing responsibly with clients (M = 4.00), Shari'a prohibited earnings and expenditures (M = 3.90), investments for small and medium size enterprises development (M = 3.87), *par excellence* customer service development (M = 3.87), micro and small businesses assistance (M = 3.77), poor and needy families and individuals assistance (M = 3.69), charity fund and voluntary donations avenues for donors (M = 3.62) and Distribution of Qard Hasan (M = 3.59). Other remaining six items received weighted means that represented verbal interpretation of "Neutral." Among these six items, those that received lowest weighted means were social savings encouragement (M = 3.13), reduction of activities having adverse impact on environment (M = 3.13), Waqf properties management (M = 3.15).Average weighted mean of all items in the questionnaire distributed to KFH customers was 3.59, representing verbal interpretation of "Agree."

Outcomes of the survey questionnaire distributed to customers of BISB in the Kingdom of Bahrain, found that 5 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree" (Table 6). These five items were Shari'a compliant screening of clients (M = 3.79), *par excellence* customer service development (M = 3.79), Shari'a prohibited earnings and expenditures (M = 3.71), investments for small and medium size enterprises development (M = 3.71), micro and small businesses assistance (M = 3.62). Other remaining ten items received weighted means that represented verbal interpretation of "Neutral." Among these ten items, those that received lowest weighted means were reduction of activities having adverse impact on environment (M = 2.94), environmental impact investments for protecting environment (M = 3.03), Waqf properties management

Table 5 Distribution of respondents' responses from KFH based on their awareness of the pursuit of corporate social responsibilities by the bank (N = 39)

No.	Item	5	4	3	2	1	Weighted mean	Verbal int.
1	Screening clients for Shari'a compliance	18	17	1	3	0	4.28	AG
2	Responsible dealing with clients	10	22	4	3	0	4.00	AG
3	Earnings and expenditures prohibited by Shari'a	13	13	9	4	0	3.90	AG
4	Employee welfare	2	16	15	3	3	3.28	NE
5	Collection and distribution of Zakah revenues	8	10	12	3	6	3.28	NE
6	Qard Hasan distribution	7	14	14	3	1	3.59	AG
7	Reduction of the adverse impact of bank activities on the environment	0	17	12	8	2	3.13	NE
8	Assistance poor and needy individuals and families	9	14	12	3	1	3.69	AG
9	Investments for the development of small to medium size enterprises	10	17	9	3	0	3.87	AG
10	Impact investments to protect the environment	9	8	12	8	2	3.36	NE
11	Development of par excellence customer service	9	20	7	2	1	3.87	AG
12	Assistance to micro and small businesses	10	16	7	6	0	3.77	AG
13	Encouragement of social savings	3	13	11	10	2	3.13	NE
14	Charity fund and avenues for voluntary donations by donors	9	14	10	4	2	3.62	AG
15	Management of Waqf properties	7	7	14	7	4	3.15	NE

Notes: Average weighted mean = 3.59; Verbal interpretation = agree

Table 6 Distribution of respondents' responses from BISB based on their awareness of the pursuit of corporate social responsibilities by the bank (N= 34)

No.	Item	5	4	3	2	1	Weighted mean	Verbal int.
1	Screening clients for Shari'a compliance	9	14	8	1	2	3.79	AG
2	Responsible dealing with clients	5	12	13	1	3	3.44	NE
3	Earnings and expenditures prohibited by Shari'a	7	14	11	0	2	3.71	AG
4	Employee welfare	3	12	17	1	1	3.44	NE
5	Collection and distribution of Zakah revenues	3	7	20	3	1	3.24	NE
6	Qard Hasan distribution	4	13	5	9	3	3.18	NE
7	Reduction of the adverse impact of bank activities on the environment	3	7	12	9	3	2.94	NE
8	Assistance poor and needy individuals and families	2	10	17	3	2	3.21	NE
9	Investments for the development of small to medium size enterprises	6	17	6	5	0	3.71	AG
10	Impact investments to protect the environment	4	6	13	9	2	3.03	NE
11	Development of par excellence customer service	5	22	3	3	1	3.79	AG
12	Assistance to micro and small businesses	5	15	10	4	0	3.62	AG
13	Encouragement of social savings	4	14	12	2	2	3.47	NE
14	Charity fund and avenues for voluntary donations by donors	2	12	16	2	2	3.29	NE
15	Management of Waqf properties	2	8	20	2	2	3.18	NE

Notes: Average weighted mean = 3.40; Verbal interpretation = neutral

(M = 3.18), Distribution of Qard Hasan (M = 3.18), poor and needy families and individuals assistance (M = 3.21). Average weighted mean of all items in the questionnaire distributed to BISB customers was 3.40, representing verbal interpretation of "Neutral."

Outcomes of the survey questionnaire distributed to customers of Ithmaar Bank in the Kingdom of Bahrain, found that 6 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree" (Table 7). These six items were Shari'a compliant screening of clients (M = 3.91), *par excellence* customer service development (M = 3.91), Shari'a prohibited earnings and expenditures (M = 3.66), investments for small and medium size enterprises development (M = 3.66), social savings encouragement (M = 3.63), dealing responsibly with clients (M = 3.53). Other remaining nine items received weighted means that represented verbal interpretation of "Neutral." Among these nine items, those

Table 7 Distribution of respondents' responses from ithmaar based on their awareness of the pursuit of corporate social responsibilities by the bank (N= 32)

No.	Item	5	4	3	2	1	Weighted mean	Verbal int.
1	Screening clients for Shari'a compliance	10	13	6	2	1	3.91	AG
2	Responsible dealing with clients	5	12	11	3	1	3.53	AG
3	Earnings and expenditures prohibited by Shari'a	7	10	13	1	1	3.66	AG
4	Employee welfare	4	7	16	5	0	3.31	NE
5	Collection and distribution of Zakah revenues	5	3	14	7	3	3.00	NE
6	Qard Hasan distribution	5	3	16	7	1	3.13	NE
7	Reduction of the adverse impact of bank activities on the environment	4	7	12	7	2	3.13	NE
8	Assistance poor and needy individuals and families	4	10	11	4	3	3.25	NE
9	Investments for the development of small to medium size enterprises	5	16	7	3	1	3.66	AG
10	Impact investments to protect the environment	3	7	12	6	4	2.97	NE
11	Development of par excellence customer service	7	19	4	0	2	3.91	AG
12	Assistance to micro and small businesses	5	12	9	4	2	3.44	NE
13	Encouragement of social savings	9	10	7	4	2	3.63	AG
14	Charity fund and avenues for voluntary donations by donors	4	10	15	0	3	3.38	NE
15	Management of Waqf properties	2	6	18	4	2	3.06	NE

Notes: Average weighted mean = 3.40; Verbal interpretation = neutral

that received lowest weighted means were environmental impact investments for protecting environment (M = 2.97), Zakat revenue collection and distribution (M = 3.00), Waqf properties management (M = 3.06). Average weighted mean of all items in the questionnaire distributed to Ithmaar customers was 3.40, representing verbal interpretation of "Neutral."

From the outcomes of the survey questionnaire distributed to customers of KHCB in the Kingdom of Bahrain, it was found that 5 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree" (Table 8). These five items were Shari 'a compliant screening of clients (M = 4.00), *par excellence* customer service development (M = 3.87), dealing responsibly with clients (M = 3.80), Shari'a prohibited earnings and expenditures (M = 3.80), micro and small businesses assistance (M = 3.67). Other remaining ten items received weighted means that represented verbal interpretation of "Neutral." Among these ten items, those that received lowest weighted means were reduction of activities having adverse impact on environment (M = 3.20), Waqf properties management (M = 3.27), Welfare of employees (M = 3.40), Distribution of Qard Hasan (M = 3.40), environmental impact investments for protecting environment (M = 3.40), social savings encouragement (M = 3.40), charity fund and voluntary donations avenues for donors (M = 3.40). Average weighted mean of all items in the questionnaire distributed to KHCB customers was 3.57, representing verbal interpretation of "Agree."

Table 9 shows outcomes of the survey questionnaire distributed to Al-Salam Bank's customers in the Kingdom of Bahrain, it was found that 5 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree." These five items were Shari 'a compliant screening of clients (M = 4.20), *par excellence* customer service development (M = 4.07), poor and needy families and individuals assistance (M = 3.73), investments for small and medium size enterprises development (M = 3.60), dealing responsibly with clients (M = 3.53). Other remaining ten items received weighted means that represented verbal interpretation of "Neutral." Among these ten items, those that received lowest weighted means were Distribution of Qard Hasan (M = 2.67), Zakat revenue collection and distribution (M = 2.73), Waqf properties management (M = 2.80), social savings encouragement (M = 2.87). Average weighted mean of all items in the questionnaire distributed to Al-Salam Bank customers was 3.32, representing verbal interpretation of "Neutral."

Table 8 Distribution of respondents' responses from KHCB based on their awareness of the pursuit of corporate social responsibilities by the bank (N = 15)

No.	*Item*	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
1	Screening clients for Shari'a compliance	7	5	0	2	1	4.00	AG
2	Responsible dealing with clients	0	13	1	1	0	3.80	AG
3	Earnings and expenditures prohibited by Shari'a	1	11	2	1	0	3.80	AG
4	Employee welfare	2	4	7	2	0	3.40	NE
5	Collection and distribution of Zakah revenues	3	4	6	1	1	3.47	NE
6	Qard Hasan distribution	3	3	6	3	0	3.40	NE
7	Reduction of the adverse impact of bank activities on the environment	1	4	7	3	0	3.20	NE
8	Assistance poor and needy individuals and families	1	8	3	3	0	3.47	NE
9	Investments for the development of small to medium size enterprises	2	12	0	1	0	4.00	NE
10	Impact investments to protect the environment	2	3	9	1	0	3.40	NE
11	Development of par excellence customer service	2	9	4	0	0	3.87	AG
12	Assistance to micro and small businesses	1	9	4	1	0	3.67	AG
13	Encouragement of social savings	3	4	4	4	0	3.40	NE
14	Charity fund and avenues for voluntary donations by donors	0	8	5	2	0	3.40	NE
15	Management of Waqf properties	1	3	10	1	0	3.27	NE

Notes: Average weighted mean = 3.57; Verbal interpretation = agree

Table 9 Distribution of respondents' responses from Al-Salam based on their awareness of the pursuit of corporate social responsibilities by the bank (N= 15)

No.	*Item*	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
1	Screening clients for Shari'a compliance	7	6	1	0	1	4.20	AG
2	Responsible dealing with clients	3	5	5	1	1	3.53	AG
3	Earnings and expenditures prohibited by Shari'a	1	5	6	2	1	3.20	NE
4	Employee welfare	2	3	8	2	0	3.33	NE
5	Collection and distribution of Zakah revenues	2	1	6	3	3	2.73	NE
6	Qard Hasan distribution	1	2	5	5	2	2.67	NE
7	Reduction of the adverse impact of bank activities on the environment	0	6	4	5	0	3.07	NE
8	Assistance poor and needy individuals and families	5	2	7	1	0	3.73	AG
9	Investments for the development of small to medium size enterprises	3	5	5	2	0	3.60	AG
10	Impact investments to protect the environment	2	5	2	6	0	3.20	NE
11	Development of par excellence customer service	3	10	2	0	0	4.07	AG
12	Assistance to micro and small businesses	2	4	5	4	0	3.27	NE
13	Encouragement of social savings	2	2	4	6	1	2.87	NE
14	Charity fund and avenues for voluntary donations by donors	2	6	5	2	0	3.53	NE
15	Management of Waqf properties	0	2	8	5	0	2.80	NE

Notes: Average weighted mean = 3.32; Verbal interpretation = neutral

Outcomes of the survey questionnaire distributed to customers of Al-Baraka Bank in the Kingdom of Bahrain, found that all of the fifteen items received weighted means with the verbal interpretation of "Neutral" (Table 10). These were *par excellence* customer service development (M = 3.47), Shari'a compliance screening of clients (M = 3.40), investments for small and medium size enterprises development (M = 3.40). Among items, those that received lowest weighted means were Waqf properties management (M = 2.73), charity fund and voluntary donations avenues for donors (M = 2.93), Distribution of Qard Hasan (M = 2.93), Welfare of employees (M = 3.00).

Kruskal Wallis H-test was used to evaluate if there was any significant difference in level of customers awareness on CSR activities of the banks when respondents were grouped

Table 10 Distribution of respondents' responses from Al-Baraka based on their awareness of the pursuit of corporate social responsibilities by the bank (N = 15)

No.	*Item*	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
1	Screening clients for Shari'a compliance	4	4	3	2	2	3.40	NE
2	Responsible dealing with clients	0	6	7	1	1	3.20	NE
3	Earnings and expenditures prohibited by Shari'a	1	4	8	2	0	3.27	NE
4	Employee welfare	1	0	12	2	0	3.00	NE
5	Collection and distribution of Zakah revenues	2	1	8	4	0	3.07	NE
6	Qard Hasan distribution	2	0	8	5	0	2.93	NE
7	Reduction of the adverse impact of bank activities on the environment	0	4	8	2	1	3.00	NE
8	Assistance poor and needy individuals and families	1	4	7	3	0	3.20	NE
9	Investments for the development of small to medium size enterprises	1	6	6	2	0	3.40	NE
10	Impact investments to protect the environment	0	5	8	2	0	3.20	NE
11	Development of par excellence customer service	2	6	5	1	1	3.47	NE
12	Assistance to micro and small businesses	2	2	10	1	0	3.33	NE
13	Encouragement of social savings	0	5	6	3	1	3.00	NE
14	Charity fund and avenues for voluntary donations by donors	0	4	7	3	1	2.93	NE
15	Management of Waqf properties	0	2	8	4	1	2.73	NE

Notes: Average weighted mean = 3.14; Verbal interpretation = neutral

according to their respective banks. From the results of the H-test it was revealed that there was significant difference in the level of customer awareness on corporate social responsibilities activities of their respective banks in Kingdom of Bahrain. As seen from calculated H-value of 17.481 in Table 11 which is greater than the critical value of 5.60 with 0.05 level of significance and 5 degree of freedom Null hypothesis (*H0*) is rejected and alternative hypothesis is accepted.

4.3.3.2 Saudi Arabia From the outcomes of the survey questionnaire distributed to customers of SABB in Saudi Arabia, it was found that 6 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree" (Table 12). These six items were Shari'a compliance screening of clients (M = 4.23), Shari'a prohibited earnings and expenditures (M = 4.00), dealing responsibly with clients (M = 4.00), *par excellence* customer service development (M = 3.85), social savings encouragement (M = 3.81) and investments for small and medium size enterprises development (M = 3.58). Remaining nine items received weighted means that represented verbal interpretation of "Neutral." Among these nine items, those that received lowest weighted means were Waqf properties management (M = 2.88), Distribution of Qard Hasan (M = 2.92) and charity fund and voluntary donations avenues for donors (M = 3.00). Average weighted mean of all items in the questionnaire distributed to SABB customers was 3.45, representing verbal interpretation of "Neutral."

Outcomes of the survey questionnaire distributed to customers of The National Commercial Bank in Saudi Arabia, found that 7 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree" (Table 13). These seven items were dealing responsibly with clients (M = 3.76), *par excellence* customer service development (M = 3.76), Shari'a compliance screening of clients (M = 3.71), environmental impact investments for protecting environment (M = 3.57), micro and small businesses assistance (M = 3.52) and charity fund and voluntary donations avenues for donors (M = 3.52). Remaining eight items received weighted means that represented verbal interpretation of "Neutral." Among these eight items, those that received lowest weighted means were Zakat revenue collection and distribution (M = 3.14), Distribution of Qard Hasan (M = 3.29), welfare of employees (M = 3.38) and reduction of activities having adverse impact on environment (M = 3.38). Average weighted mean of all items in the questionnaire distributed

Table 11 Summary of values showing the results of the Kruskal–Wallis H-Test for the significant differences of the respondents' awareness of the pursuit of CSR by the banks when grouped according to the bank

Variable	*KFH*		*BISB*		*Ithmaar*		*KHCB*		*Al-Salam*		*AlBaraka*				
	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*	*wt. X*	*sum of rank*	*Computed H-value*	*df*	*Decision*
Respondents' awareness	3.59	891.45	3.40	691.95	3.40	672.45	3.57	867.45	3.32	593.55	3.14	378	17.481	5	P = 0.04* P < 0.05 (Significant)
Final rank	1		3		4		2		5		6			H.0.05 = 5.60	

Ranks

Scores	Bank	N	Mean rank
	KFH	15	59.43
	BISB	15	46.13
	Ithmaar	15	44.83
	KHCB	15	57.83
	Al-Salam	15	39.57
	AlBaraka	15	25.20
	Total	90	

Test statistics[a,b]

	Scores
Chi-Square	17.481
Df	5
Asymp. Sig.	0.004*

Note: [a]Kruskal–Wallis test [b]Grouping variable: Bank

Table 12 SABB Depositor's responses to the CSR statements (N = 26)

tem	5	4	3	2	1	Weighted mean	Verbal int.
1. Screening clients for Shari'a compliance	12	9	4	1	0	4.23	AG
2. Responsible dealing with client	7	13	5	1	0	4.00	AG
3. Earning and expenditure prohibited by Shari'a	8	10	8	0	0	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	0	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

Notes: Average weighted mean = 3.45; Verbal interpretation = neutral/I don't know

Table 13 National commercial bank depositors' responses to the CSR statements (N = 21)

Item	5	4	3	2	1	Weighted mean	Verbal int.
Screening clients for Shari'a compliance	6	7	6	0	2	3.71	AG
Responsible dealing with client	7	5	7	1	1	3.76	AG
Earning and expenditure prohibited by Shari'a	4	8	7	1	1	3.62	AG
Employee welfare	3	5	10	3		3.38	NE
Collection and distribution of Zakah revenues	1	4	14	1	1	3.14	NE
Qard Hasan distribution	2	6	11	0	2	3.29	NE
Reduction of adverse impact of bank activities on the environment	3	5	10	3	0	3.38	NE
Assistance to poor and needy individuals and families	4	3	11	1	2	3.29	NE
Investments for the development of small to medium size enterprises	4	4	11	2	0	3.48	NE
Impact investments to protect the environment	4	5	11	1	0	3.57	AG
Development of par excellence customer service	4	9	7	1	0	3.76	AG
Assistance to micro and small businesses	3	6	11	1	0	3.52	AG
Encouragement of social savings	3	5	11	2	0	3.43	NE
Charity fund and avenues for voluntary donations by donors	5	4	9	3	0	3.52	AG
Management of Waqf properties	2	6	12	0	1	3.38	NE

Notes: Average weighted mean = 3.48; Verbal interpretation = neutral/I don't know

to The National Commercial Bank customers was 3.48, representing verbal interpretation of "Neutral."

Table 14 shows outcomes of the survey questionnaire distributed to Al-Rajhi Bank's customers in Saudi Arabia, it was found that 12 items from the total of 15 items obtained weighted means with the verbal interpretation of "Agree." Among these were Shari'a prohibited earnings and expenditures (M = 4.00), *par excellence* customer service development (M = 4.00), Shari'a compliance screening of clients (M = 3.93), dealing responsibly with clients (M = 3.87), social savings encouragement (M = 3.87) and charity fund and voluntary donations avenues for donors (M = 3.87). Remaining three items received weighted means that represented verbal interpretation of "Neutral." Among these three items, those that received lowest weighted means were environmental impact investments for protecting environment (M = 3.27), investments for small and medium size enterprises development (M = 3.33) and poor and needy families and individuals'

Table 14 AlRajhi Bank depositors' responses to the CSR statements (N = 15)

Item	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
Screening clients for Shari'a compliance	3	10	1	0	1	3.93	AG
Responsible dealing with client	2	9	4	0		3.87	AG
Earning and expenditure prohibited by Shari'a	5	6	3	1	0	4.00	AG
Employee welfare	3	4	7	1	0	3.60	AG
Collection and distribution of Zakah revenues	2	5	7	1	0	3.53	AG
Qard Hasan distribution	4	5	5	1	0	3.80	AG
Reduction of adverse impact of bank activities on the environment	3	4	7	0	1	3.53	AG
Assistance to poor and needy individuals and families	4	4	2	4	1	3.40	NE
Investments for the development of small to medium size enterprises	3	3	6	2	1	3.33	NE
Impact investments to protect the environment	3	3	5	3	1	3.27	NE
Development of par excellence customer service	4	8	2	1	0	4.00	AG
Assistance to micro and small businesses	2	7	4	1	1	3.53	AG
Encouragement of social savings	5	5	3	2	0	3.87	AG
Charity fund and avenues for voluntary donations by donors	4	6	4	1	0	3.87	AG
Management of Waqf properties	4	2	8	1		3.60	AG

Notes: Average weighted mean = 3.68; Verbal interpretation = agree

assistance (M = 3.40). Average weighted mean of all items in the questionnaire distributed to Al-Rajhi Bank customers was 3.68, representing verbal interpretation of "Agree."

Table 15 shows outcomes of the survey questionnaire distributed to Bank Al Saudi Al Fransi customers in Saudi Arabia, it was found that three items from the total of fifteen items obtained weighted means with the verbal interpretation of "Agree." These three items were *par excellence* customer service development (M = 3.69), Shari'a compliance screening of clients (M = 3.62) and social savings encouragement (M = 3.62). Remaining 13 items received weighted means that represented verbal interpretation of "Neutral." Among these thirteen items, those that received lowest weighted means were Waqf properties management (M = 2.77), Zakat revenue collection and distribution (M = 2.92), poor and needy families and individuals assistance (M = 3.00), environmental impact investments for

Table 15 Al Bank Al Saudi Al Fransi depositors' responses to the CSR statements (N = 13)

Item	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
Screening clients for Shari'a compliance	2	7	2	1	1	3.62	AG
Responsible dealing with client	1	7	3	1	1	3.46	NE
Earning and expenditure prohibited by Shari'a	2	1	8	1	1	3.15	NE
Employee welfare	0	4	8	1		3.23	NE
Collection and distribution of Zakah revenues	0	5	4	2	2	2.92	NE
Qard Hasan distribution	2	1	7	2	1	3.08	NE
Reduction of adverse impact of bank activities on the environment	2	3	7	1		3.46	NE
Assistance to poor and needy individuals and families	2	1	6	3	1	3.00	NE
Investments for the development of small to medium size enterprises	2	5	4	1	1	3.46	NE
Impact investments to protect the environment	1	5	3	2	2	3.08	NE
Development of par excellence customer service	4	4	3	1	1	3.69	AG
Assistance to micro and small businesses	1	5	4	1	2	3.15	NE
Encouragement of social savings	3	5	3	1	1	3.62	AG
Charity fund and avenues for voluntary donations by donors	2	5	4		2	3.38	NE
Management of Waqf properties	2	1	5	2	3	2.77	NE

Notes: Average weighted mean = 3.27; Verbal interpretation = neutral/I don't know

protecting environment (M = 3.08), Distribution of Qard Hasan (M = 3.08). Average weighted mean of all items in the questionnaire distributed to Bank Al Saudi Al Fransi customers was 3.27, representing verbal interpretation of "Neutral."

Outcomes of the survey questionnaire distributed to customers of other banks (Riyad Bank, Saudi Hollandi Bank, Arab National Bank, Samba Financial Group, Bank Al Jazira, Alinma Bank, Bank AlBilad) in Saudi Arabia, found that five items from the total of fifteen items obtained weighted means with the verbal interpretation of "Agree" (Table 16). These five items were Shari'a compliance screening of clients (M = 4.08), Shari'a prohibited earnings and expenditures (M = 3.88), *par excellence* customer service development (M = 3.88), Welfare of employees (M = 3.68) and dealing responsibly with clients (M = 3.76). Remaining ten items received weighted means that represented verbal interpretation of "Neutral." Among these ten items, those that received lowest weighted means were Waqf properties management (M = 2.84), poor and needy families and the individual's assistance (M = 2.92), reduction of activities having adverse impact on environment (M = 2.96) and Zakat revenue collection and distribution (M = 3.04). Average weighted mean of all items in the questionnaire distributed to other banks' customers was 3.39, representing verbal interpretation of "Neutral."

Kruskal Wallis H-test was used to evaluate if there was any significant difference in level of customers awareness on CSR activities of the banks when respondents were grouped according to their respective banks. From the results of the H-test it was revealed that there was significant difference in the level of customer's awareness on corporate social responsibilities activities of their respective banks in Saudi Arabia. As seen from calculated H-value of 11.52 in Table 17 which is greater than the critical value of 5.60 with 0.05 level of significance and 2 degree of freedom Null hypothesis (*H0*) is rejected and alternative hypothesis is accepted.

4.3.4 Comparative analysis of individual banks in both jurisdictions This section will summarize average weighted means received by each of the individual Islamic banks for customers' awareness on corporate social responsibilities activities of their respective banks based on their jurisdictions. It will also compare highest rated banks in both jurisdictions (Table 18).

Table 16 Other banks depositors' responses to the CSR statements (N = 25)

Item	*5*	*4*	*3*	*2*	*1*	*Weighted mean*	*Verbal int.*
Screening clients for Shari'a compliance	9	11	4	0	1	4.08	AG
Responsible dealing with client	5	14	3	1	2	3.76	AG
Earning and expenditure prohibited by Shari'a	7	9	8	1	0	3.88	AG
Employee welfare	5	11	5	4	0	3.68	AG
Collection and distribution of Zakah revenues	4	3	9	8	1	3.04	NE
Qard Hasan distribution	5	7	4	7	2	3.24	NE
Reduction of adverse impact of bank activities on the environment	4	4	7	7	3	2.96	NE
Assistance to poor and needy individuals and families	6	3	5	5	6	2.92	NE
Investments for the development of small to medium size enterprises	6	3	9	5	2	3.24	NE
Impact investments to protect the environment	5	5	8	5	2	3.24	NE
Development of par excellence customer service	9	8	6	0	2	3.88	AG
Assistance to micro and small businesses	4	8	8	4	1	3.40	NE
Encouragement of social savings	3	9	7	3	3	3.24	NE
Charity fund and avenues for voluntary donations by donors	6	6	7	4	2	3.40	NE
Management of Waqf properties	0	6	12	4	3	2.84	NE

Notes: Average weighted mean = 3.39; Verbal interpretation = neutral/I don't know

Table 17 Summary of values showing the results of the Kruskal–Wallis H-Test for the significant differences of the respondents' awareness toward CSR statements when they are grouped according to their respective banks

	SAAB		*NCB*		*Alrajhi*		*Al Saudi*		*Other banks*		*Computed H-*		
Variable	*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*	*Value*	*df*	*Decision*
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		$H_{.0.05} = 5.60$		

Table 18 Summary of average weighted means of each respective bank in both jurisdictions

Bahrain		Saudi Arabia	
Bank name	*Average weighted mean*	*Bank name*	*Average weighted mean*
1. Kuwait Finance House	3.59	1. Al Rajhi Bank	3.68
2. Khaleeji Commercial Bank	3.57	2. National Commercial Bank	3.48
3. Bahrain Islamic Bank	3.40	3. Saudi British Bank (SABB)	3.45
4. Ithmaar Bank	3.40	4. Other Banks	3.39
5.Al-Salam Bank	3.32	5. Bank Al Saudi Al Fransi	3.27
6. Al-Baraka Islamic Bank	3.14		

From analysis of data collected through survey questionnaire, KFH obtained highest rating of 3.59 in Kingdom of Bahrain. Whereas, the KHCB was in the second place with 3.57 as its average weighted mean. Following that, BISB, Ithmaar bank, Al-Salam Bank and Al-Baraka Islamic Bank obtained third, fourth, fifth and sixth place respectively. Similarly, from the analysis of data collected through the distribution of survey questionnaire in Saudi Arabia, Al Rajhi Bank obtained the highest rating of 3.68. Whereas, the National Commercial Bank was in the second place with 3.48 as its average weighted mean. Third was Saudi British Bank (SABB) with 3.45. Following that, other Banks and Bank Al Saudi Al Fransi obtained fourth and fifth place, respectively.

KFH and Al Rajhi Bank are both top performers in their jurisdictions. This means that customers of these two banks are more aware of CSR activities of their respective banks when compared to other banks operating in their jurisdiction. When it comes to their level of customers' awareness on pursuit of CSR, items that received weighted means with verbal interpretation of "Agree" in both jurisdictions were Shari'a compliance screening of clients, Shari'a prohibited earnings and expenditures, dealing responsibly with clients and charity fund and voluntary donations avenues for donors (Table 19).

The table above shows the results of the Shapiro Wilk and Lilliefors test. The value of *p*-value (Sig) Lilliefors 0.200 in two countries where it is above 0.05, then based on the Lilliefors test, the data for each country is normally distributed. The *p*-value of Shapiro test in Bahrain was 0. 412 > 0.05 and in Saudi Arabia was 0.351 > 0.05. Because all values are more than 0.05, the two countries are equally distributed based on the Shapiro–Wilk test (Table 20).

The table above shows the homogeneity test results with the Levene's Test method. The Levene value is shown in the value based on Mean row, which is 0.1 with a *p*-value (sig) of 0.762, where it is higher than 0.05, means that there is a similarity of variance between countries or means it is homogeneous (Table 21).

The table above shows the Mean or average of each country, namely, in Bahrain, the value is 3.4090, which is lower than Saudi Arabia, which is 3.4524 (Table 22).

As the value of the Levene test results is homogeneous, thus then use the first line of the *t* value of 0.904 in df of 193. The df in the *t* test is N-2, that is in this case 195–2 =

Table 19 Tests of normality

	Kolmogorov–Smirnov[a]			*Shapiro–Wilk*		
Country	*Statistic*	*df*	*Sig.*	*Statistic*	*df*	*Sig.*
Results from the bank						
Bahrain	0.072	105	0.200*	0.987	105	0.412
Saudi Arabia	0.070	90	0.200*	0.984	90	0.351

Notes: * *This is a lower bound of the true significance;* [a] *Lilliefors Significance Correction*

Table 20 Test of homogeneity of variance

	Levene Statistic	*df1*	*df2*	*Sig.*
Results from the bank				
Based on mean	0.100	1	193	0.752
Based on median	0.119	1	193	0.730
Based on median and with adjusted df	0.119	1	192.910	0.730
Based on trimmed mean	0.093	1	193	0.761

Table 21 Group statistics

Country	*N*	*Mean*	*Std. deviation*	*Std. error mean*
Results from the bank				
Bahrain	105	3.4090	0.34132	0.03331
Saudi Arabia	90	3.4524	0.32769	0.03454

193. The value of *t* is to compare with the *t* table in df 193 and the probability 0.05. It suggested to look at the value of sig (2 tailed) or the value of p. In the case above, the *p* value is 0.367 where it is higher than 0.05. Because it is higher than 0.05, thus statistically it is not significant at the probability of 0.05. The magnitude of the average difference or average of the two countries in the column Mean Difference is −0.04349. Because it has negative sign, means that the country of Bahrain has a Mean lower than that of Saudi Arabia.

5. Discussion and conclusion

This study manages to achieve its objective which is to analyze the level of customer awareness of Islamic Banks' activities toward CSR in the Kingdom of Bahrain and the Kingdom of Saudi Arabia; and test whether both groups have similarities or not. From the outcomes of the study, it can be concluded that the level of customer awareness of the CSR activities of their banks is limited in both jurisdictions. It is evident from small number of items of the questionnaire to which respondents agreed to or were having satisfactory knowledge about (I don't understand this sentence). The results show that customers in both jurisdictions are generally aware of matters or activities that they experience on a daily, or routine, basis with their banks. Such as, Shari'a compliance policy for screening of prospective clients, "policy for restricting Shari'a," "prohibited earnings and expenditures," policy for dealing responsibly with clients and policy for "*par excellence* customer service skills development." Whereas, customer awareness for other non-routine activities. such as, availability of policy for the welfare of employees, policy for Zakat revenue collection and distribution, policy for distribution of Qard Hasan, policy for reduction of activities, (which incidentally have an adverse impact on environment) and Waqf properties management, is comparatively low. One of the possible reasons for this low level of awareness among the public may be inferred to be their lack of interest in these matters or a perception of low value to the customer. Moreover, it was seen that the level of customer awareness differs significantly when customers were grouped according to their respective banks in both jurisdictions. Thus, from overall responses of the respondents it can be concluded that there is a need for the banks to enhance their customers' awareness toward their banks' pursuit of CSR by undertaking various effective measures for disseminating information on programs, activities and campaigns undertaken by them. Overall, the results of this study supported the previous studies on the importance of CSR to the Islamic banks which is also to be encouraged progressively, i.e. Rashid *et al.* (2012), Mallin *et al.* (2014); Hassan and

Table 22 Independent samples test

	Levene's test for equality of variances		*t-test for equality of means*						
								95% confidence interval of the difference	
	F	*Sig.*	*t*	*df*	*Sig. (2-tailed)*	*Mean difference*	*Std. error difference*	*Lower*	*Upper*
Equal variances assumed	0.100	0.752	−0.904	193	0.367	−0.04349	0.04814	−0.13843	0.05145
Equal variances not assumed			−0.906	190.507	0.366	−0.04349	0.04799	−0.13814	0.05116

Harahap (2010), Masud and Kabir (2016); Amran *et al.* (2017). The results of this study are also in line with Hidayat and Al-Hur (2011b) in the sense that the level of customers' awareness of their Islamic banks' CSR activities is relatively low.

Results of the study indicate that based on overall responses, Saudi Arabia is having an average weighted mean of 3.45 and Bahrain is having an average weighted mean of 3.44, which are approximately the same and thus their overall awareness level on CSR activities of their respective banks is approximately same. However, when it comes to the individual banks, Al Rajhi Bank is the top performer in Saudi Arabia with rating of 3.68, while KFH is best performer in Bahrain with the rating of 3.59. Thus, indicating that customers of these two banks were more aware of CSR activities of their respective banks when compared to other banks operating in their jurisdictions. From this, we can also conclude that Al Rajhi Bank is performing better than KFH in its pursuit of CSR activities awareness among customers.

Moreover, comparing the studies in Bahrain and Saudi Arabia, it is found that both countries have similarity of variance between countries or indicating it is homogeneous. This supported with the p value is 0.367, where it is higher than 0.05, thus it statistically insignificant. In other words, both groups of the countries perceived similar awareness toward the CSR practices in Islamic banks. This study fills the gap of previous studies in terms of comparing the awareness of Islamic banks' customers toward CSR practices of their respected banks in developing countries, namely, Kingdom of Bahrain and Kingdom of Saudi Arabia using the AAOIFI governance standards No. 7. AAOIFI is a standard setter organization for Islamic financial institution worldwide.

The findings of the study recommended that the Islamic banks operating in both jurisdictions in general as well as those which are used in this study as the sample in particular need to put more efforts to increase their customers awareness toward banks pursuit of their CSR activities. Banks can take effective measures by setting awareness campaigns, programs and activities relating to banks CSR activities, such as:

- arranging awareness campaigns for reducing adverse impact on the environment caused by banks activities, such as sponsoring and creating campaigns to clean up the beaches and gardens;
- banks are recommended to take support of leading charitable organizations for conducting awareness campaigns to manage Waqf properties on behalf of their beneficiaries; and
- banks are recommended to use their e-channels including web pages, SMS and e-banking facilities for announcing their services of Zakat revenues collections and distribution mechanisms undertaken by banks on behalf of their customers.

Furthermore, for the effective development and formulation of banks programs and activities, regarding their pursuit of CSR activities, a similar study can be conducted toward banks other stakeholders for example to regulators. Then, a similar study could be extended toward other financial and non-financial institutions, as the pursuit of social responsibility activities is deemed important for every enterprise. The banks should come up with new and innovative ideas and design creative ways to develop new strategies and events aiming to capture the attention of the public toward its CSR practices. This paper suggests that Islamic banks in both jurisdictions should introduce systems for evaluating bank financings based on the commitment to social responsibility which could enhance customer knowledge and awareness toward the banks' CSR practice. Meanwhile, strong technical infrastructure for current business environment is needed to enhance public awareness toward banks CSR practices. Banks should also be active in social media and other multimedia-channels to enhance their communication with their customers. Islamic banks are recommended to collaborate with other well-known organizations and institutions when planning and conducting their social events, as this will help them to attract and thus

to increase their customer awareness toward banks CSR practices. Moreover, the Islamic banks in both jurisdictions should take initiatives to learn and adopt the activities of KFH and Al Rajhi Bank toward their pursuit of CSR practices, as they obtained the highest ratings from respondents in their jurisdictions. Finally, it is important for further study to extend the analysis of CSR management systems and tools to other organizations and activities other than banking and financial institutions.

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Appendix

Fifteen statements relating to CSR included in the questionnaire are:

- Bank is having a policy to screen its prospective clients for their Sharia compliance, which is implemented activity by the bank to avoid engagement into any criminal activities, such as money laundering.

- Bank is having a policy in place for responsible dealing with clients, including provisions relating to ethical marketing, implementation of responsible financial practices in all transactions with clients and dealing with insolvency and late repayments of the clients.
- Bank is having a policy in place for restricting Sharia prohibited earnings and expenditures.
- Bank is having a policy for welfare of employees with provisions relating to rights and obligations of employees, expected behavior of employees, provision for avoidance of discrimination, merit-based promotion structure and salaries for all employees.
- Bank is having a policy for collecting and distributing Zakat revenues on behalf of their clients, shareholders or customers.
- Bank is having a policy in place for the distribution of Qard Hasan for social reasons.
- Bank is having a policy in place for reducing adverse impacts of the banks practices on the environment.
- Bank has a policy for assisting poor and needy families and individuals on education, health and businesses.
- Bank is having investment targets aiming for the development of small- to medium-sized enterprises to provide significant growth potential for the country.
- Bank is having environmental impact investments aiming to protect the environment and increasing the use of renewable sources of energy.
- Bank has a policy in place for the development and monitoring of par excellence customer service skills of banks employees.
- Bank assists micro and small businesses through its special features and terms for these types of investment depositors.
- Bank has a policy for encouraging social savings for marriages, children's education, as well as for social welfare and other community-based programs.
- Bank has a policy for establishing charity funds and arranging avenues for voluntary donations by donors.
- Bank has a policy for Waqf properties management on behalf of banks beneficiaries.

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