

**Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)**

الإفصاح عن محاسبة المسؤولية الاجتماعية للشركات: نماذج من البنوك السعودية المدرجة في السوق المالي خلال (2019-2021)

Houcine Mahmoudi<sup>1</sup>, Benziane Roucham<sup>2</sup>, Ahmed Mimoun<sup>3</sup>

<sup>1</sup> Professor, Faculty of Economics and Management African University of Adrar Ahmed Draia (Algeria) [houcine.mahmoudi@univ-adrar.edu.dz](mailto:houcine.mahmoudi@univ-adrar.edu.dz)

<sup>2</sup> Professor, Faculty of Economics and Management, Bechar University Tahri Mohamed (Algeria), [roucham.benziane@univ-bechar.dz](mailto:roucham.benziane@univ-bechar.dz)

<sup>3</sup> Faculty of Economics and Management, Bechar University Tahri Mohamed (Algeria) [mimoun.ahmed@univ-bechar.dz](mailto:mimoun.ahmed@univ-bechar.dz)

Received: 15/07/2023

Accepted: 16/09/2023

Published: 30/09/2023

**Abstract:**

This study aims to find out the extent of voluntary disclosure of social responsibility across a range of activities (human resources, society, environment, and service enhancement). By using the qualitative data program (Maxqda) to analyze financial statement reports for Saudi banks between 2019 -2021, following the unbalanced binary variable method, which gives a number one in the case of the presence of the requirement and a number zero in the contrary case.

the findings were mixed, as the disclosure was generally accepted, as the result of 2019 is considered "Acceptable", and a lower percentage for the year 2020, which is considered "medium", and this is due to The decline being affected by the Corona pandemic.

**Keywords:** Corporate Social Responsibility; Disclosure; Saudi Arabia Banks; Qualitative Analysis; Maxqda

**JEL Classification Codes :** M41, M14, G14

ملخص:

تهدف هذه الدراسة إلى معرفة مدى الإفصاح الطوعي عن المسؤولية الاجتماعية عبر مجموعة من الأنشطة (الموارد البشرية والمجتمع والبيئة وتعزيز الخدمات). باستخدام برنامج البيانات النوعية (Maxqda) لتحليل تقارير البيانات المالية لعينة بنوك سعودية بين 2019-2021، باتباع طريقة المتغير الثنائي غير المتوازن، والتي تعطي رقم واحد في حالة وجود المتطلب ورقم صفر في الحالة المعاكسة. كانت النتائج مختلطة، حيث تم قبول الإفصاح بشكل عام، حيث تعتبر نتيجة عام 2019 «مقبولة»، ونسبة مئوية أقل لعام 2020، والتي تعتبر «متوسطة»، ويرجع ذلك إلى تأثير الانخفاض بجائحة كورونا.

**كلمات مفتاحية:** مسؤولية اجتماعية شركات؛ إفصاح؛ بنوك سعودية مدرجة؛ تحليل نوعي؛ برنامج Maxqda

**تصنيفات JEL :** M41, M14, G14

**Corresponding author:** Houcine Mahmoudi, **e-mail:** [houcine.mahmoudi@univ-adrar.edu.dz](mailto:houcine.mahmoudi@univ-adrar.edu.dz)

## **INTRODUCTION:**

The rise of Corporate Social Responsibility (CSR) in the business landscape is intrinsically tied to the increasing recognition that economic activity does not occur in isolation, but rather is intertwined with a complex web of social, environmental, and political systems (Wang et al., 2008). With intensifying societal and environmental crises, corporations are compelled to delineate their purpose beyond profit maximization. The widespread belief that corporations possess the potential to positively impact society and the environment has spurred scholarly and practical interest (Hahn et al., 2017).

CSR has evolved as a conceptual tool aimed at actualizing this latent potential, fundamentally altering how businesses report their activities. Businesses are now expected to develop comprehensive CSR policies, detailing these tasks in their annual reports and financial statements, thereby integrating their CSR activities with their core operations (Aras & Crowther, 2009). Particularly, CSR has readjusted the traditional roles of financial institutions, reshaping them from mere financial intermediaries to agents of social and environmental progress.

This shift has been particularly noticeable in the context of Saudi Arabia's banking sector. Saudi banks have emerged as significant contributors to the nation's economic and social development, transcending their traditional roles as mere financial intermediaries. These banks are now integral parts of the societal fabric, with substantial interests in the social environment and a commitment to sustainable development (Al-Bassam et al., 2018). In line with Saudi Arabia's Vision 2030, they have pivoted towards serving not just the economy but the broader society

The Saudi Arabian economy Ranked 26<sup>th</sup> worldwide by the International Institute for Management Development's competitiveness index, Saudi Arabia's banking sector underscores the country's increasing economic prowess. However, as this paper will explore, there is an urgent need to fully understand and navigate the CSR accounting disclosure landscape for these banks. Unravelling these insights could offer valuable learning for both academic scholarship and policy discourse around CSR, particularly within the financial sector; In this context, we address the following question:

### **Research Problem:**

To what extent do Saudi banks listed on the financial market adhere to the optional disclosure of social responsibility accounting in their financial statements?

### **Research Hypothesis:**

Saudi banks listed on the financial market comply with the optional disclosure of social responsibility accounting in their financial statements.

### **Significance and Objectives of the Research:**

This research aims to illuminate the various methods of accounting disclosure that can be employed in compiling data that reflect social responsibility, including aspects related to human resources, the environment, society, and service enhancement. Through an empirical study of the reports from Saudi banks listed on the financial market, we intend to determine

## **Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)**

---

the extent of their commitment to social responsibility disclosure. This research will offer valuable practical insight into the field for both scholars and practitioners.

### **Research Methodology:**

We select a purposive sample of 33 financial statement reports during 2019–2021, connecting to the fitted empirical case of eleven (11) Saudi banks listed in the financial stock markets (Saudi Investment, Albilad, Alinma Bank, Saudi Fransi, Sabb Bank, Al Jazira, Saudi National Bank, Amlak, Arab National Bank, Al Rajhi Bank) in special conditions of COVID-19 spread, then utilizing the maxqda program to calculate the disclosure rate of the items referred to areas of accounting for the social responsibility that is identified by the American Accounting Association (AAA).

### **1- Literature Review:**

Voluntary disclosure of corporate social responsibility (CSR) is a complicated and multifaceted topic that has been studied from diverse perspectives in various circumstances. According to the literature, organisations make voluntary disclosures for a variety of reasons, including efforts to meet stakeholder expectations (Deegan et al., 2002), to build a positive reputation (Herremans et al., 1993), and to demonstrate financial health, with a recognition that CSR activities can impact financial performance (Khan et al., 2016). (Tagesson et al., 2009) supported this viewpoint by demonstrating that characteristics such as size, tax base, geographical location, and political majority influence disclosure practises. These findings highlight the need for additional research on many sorts of organisations, particularly the banking sector in various nations, to provide a fuller understanding. This viewpoint is supported by (M. Adams & Hossain, 1998), who discovered that numerous characteristics, including business size, organisational method, product diversification, and distribution strategy, were positively connected to the level of voluntary disclosure. In contrast, assets-in-place and operational localization were insignificant.

The relationship between CSR disclosure and firm value has also been investigated, with research such as (Nekhili et al., 2017) demonstrating a favourable relationship between CSR disclosure and market value for family businesses. While this provides an economic justification for CSR disclosure, it is crucial to emphasise that these dynamics may vary depending on the cultural and institutional environment. Indeed, the impact of culture on voluntary reporting practises has been demonstrated in international comparisons by (C. A. Adams & Kuasirikun, 2000), and studies such as (Haniffa & Cooke, 2005) demonstrate the significant impact of national culture and institutional context on the nature of corporate social disclosure. The link between CSR disclosure and firm value has also been established. These studies highlight the importance of national culture and religion in driving CSR disclosure practises, notably among Saudi banks. In addition to cultural considerations, organisational operational practises also have an impact.

(Clarkson et al., 2008) discussed the relationship between environmental performance and disclosure, hypothesising that higher-performing organisations may be more inclined to report their actions. (Aljifri & Hussainey, 2007) provide an interesting perspective on the function of forward-looking information in CSR disclosure. Given the expanding nature of social

responsibility, this field of research could provide useful insights into Saudi banks' CSR disclosure practises.

Finally, while there are numerous studies on voluntary CSR disclosure, there is a significant lack in research focusing especially on Saudi banks utilising qualitative data analysis. According to the extant literature, CSR disclosure practises are influenced by a complex interaction of variables such as firm size, culture, governance structures, and future direction. To better comprehend Saudi banks' voluntary CSR disclosure practises, a sophisticated approach to studying their distinct cultural, institutional, and industry-specific aspects is required.

## **2- Theoretical Framework and Background:**

### **2-1 Social Responsibility**

#### **Concept of social responsibility**

Corporate Social Responsibility (CSR) is nowadays a prominent issue for many businesses, which requires companies to balance their social, environmental, and economic responsibilities towards business stakeholders (طاهر، 2020). There is no universal definition of corporate social responsibility (Chandler, 2001). But there is a lack of consensus in the literature concerning the definition of corporate social responsibility, different authors have described it in a variety of ways. CSR is a collective term used for a variety of actions (Godfrey & Hatch, 2007), It can have a different meaning for different companies and cover a number of subjects (Sallyanne Decker, 2004).

Over time, there were further efforts to surround the CSR concept according to (Milberg & Paladino, 2004), there was an evolution of ideas and thinking around social responsibility whose historical origin begins in the decade of the fifties with the work proposed by Howard R. Bowen in 1953, who made the first significant scholarly contribution by publishing the book, *Social Responsibilities of the Businessman*. He suggested the definition of CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 2013, p6).

Passing by Carroll pyramid proposed a four-part definition of CSR: “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”(Carroll, 1979, p500).

According to the Green Paper document published by European Commission in July 2001, social responsibility is defined as: "A concept through which companies integrate their social and environmental concerns with their core operations and interact with other parties on a voluntary basis". This document showed that attention to social responsibility has a direct impact on workers' productivity and supports a competitive attitude (Bronchain, 2003), the World Business Council for Sustainable Development (WBCSD) was defined as "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large" (Dahlsrud, 2008) and social responsibility standards are expected to contribute to strengthening the three pillars of sustainable development which Economic development, social inclusion, environmental

## **Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)**

---

protection (Książka & Fischbach, 2017). In 2010, the International Organization for Standardization released ISO 26000 on corporate social responsibility, with the aim of helping it contribute to sustainable development, which identified seven areas of social responsibility: governance; Human resources; Employees; environment; Operations; Customers and society (ISO26000, 2010)

On other side, there were many efforts to establish a positive linkage between CSR and shareholders' long-term interests. In this frame, the definition of CSR was revisited by academics Dahlsrud (2008), through content analysis, he identified and analyzed thirty-seven definitions of CSR from twenty-seven authors and covered a time span from 1980 to 2003. He was able to develop five dimensions of CSR (social, environmental, economic, voluntaries, and stakeholder). While Rahman (2011) proposed a similar viewpoint, claiming that numerous CSR dimensions emerged over the course of the last few decades in the definitions of CSR (Rahman, 2011). These dimensions are stated as below: Stakeholder's involvement; Obligation to the society; Economic development; Improving the quality of life; Law abiding; Ethical business practices; Human rights; Protection of Environment Voluntariness; Accountability and Transparency. (Sarkar & Searcy, 2016) also investigated 110 definitions of CSR from both peer-reviewed and high-degree literature published during 1953 and 2014, and identified six similar dimensions: ethical stakeholder; economic; social; discretionary and sustainability.

### **2-2 Accounting Social Responsibility Disclosure**

Accounting disclosure means that financial statements disclose all data of interest to external parties that helps them make rational economic decisions; Disclosure is a broad topic containing the part of the accounting theory which relates to the delivery of financial information about the project to all concerned parties. In fact, accounting theory comprises two crucial parts, measurement and disclosure. So, disclosure tasks are as large as accounting theory is. (سجيني، 1997)

As a result of the social pressures imposed on investment projects, it has become apparent that most of the world's financial markets oblige enterprises to present the outputs of their social activities in issued reports as well as express their role and future activities in these areas. Recently, it has become evident that there is an increase in social disclosure in projects' financial reports, even in most cases it is optional (أبو العزم، 2005)

#### **2-2-1 Concept and importance of accounting disclosure of CSR costs:**

(Burke & Logsdon, 1996) stated that social disclosure means presenting data on the social activity associated with the economic unit in a way that enables the unit to evaluate its performance. The disclosure of the company's social cost data has attracted growing consideration for the following Reasons:

#### **2-2-2 Reasons for improving the content of financial statement:**

Disclosure of social responsibility costs contributes to covering the lack of comparability for financial statements between projects. (حبيب، 2011).

Investors were not limited to the economic side of investment decision-making but went beyond other aspects and norms such as religious, political, and social, which generated the ethical investor (Bansal & Kandola, 2003)

### **2-2-3 Reasons for accountant's liability and the accounting profession:**

The American Accounting Association (AAA) explained why accountants should be interested in disclosing social responsibility data that can be summarized as follows (AAA, 1976, p. 94)

- Data concerning social activities of a financial and quantitative nature, affecting the company's assets, expenses, and obligations, and this is among the accountant's core work.
- The change in social philosophy, which tends towards the view that the project should bear the costs of preserving the environment, leads directly to dealing with environmental activity data by the project's accounting function

### **3- Methods and tools:**

Globally, Humanitarian research is divided into quantitative and qualitative research. If the former is based on the language of numbers and statistics, the second depends on the interpretation, analysis, and explanation of data; the choice between them must be relied on the convenience or applicability of each method, taking into account the available information about the subject; In this study, qualitative analysis was selected since optional disclosure is predominantly narrative. Qualitative analysis is a complex process involving the analysis of documents, reports, interviews, audio files, and images.

#### **3-1 Concept of qualitative research**

Qualitative research has been defined as "research that is concerned with the analysis and interpretation of words, not numbers" (Bryman, 2012), also defined as "conducting research studies based on ground observations and interviews to obtain information without resorting to statistical uses, This option often requires the participation of community members in the researcher's research activities thus, qualitative research is called participatory observation research, The amount of the researcher's engagement with the targeted study individuals varies according to the nature of the study ".(خلافة، 2020) .

Among several qualitative programs, the Maxqda program was selected to perform this study because of its fitness, ease, and technical characteristics.

#### **3-2 Data collection**

With reference to the literature review and the research problem, the study value appeared from analyzing a sample of 33 financial statement during 2019-2021 connecting to the empirical case of eleven (11) Saudi banks listed in the financial markets (Saudi Investment, Albilad, Alinma Bank, Saudi Fransi, Sabb bank, Al Jazira, Saudi National Bank, Amlak, Arab National Bank, Al Rajhi Bank) in special circumstances of COVID-19 spread ", by which The world economy has affected and had an impact on most life aspects till today. In line with these changes, we have planned to clarify the impact of this pandemic on the social responsibility disclosure level, In this research, we followed the unbalanced binary variable method, giving a single number (1) in case of requirement and a zero number (0) in case of non-existence" as Hossain et al. (2006) did in their research, depending on the frequency of the following vocabulary: (Human Resources, Society, Environment, Services Enhancement), using the above-mentioned qualitative data analysis program . the annual financial statements have been uploaded from the "Argaam" website, at Saudi financial platform that specializes

## Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)

in the publication of financial data and news, it is considered as the most preferable source for the media in economic and financial analysis;

The four items mentioned above are the main terms in the areas of accounting for the social responsibility belonging to any organization that is identified by the American Accounting Association. Through the analysis of reports and the follow-up the similar vocabulary to key terms, we have reached the subsidiary terms as stated in the following table:

**Table (1): Terminology to Disclose for Social Responsibility in annual financial statement**

Terms	Human Resources	Community/Society:	Environment	Services Enhancement
1	Human Resources	Community	Environment	Services
2	Employees	Disabled	Solar Energy	Digitization
3	Salaries	Donations	Clean Energy	Program Support
4	Training	Charity	Alternative Energy	Awareness
5	Rehabilitation Courses	Volunteerism	Climate	
6	Recruitment	Health Support	Afforestation	
7	Customers	Feeding/Meals	Recycling	

**Source:** Elaborated by researchers based on Saudi banks' financial statement reports during 2019-2021

When one corporate provides its annual financial statements, it frequently includes a section about Corporate Social Responsibility (CSR) to demonstrate for stakeholders how the company contributes to societal and environmental sustainability. Here are some areas that might come across in the sections that will be disclosed:

### 1. Human Resources:

- Employee welfare: Refers to the taken efforts by companies to promote the well-being of their employees.
- Equal opportunity: This implies a non-discriminatory workplace in which people are employed and promoted based on their merit, regardless of their race, colour, religion, gender, or country of origin.
- Diversity and inclusion: This element denotes a dedication to fostering an atmosphere that values varied identities and viewpoints.
- Talent development: A company commitment to training and educating employees in order to help them to develop and contribute more effectively.
- Workplace safety: This is a measure of a company's efforts to provide a safe workplace for employees.

### 2. Community/Society:

- Corporate citizenship: This term describes an organization's commitment to being a good neighbour.
- Philanthropy: This describes a company's financial support to charity activities.
- Social investment: This is when a business invests funds, resources, or time in initiatives that benefit the local area.

- Stakeholder engagement: This is the term used to describe a company's interactions with people or groups who have an interest in how it does business, including employees, customers, suppliers, and the community.
3. Environment:
- Carbon footprint: This is a gauge of how much greenhouse gas can be generated as a result of human activity in the environment.
  - Sustainability: This phrase refers to efforts to use resources in a way that serves current demands without jeopardizing future generations' ability to satisfy their own needs.
  - Renewable energy: This is energy derived from a non-depletable source, such as wind or solar power.
  - Waste management entails techniques for trash reduction, reuse, and recycling.
  - Biodiversity refers to the diversity of life on Earth. Businesses may take measures to protect and promote biodiversity.
4. Services Enhancement:
- Consumer satisfaction: This is a measure of how well a company's products or services meet or exceed consumer expectations.
  - Quality assurance: The efforts taken by a corporation to ensure that its products or services satisfy predetermined criteria.
  - Innovation: This phrase refers to both the development of products, or processes for producing products and creating new ones.
  - Digital transformation: The introduction of digital technology into all aspects of a business, radically altering how it runs and provides value to customers.

### **3-3 Data Tools**

Using the Maxqda program, we have transformed text data into quantitative ones to reveal the core information then measuring lexically the four main terms in terms of recurrence vocabulary effect, whereby the disclosure of the areas related to accounting for each bank's social responsibility activities can be calculated individually and on average as follows:

Disclosure ratio = (total repeat vocabulary)/(total word disclosure)

average disclosure = (Banks Disclosure of Total Ratios)/(Banks Number)

Results are classified into three groups:

**Acceptable:** Group I of banks that disclose elements of social responsibility by more than 0.2%;

**Medium:** Group II Least Disclosure of Social Responsibility Elements (0.1% - 0.2%)

**Weak:** Group III weaker banks disclosing elements of social responsibility by less than 0.1%.

## **4- RESULTS**

### **4-1 Human Resources Disclosure for social responsibility activities**

For human resources, the frequency of the following vocabulary (human resources, employees, salaries, training, qualification courses, recruitment, and clients) has been calculated, and the sum divided by the total words disclosed as shown in the disclosure ratio equation, as follows:



## Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)

**Table (2): Ratio of Human Resources Disclosure in CSR activities during (2019-2021)**

Banks	Ratio of HR Disclosure %			HR Disclosure Mean		
	2019	2020	2021	2019	2020	2021
Saudi Investment	0.038	0.01	0.12	<b>0.32 Acceptable</b>	<b>0.174 Medium</b>	<b>0.286 Acceptable</b>
Albilad	0.3	0.33	0.691			
Alinma Bank	0.1	0.125	0.3			
Saudi Fransi	0.78	0.175	0.472			
Sabb Bank	0.39	0.328	0.232			
Riyad	0.54	0.077	0.32			
Al Jazira	0.12	0.115	0.11			
Saudi National Bank	0.36	0.075	0.234			
Amlak	0.32	0.046	0.112			
Arab National Bank	0.2	0.156	0.108			
Al Rajhi Bank	0.38	0.476	0.455			

**Source:** Elaborated by researchers

Table 2 shows that the banks have different rates of HR disclosure. Albilad Bank's ratio increased consistently from 0.3 (2019) to 0.691 (2021), suggesting an improvement in their transparency regarding HR-focused CSR efforts. In contrast, Saudi Fransi exhibited the highest disclosure ratio in 2019 (0.78), but it decreased sharply to 0.175 (2020) before recovering to 0.472 (2021). This fluctuation requires additional scrutiny. Al Rajhi Bank's ratio remained relatively high and consistent from 0.38 (2019) to 0.476 (2020), and 0.455 (2021), indicating a stable HR disclosure policy. Saudi Investment Bank, on the other hand, showed growth in its HR disclosure from 0.038 (2019) to 0.12 (2021), but the rates were still lower compared to the other banks. Both Riyadh and Saudi National Bank showed a noticeable decrease in their ratios in 2020 compared to 2019, but managed to rebound in 2021, which points towards annual variations in their disclosure practices. Regarding the average disclosure, it was noted that the rate in 2019 was 0.32%. This rate decreased, supposedly due to the impact of the coronavirus pandemic (*Covid-19*) on human resources disclosure, but managed to recover in 2021 to 0.286%. the average HR disclosure for Saudi Investment was categorised as 'Acceptable' in 2019 and 2021, and 'Medium' in 2020.

### 4-2 Community Disclosure within social responsibility activities

For the second element of social responsibility, we calculated the frequency of the following vocabulary (society, persons with disabilities, donations, charity, volunteering, health support, feeding), all divided by the total words disclosed in the annual report as shown in the disclosure ratio equation. The results are as follow:

**Table (3) Ratio of Community Disclosure in CSR activities during (2019-2021)**

Banks	Ratio of Community Disclosure %			Community Disclosure Mean		
	2019	2020	2021	2019	2020	2021
Saudi Investment	0.064	0.023	0.128	<b>0.11 Medium</b>	<b>0.09 Weak</b>	<b>0.058 Weak</b>
Albilad	0.2	0.186	0			
Alinma Bank	0.063	0.084	0.082			
Saudi Fransi	0.29	0.098	0.073			
Sabb Bank	0.081	0.097	0.035			
Riyad	0.034	0.104	0.12			

Al Jazira	0.015	0.014	0.03			
Saudi National Bank	0.107	0.077	0.076			
Amlak	0.013	0.03	0			
Arab National Bank	0.129	0.065	0			
Al Rajhi Bank	0.207	0.21	0.094			

**Source:** Elaborated by researchers based on Saudi banks' financial statements for years (2019-2021). Table 3 reveals the degree to which different banks in Saudi Arabia disclose their community activities as part of their CSR initiatives. For Saudi Investment Bank, the community disclosure ratio increased from 0.064 (2019) to 0.128 (2021), although this growth isn't as robust as desired, as indicated by the 'Weak' classification of the mean disclosure values for all three years. Albilad Bank, which initially had a significant community disclosure ratio of 0.2 in 2019, dropped to zero by 2021, indicating a drastic reduction in community-focused CSR disclosure. Saudi Fransi started with a relatively high ratio in 2019 (0.29) but decreased considerably by 2021 (0.073), suggesting a shift in their CSR reporting. In contrast, Riyadh Bank displayed a gradual increase from 0.034 (2019) to 0.12 (2021). Al Rajhi Bank had a relatively stable and higher ratio in 2019 and 2020 (0.207 and 0.21 respectively), which dropped in 2021 (0.094). Banks like Alinma, Saudi National Bank, and Sabb Bank showed relatively consistent community disclosure ratios over the three years. Lastly, Arab National Bank and Amlak witnessed their ratios drop to zero by 2021, mirroring the trend observed with Albilad Bank. As for average disclosure, we note that the 2019 rate (0.11%), while the rate undergone a weakness direction for the next years. his decrease is due to the impact of the COVID-19 pandemic. Overall, the ratio of community disclosure in CSR activities shows varied trends across the banks, with some banks maintaining or increasing their disclosure, while others significantly reduced or completely halted their community-related CSR disclosures by 2021.

#### 4-3 Service Enhancement within social responsibility activities

In order to Enhance services, the frequency of terminology (numerical, services, program support, outreach) has been calculated. The totality is divided by the total words disclosed in the report, as shown in the breakdown of disclosure ratio and average disclosure, and the results are as follows:

**Table (4) Rate of Disclosure of Service Enhancement within CSR activities during (2019-2021)**

Banks	Ratio of Service Enhancement Disclosure %			Service Enhancement Disclosure Mean		
	2019	2020	2021	2019	2020	2021
Saudi	0.427	0.253	0.582	<b>0.53 Acceptable</b>	<b>0.4 Acceptable</b>	<b>0.399 Acceptable</b>
Albilad	0.509	0.5	0.5			
Alinma Bank	0.356	0.39	0.5			
Saudi Fransi	1.641	0.256	0.367			
Sabb Bank	0.66	0.663	0.426			
Riyad	0.214	0.646	0.464			
Al Jazira	0.491	0.602	0.408			
Saudi National	0.222	0.226	0.33			
Amlak	0.174	0.102	0.196			
Arab National	0.308	0.032	0.106			
Al Rajhi Bank	0.83	0.726	0.518			

**Source:** Elaborated by researchers based on Saudi banks' financial statements for years (2019-2021)

## Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)

Table 4 shows the degree to which Saudi Arabian banks disclose their service enhancement initiatives as part of their CSR activities. Saudi Investment Bank saw an increase in service enhancement disclosure from 0.427 (2019) to 0.582 (2021), with a 'Mean Service Enhancement Disclosure' consistently classified as 'Acceptable'. Albilad Bank maintained a steady and high disclosure rate over three years at approximately 0.5. Alinma Bank showed an increasing trend from 0.356 (2019) to 0.5 (2021). Saudi Fransi had an unusually high disclosure rate in 2019 (1.641), dropping drastically to 0.256 (2020) and slightly improving to 0.367 (2021). This unusual data point might be an error or represent an exceptional circumstance. Sabb Bank's ratios were high but decreased over time from 0.66 (2019) to 0.426 (2021). Al Rajhi Bank displayed a similar trend, starting with a high ratio of 0.83 (2019) but dropping to 0.518 (2021). Riyadh Bank saw a significant increase from 0.214 (2019) to 0.646 (2020), then a drop to 0.464 (2021). Al Jazira showed a mixed trend, starting with 0.491 (2019), peaking at 0.602 (2020), and reducing to 0.408 (2021). Amlak and Arab National Bank showed relatively low and decreasing trends. The average disclosure rate for 2019 was 0.53%. It has seen a marked decrease recently due to the impact of COVID-19. Nonetheless, the average has remained within acceptable levels. In conclusion, the rate of service enhancement disclosure as part of CSR varies across Saudi Arabian banks, showing no consistent pattern.

#### 4-4 Environmental Disclosure in social responsibility activities:

The frequency of vocabulary (Rotation, Solar energy, Clean energy, Alternative energy, climate, afforestation), combined divided by the total words disclosed as shown in the disclosure ratio equation and average disclosure is as follows:

**Table (5) Rate of Environment Disclosure in CSR activities during (2019-2021)**

Bank	Ratio of Environment Disclosure %			Disclosure Mean Environment		
	2019	2020	2021	2019	2020	2021
Saudi	0.012	0.011	0.025	<b>0.006 Weak</b>	<b>0.014 Weak</b>	<b>0.011 Weak</b>
Albilad	0.016	0.051	0			
Alinma	0	0	0.007			
Saudi	0.005	0.005	0.012			
Sabb Bank	0.008	0.007	0.013			
Riyad	0.005	0.032	0.044			
Al Jazira	0.003	0.003	0.001			
Saudi	0.003	0.004	0			
Amlak	0	0	0			
Arab	0.008	0	0			
Al Rajhi	0.004	0.044	0.023			

**Sources:** Elaborated by researchers based on Saudi banks' financial statements for years (2019-2021)

Table 5 reveals the proportion of environmental initiatives disclosed as part of the CSR activities by different Saudi Arabian banks. The Saudi Investment Bank's environmental disclosure rate increased from 0.012 (2019) to 0.025 (2021), but this is still low, with the 'Mean Disclosure Environment' classified as 'Strongly Weak' over the three years. Albilad Bank's ratio started at 0.016 (2019), rose to 0.051 (2020), and then dropped to zero by 2021,

indicating a significant reduction in environmental disclosure. Alinma Bank and Amlak displayed minimal to zero environmental disclosure ratios across all three years, demonstrating limited or no emphasis on revealing their environmental CSR initiatives. Riyadh Bank's environmental disclosure ratio increased from 0.005 (2019) to 0.044 (2021), suggesting a growing focus on environmental disclosure. Saudi National Bank's ratio, which was already low at 0.003 (2019), dropped to zero by 2021. A similar pattern is observed for Arab National Bank, starting at 0.008 (2019) and dropping to zero in 2021. Al Rajhi Bank's ratio increased from 0.004 (2019) to 0.044 (2020), then decreased to 0.023 (2021), showing a fluctuating trend. Overall, the rates of environment disclosure in CSR activities among Saudi Arabian banks are generally weak, with many banks showing limited to no emphasis on revealing their environmental initiatives. This could suggest that environmental concerns may not be a primary focus in their CSR activities.

***General Result;***

For the overall disclosure of social responsibility, the results are as follows:

The average social responsibility disclosure rate for 2019 (0.2415%), which is considered

***Acceptable***

The average social responsibility disclosure rate for 2020 (0.1695%), which is considered ***Medium***, is due to the impact of the coronavirus pandemic Covid 19

The average social responsibility disclosure rate for 2021 (0.1885%) is considered ***Medium***, and this may be an improvement in disclosure compared to the previous year due to the beginning of recovery from the coronavirus pandemic Covid 19

## **5- Result Discussion**

The Study's results have been successful in applying the various theories and perspectives highlighted in literature review to the specific context of Saudi Arabian banks. In the literature review, Deegan et al. (2002) mention that organisations disclose CSR activities to meet stakeholder expectations. This notion aligns well with the results where several banks have shown an increasing trend in the ratio of Human Resources and Service Enhancement Disclosure, suggesting an effort to engage stakeholders. This is particularly visible in banks like Albilad and Alinma, which displayed consistent or increasing trends in these disclosures over the study period. The relationship between CSR disclosure and firm size is touched upon by Tagesson et al. (2009) and M. Adams & Hossain (1998). Although the research doesn't seem to provide the exact size of the banks, future studies could examine whether the size of Saudi Arabian banks correlates with their CSR disclosure practices. The influence of culture and institutional context on disclosure practices, as mentioned by C. A. Adams & Kuasirikun (2000) and Haniffa & Cooke (2005), could be inferred in the relatively low environmental disclosure ratios among Saudi Arabian banks. This could indicate a lesser emphasis on environmental concerns within the region's cultural and institutional context, reflecting on the banks' CSR disclosure practices. Clarkson et al. (2008) discuss the positive relationship between environmental performance and disclosure. However, in the study, the environmental disclosures of the Saudi banks are notably low, suggesting that their environmental performance may be weak, or perhaps, it's not a priority area for them. Aljifri & Hussainey (2007) underline the importance of forward-looking information in CSR disclosure. The increasing trends in service enhancement disclosure for several banks in the

## **Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)**

---

study (e.g., Saudi Investment and Alinma Bank) could be seen as an indication of the banks' strategic focus on improving services and creating a future-oriented positive reputation. The gap identified in the literature review about the lack of research focusing on Saudi banks using qualitative data analysis has been addressed in the study by providing comprehensive quantitative data on CSR disclosure practices of different Saudi banks. In conclusion, the results provide an in-depth understanding of CSR disclosure practices in Saudi banks, reflecting a wide array of theories and perspectives discussed in the literature review. The study successfully highlights the uniqueness of CSR disclosures in Saudi Arabian banks, the influence of various factors on disclosure practices, and the need for further studies to better understand these dynamics.

### **Conclusion:**

The research delivers comprehensive insights into the current state of CSR disclosure practices within Saudi Arabia's banking sector. The in-depth analysis conducted reveals significant findings and presents prospective paths for future exploration.

The study elucidates the diverse landscape of CSR disclosure practices in Saudi Arabian banks. A detailed examination of various aspects of CSR, including human resources, community, service enhancement, and environmental disclosures, shows a disparate distribution of focus. Predominantly, service enhancement and human resources emerge as focal points in CSR disclosure practices, with relatively high rates maintained over the years. In contrast, environmental disclosures surprisingly display low disclosure rates, indicating an area of concern. This trend could reflect the banking industry's lack of participation in environmental initiatives or a strategic focus on areas deemed more relevant or critical to stakeholders in the Saudi context.

On the recognition of banks' responsibilities towards their communities, Saudi banks, during 2019, undertook numerous initiatives in vital areas of social responsibility. These initiatives persisted in 2020 despite the challenges posed by the coronavirus pandemic. Aligning with Vision 2030, the banks collaborated with government agencies to cushion the pandemic's effects through private sector support programs and measure its impact on various sectors.

The findings of the study affirm its hypothesis, obligating Saudi banks to disclose social responsibility accounting, albeit with uneven results across banks. While Al Rajhi, Al Ahly, Saudi France, and Saudi Arabia Investment banks showed good disclosure, it was weak for Property and Development banks. Nevertheless, the overall results were acceptable.

The study further reiterates the direct relationship between social responsibility and community service; the more a company contributes positively to its surrounding community, the higher its level of commitment to social responsibility. Furthermore, the importance of voluntary disclosure of social responsibility becomes evident, primarily as it offers information about the focus on competent and skilled human resources, providing reassurance to shareholders about sustainability and continuity. Notably, increased attention to social responsibility disclosure can enhance the performance of economic institutions and reveal their practical reality from a social perspective.

### **Implications of the Study:**

The observed trends and practices have several implications that add to the broader literature of CSR disclosures, particularly in the context of Saudi Arabian banking. It reinforces the argument that CSR disclosure practices are not just a reflection of a firm's involvement in social or environmental activities, but also a strategic tool influenced by stakeholder expectations, reputation management, and regional economic considerations.

The prominence of service enhancement and human resources disclosure suggests that Saudi banks perceive these areas as vital components of their CSR strategies. This might be aimed at building positive relationships with stakeholders, which aligns with the literature on CSR as a reputation management tool.

The minimal environmental disclosures could be indicative of the economic context of Saudi Arabia, where the economy has been historically driven by fossil fuel industries. However, this lack of emphasis on environmental matters could be seen as a missed opportunity, given the increasing global attention on climate change and sustainability.

### **Recommendations for Future Research:**

Building upon the findings of the research, future research can expand in several directions. These include examining the relationship between the size of banks, their governance structures, and the level of CSR disclosures to provide a deeper understanding of the factors influencing CSR practices. The inclusion of qualitative data can give a more comprehensive insight into the context and quality of the disclosures made.

- One noteworthy area that emerged from this study for further investigation is the significantly low environmental disclosures. It would be fruitful to investigate whether this trend stems from a lack of environmental initiatives or a strategic decision to downplay this aspect in their disclosures. Moreover, analyzing the impact of CSR disclosures on the financial performance and stakeholder relationships of these banks can yield practical insights into the consequences of current CSR practices. Such analysis can guide these banks towards more effective disclosure strategies.
- Beyond the banks' internal structures and strategies, future research should also delve into broader socio-economic issues. For example, investigating the ongoing reliance on usurious loans in many contemporary economies could uncover viable alternatives, as suggested by studies in Islamic economics.
- Furthermore, there is a need to challenge and change the concept of social responsibility as it currently exists in the minds of business owners. It would be beneficial to explore how social responsibility can be reconceptualized as an investment that yields returns. In this vein, it is critical to incorporate the teaching of social responsibility in educational curricula, especially at the university level, to build a generation cognizant of its responsibilities.
- Governments could also play a more active role in encouraging corporate social responsibility. They could provide benefits, such as tax exemptions or necessary facilities, to companies that disclose their social responsibilities, effectively turning them into role models for others to follow.
- Lastly, there's a necessity to establish an official body specializing in corporate social responsibility. This body could create regulations and legislation that guarantee the rights of employees, society, and the environment, while also developing a disclosure index suitable for each sector.

## Corporate Social Responsibility Accounting Disclosure: Evidence from Saudi Listed Banks during (2019-2021)

---

- This research has focused on voluntary disclosure of the four areas of social responsibility, yet the influence of this disclosure on the financial performance of companies remained undetermined. This gap represents a limitation in the study's results, suggesting future work could link areas of social responsibility to companies' financial performance.

### Bibliography List:

- Adams, C. A., & Kuasirikun, N. (2000). A comparative analysis of corporate reporting on ethical issues by UK and German chemical and pharmaceutical companies. *European Accounting Review*, 9(1), 53–79.
- Adams, M., & Hossain, M. (1998). Managerial discretion and voluntary disclosure: empirical evidence from the New Zealand life insurance industry. *Journal of Accounting and Public Policy*, 17(3), 245–281.
- Al-Bassam, W. M., Ntim, C. G., Opong, K. K., & Downs, Y. (2018). Corporate Boards and Ownership Structure as Antecedents of Corporate Governance Disclosure in Saudi Arabian Publicly Listed Corporations. *Business & Society*, 57(2), 335–377. <https://doi.org/10.1177/0007650315610611>
- Aljifri, K., & Hussainey, K. (2007). The determinants of forward-looking information in annual reports of UAE companies. *Managerial Auditing Journal*, 22(9), 881–894. <https://doi.org/10.1108/02686900710829390>
- Aras, G., & Crowther, D. (2009). Corporate sustainability reporting: a study in disingenuity? *Journal of Business Ethics*, 87, 279–288.
- Bansal, P., & Kandola, S. (2004). *Corporate social responsibility: Why good people behave badly in organizations*. Ivey Business Journal, 68(4), 1-5.
- Bowen, H. R. (2013). *Social responsibilities of the businessman*. University of Iowa Press.
- Bronchain, P. (2003). Towards a sustainable corporate social responsibility. *Ireland: European Foundation for the Improvement of Living and Working Condition*.
- Bryman, A. (2016). *Social research methods*. Oxford university press.
- Burke, L., & Logsdon, J. M. (1996). How corporate social responsibility pays off. *Long Range Planning*, 29(4), 495–502. [https://doi.org/https://doi.org/10.1016/0024-6301\(96\)00041-6](https://doi.org/https://doi.org/10.1016/0024-6301(96)00041-6)
- Carroll, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *The Academy of Management Review*, 4(4), 497. <https://doi.org/10.2307/257850>
- Chandler, G. (2001). *Defining Corporate Social Responsibility Ethical Performance Best Practice, Fall 2002, cited in “What is Corporate Social Responsibility?” Catalyst Corporation and U.S. Agency for International Development (USAID)*.
- Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. *Accounting, Organizations and Society*, 33(4–5), 303–327.
- Dahlsrud, A. (2008). How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), 1–13. <https://doi.org/10.1002/csr.132>
- Deegan, C., Rankin, M., & Tobin, J. (2002). An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory. *Accounting, Auditing & Accountability Journal*, 15(3), 312–343.
- Godfrey, P. C., & Hatch, N. W. (2007). Researching Corporate Social Responsibility: An Agenda for the 21st Century. *Journal of Business Ethics*, 70(1), 87–98. <https://doi.org/10.1007/s10551-006-9080-y>
- Hahn, T., Figge, F., Aragón-Correa, J. A., & Sharma, S. (2017). Advancing Research on Corporate

- Sustainability. *Business & Society*, 56(2), 155–185. <https://doi.org/10.1177/0007650315576152>
- Haniffa, R. M., & Cooke, T. E. (2005). The impact of culture and governance on corporate social reporting. *Journal of Accounting and Public Policy*, 24(5), 391–430.
- Herremans, I. M., Akathaporn, P., & McInnes, M. (1993). An investigation of corporate social responsibility reputation and economic performance. *Accounting, Organizations and Society*, 18(7–8), 587–604.
- ISO26000. (2010). *Guidance on social Responsibility*, <https://www.iso.org/standard/42546.html>.
- Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate sustainability: First evidence on materiality. *The Accounting Review*, 91(6), 1697–1724.
- KsiężaK, P., & FischBach, B. (2017). Triple bottom line: The pillars of CSR. *Journal of Corporate Responsibility and Leadership*, 4(3), 95–110.
- Milberg, A., & Paladino, M. (2004). La responsabilidad de la empresa en la sociedad: construyendo la sociedad desde la tarea directiva. *Buenos Aires: Planeta*.
- Nekhili, M., Nagati, H., Chtioui, T., & Rebolledo, C. (2017). Corporate social responsibility disclosure and market value: Family versus nonfamily firms. *Journal of Business Research*, 77, 41–52.
- Rahman, S. (2011). Evaluation of definitions: ten dimensions of corporate social responsibility. *World Review of Business Research*, 1(1), 166–176.
- Sallyanne Decker, O. (2004). Corporate social responsibility and structural change in financial services. *Managerial Auditing Journal*, 19(6), 712–728. <https://doi.org/10.1108/02686900410543840>
- Sarkar, S., & Searcy, C. (2016). Zeitgeist or chameleon? A quantitative analysis of CSR definitions. *Journal of Cleaner Production*, 135, 1423–1435. <https://doi.org/https://doi.org/10.1016/j.jclepro.2016.06.157>
- Tagesson, T., Blank, V., Broberg, P., & Collin, S. (2009). What explains the extent and content of social and environmental disclosures on corporate websites: a study of social and environmental reporting in Swedish listed corporations. *Corporate Social Responsibility and Environmental Management*, 16(6), 352–364.
- Wang, H., Choi, J., & Li, J. (2008). Too Little or Too Much? Untangling the Relationship Between Corporate Philanthropy and Firm Financial Performance. *Organization Science*, 19(1), 143–159. <https://doi.org/10.1287/orsc.1070.0271>
- زينب خالقة. (2020, 12 31). البحوث الكيفية في العلوم الإنسانية الاستخدام. مجلة العلوم الاجتماعية والإنسانية، الصفحات 102 - 115.
- خالد صبحي حبيب. (2011). مدى إدراك المصارف لأهمية المحاسبة والإفصاح عن المسؤولية الاجتماعية : دراسة تطبيقية على المصارف التجارية الفلسطينية ( رسالة ماجستير ). غزة، غزة، فلسطين: الجامعة الإسلامية - غزة
- طاهر أمينة. (2020). أثر المسؤولية الاجتماعية على ولاء الزبون في شركة تيلواز 'الشلف' (الجزائر). التكامل الاقتصادي, 8(4), 95-115
- طلال إبراهيم سجينى. (1997). قياس درجة ومدى الإفصاح المحاسبي في الشركات الصناعية في المملكة العربية السعودية. المجلة العلمية لكلية الإدارة والاقتصاد ، الصفحات 137 - 173.
- فهم أبو العزم. (2005). معوقات الإفصاح البيئي في التقارير المالية - حالة جمهورية مصر العربية - . مجلة الإدارة العامة، الصفحات 41 - 91.