CORPORATE SOCIAL RESPONSIBILITY PRACTICES OF UAE BANKS

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ABSTRACT

The study aims at investigating corporate social responsibility (CSR) practices of UAE banks. A modified questionnaire has been developed. The questionnaire is divided into two parts. The first part covers general information, namely the experience, position and educational level of the respondent. The second part consists of 18 questions about awareness of CSR, CSR dimensions, the most important issues of CSR, CSR instruments, stakeholders' engagement and co-operation, the community activities carried out by UAE banks, voluntary activities to mitigate climate change, CSR practices, organizational responsibility for CSR, CSR payback, public policy support for corporate social responsibility and the relationship with the stakeholders. The main results indicate that the UAE banks are aware of the concept of corporate social responsibility; they place more emphasis on compliance with mandatory social and environmental legislation and less on the non-mandatory legislation; the social specific issues are the most important ones; the banks collect information about/from stakeholders and consult stakeholders and participate in multi-stakeholder initiatives; the banks contribute positively in supporting community activities, for instance through donations and sponsorship; the banks are not heavily involved in problems of climate change; the banks ensure equal access to their banking services for all women, irrespective of their marital status, race, etc.; the banks meet the mandatory legislation requirements related to CSR; and finally, the majority of the respondents (90 percent) indicated that it is important for their banks to inform stakeholders about their corporate social responsibility activity.

JEL: G2, G21

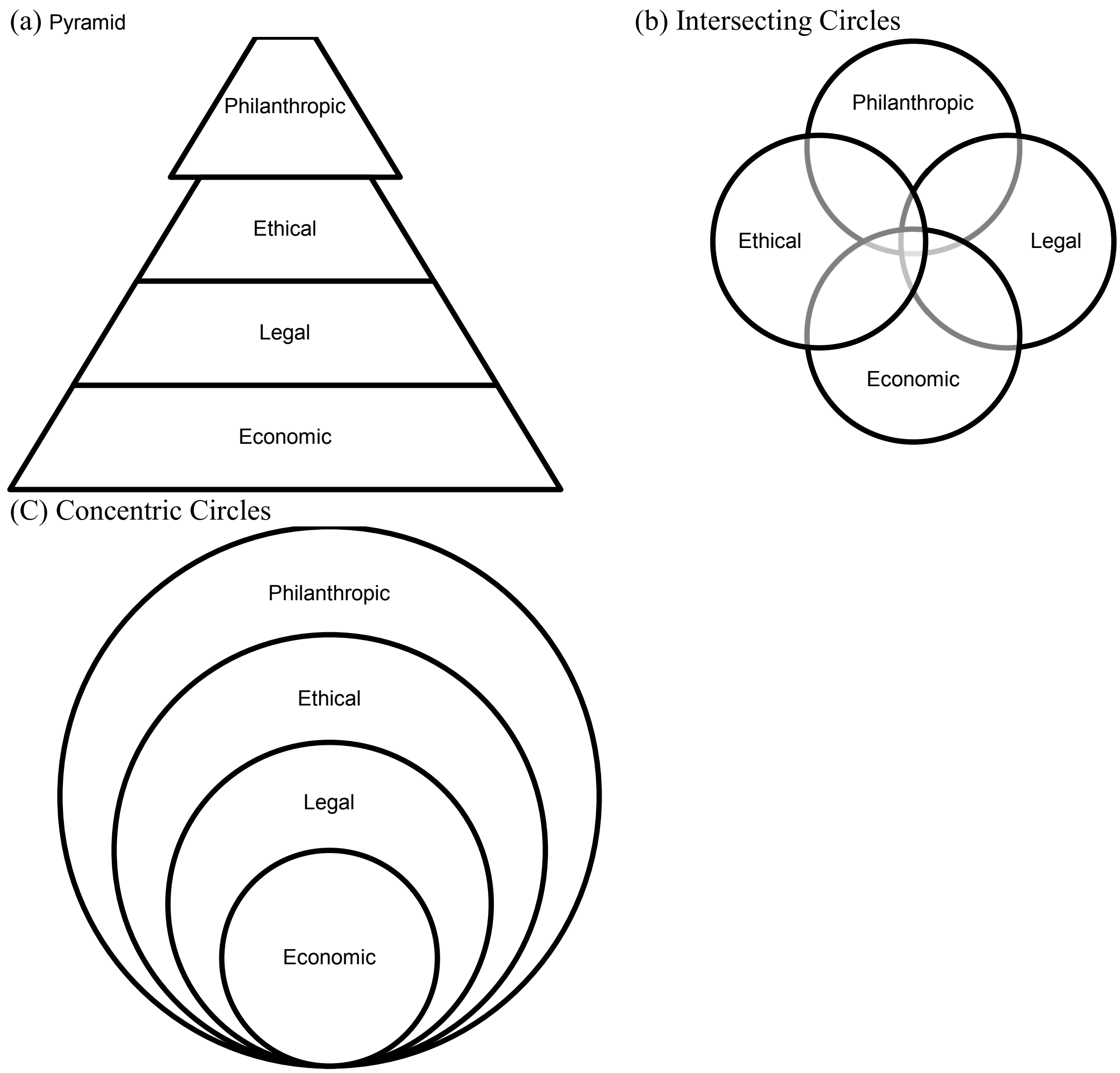
KEYWORDS: Corporate Social Responsibility, UAE banks, UAE Islamic Banks, Direct and Indirect Aspects of CSR

INTRODUCTION

Carroll (1991) defined corporate social responsibility (CSR) as "an organization's commitment to operate in an economically and environmentally sustainable manner while recognizing the interests of all its stakeholders." CSR is also defined as "Corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups" (investopedia). Wikipedia indicates that "CSR is one of the newest management strategies where companies try to create a positive impact on society while doing business." It can be concluded that CSR affects positively the success and sustainability of corporations. Geva (2008) describes the importance of CSR as follows: *Decades of debate on corporate social responsibility (CSR) have resulted in a substantial body of literature offering a number of philosophies that despite real and relevant differences among their theoretical assumptions express consensus about the fundamental idea that business corporations have an obligation to work for social betterment.*

Working for social betterment means corporations are committed towards their society to achieve this goal. In other words, they are socially responsible in this regard. Geva provided a comprehensive review of three models of corporate social responsibility, namely pyramid, intersecting circles, and concentric circles as is shown in Figure 1. The models consist of four dimensions: economic, legal, ethical and philanthropic. Geva also indicated that these four dimensions of social responsibility constitute total CSR: economic ("make profit"), legal ("obey the law"), ethical ("be ethical"), and philanthropic ("be a good corporate citizen").

Figure1 : Three Basic Models of CSR. Relationships between Domains of Responsibility (Geva, 2008)



The importance of CSR is also reflected in the UN Global Compact which was launched in July 2000. The UN Global Compact asks companies to embrace, support and enact, within their realm of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. The ten principles are presented in Table 1.

It should be noted that the Global Compact is a voluntary learning and dialogue platform for businesses that are committed to the above mentioned ten universally accepted principles. Jamali (2007) reviews two different CSR conceptualizations, one by Carroll (1979 and 1991) and the other by Lantos (2001 and 2002). Carroll differentiated between four types of corporate social responsibility: economic, legal, ethical and discretionary, which are the almost same as the dimensions mentioned above. Lantos (2001 and 2002) distinguished between three types of CSR, which he referred to as ethical (mandatory fulfillment of a firm's economic, legal and ethical responsibilities), altruistic (fulfillment of an organization's philanthropic responsibilities, irrespective of whether the business will reap financial benefits or not), and strategic (fulfillment of philanthropic responsibilities that will simultaneously benefit the bottom line). Jamali indicated that that Lantos' dichotomous categorization of CSR into altruistic and strategic may be useful in a developing country context.

Table 1: Ten Principles UN Global Compact

Area	Principles
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human right
	Principle 2: make sure that they are not complicit in human rights abuses
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labor;
	Principle 5: the effective abolition of child labor;
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The paper is organized as follows. In the following section we discuss the literature related to corporate social responsibility. This section is followed by an exposition of the data and methodology. The fourth section is devoted to the discussion of the main results. In the final section a summary of the concluding comments is provided.

LITERATURE REVIEW

Remišová and Búciová (2012), in their paper entitled "Measuring Corporate Social Responsibility towards Employees," presented a new methodology for measuring CSR level based on the Integrative model of CSR. Accordingly a company cannot be viewed as socially responsible if it does not accept at least basic responsibilities towards all its stakeholders. The methodology adopted by the authors placed emphasis on determining the CSR basis towards one selected stakeholder – employees – and on providing a set of indicators for measuring a CSR level towards them. The functionality of the indicators was tested in empirical research and proved to be applicable. The authors indicated that their paper can be viewed as a guideline to define a CSR basis towards other stakeholders by analogy. In his 2012 article, Sigurthorsson discussed the Icelandic banking crisis in relation to the notion of CSR. The article explores some conceptual arguments for the position that the Icelandic banking crisis illustrates the broad problem of the indeterminacy of the scope and content of the duties that CSR is supposed to address. Sigurthorsson suggested that the way the banks in question conceived of CSR, i.e., largely in terms of strategic philanthropy, was gravely inadequate. He concluded by proposing that the case of the Icelandic banking crisis gives us reason to rethink CSR. Jacob (2012) explores the impact of the financial crisis of 2008 on corporate social responsibility initiatives and its implications for reputational risk management. The findings indicate that the 2008 financial crisis had a clear impact on CSR initiatives in many companies. However, many CSR issues gained greater depth after the crisis, such as organizational governance and environmental policies, as well as compensation policies.

Tongkacho and Chaikeaw (2012) examined corporate social responsibility of listed companies in the Stock Exchange of Thailand. Their results indicated that the factor on transformational leadership had the most positive influence on corporate social responsibility, followed by the factor on corporate governance and the factor on stakeholder engagement respectively. The public duties and social responsibilities of large British banks were examined by Mullineux (2011). The study recommended that in order for the big banks to maximize shareholder value, they need to close the less profitable branches. The author also concluded that post-1990, the big banks had substantially increased their dependency on wholesale funding and dramatically reduced their liquid asset holdings, which increased their leverage and risk exposure thereby reducing access to finance and increasing risk taking.

Demetriou and Aristotelous (2011) examined whether a bank is expected to play the role of a non-profit organization, and how its stakeholders feel about this issue. Their empirical analysis was based on a questionnaire distributed to 75 Bank of Cyprus customers using a non-probability but convenience sampling approach. The results indicate that according to the gender and age criteria, the majority of participants were aware of the term CSR. Also they verified that it is important for business corporations to adopt a socially responsible and ethical attitude towards the community. Moreover, a large percentage of the respondents indicated that they are not at all aware of CSR activities and strategies that the Bank of Cyprus applies. Bayoud et al. (2011) investigate factors influencing levels of corporate social responsibility disclosure by Libyan firms. In this study, company age, industry type and company size have a potential influence on levels of corporate social responsibility disclosure (CSRD) in the annual reports of Libyan companies. The findings reveal that there is a positive relationship between company age and industry type and the level of CSRD. In addition, the findings show a positive relationship between all factors influencing levels of CSRD used in the study and level of CSRD in Libyan companies. Khan et al. (2011) examined corporate sustainability reporting of major Bangladeshi commercial banks in line with the global reporting initiative (GRI).

The results indicate that information on society is addressed most extensively with regard to extent of reporting. This is followed by the disclosures prepared on decent works and labor practices and environmental issues. Disclosures of product responsibility information and information on human rights were found to be rather scarce in banks' reporting; on the subject of FSS-specific disclosures, only seven items out of 16 were disclosed by all sample banks. The connection between CSR and competition was explored by Lanoizelée (2011) among companies listed on the "CAC 40" of the French stock market. The study found that, on a theoretical level and in terms of corporate disclosure on CSR, there is a large gap between the economic view and the CSR view of competition. It also noted the limits of the competitive advantage obtained by CSR strategy, in that the "demand for virtue is weak even if the stakeholders' 'expectations' for responsible practices are strong." Khan (2010) investigated the CSR reporting information of Bangladeshi listed commercial banks and examined the potential effects of corporate governance elements on CSR disclosures. The main results of this study indicated that though voluntary, overall CSR reporting by Bangladeshi private commercial banks is moderate; however, the variety of CSR items is quite impressive. The results also indicated that there is no significant relationship between women's representation on the board and CSR reporting. However, the results demonstrate a significant impact on the CSR reporting by non-executive directors and inclusion of foreign nationalities.

Corporate social responsibility within the context of international banks was examined by Scholtend (2008). Scholtend developed a framework to assess the social responsibility of internationally operating banks. He applied this framework to more than 30 institutions and found significant differences among individual banks, countries and regions. He also concluded that social responsibility of these banks had significantly improved during the period covered, from 2000 to 2005. Scholtend suggested that it might be interesting to repeat the study following the financial crisis in 2008. Achua (2008) investigated corporate social responsibility in the Nigerian banking system. The study supports the restructuring of the commercial banks of Nigeria by creating a new supervisory agency to enable it to focus exclusively on bank supervision for more effective enforcement of good corporate governance by the banks. The new structure would allow the commercial banks of Nigeria to focus adequately on fiscal policy management to create a macro-economic environment that is conducive for the banks to operate socially and profitably. Jamali (2007) examined the practices of CSR of eight Lebanese companies including two banks. According to the author, these companies were selected because of their reputation and CSR involvement. The results indicate that all the eight companies adhered to a voluntary action or philanthropic type conception of CSR. The study reached the conclusion that CSR in the Lebanese context seems anchored in the context of voluntary action, with the economic, legal and ethical dimensions assumed as taken for granted.

A survey conducted by the RARE Project Consortium in 2006 explored CSR in relation to 17 European banks in the European Banking Sector. The results are systematically organized around six steps: Relevance of issue; Commitment; Corporate strategy; Organizational embedding; Level of activities; and Performance measurement. The results indicate that a high number of banks recognize the relevance of the three policy issue areas (Mitigating climate change, Promoting gender equality, Countering bribery) but when it comes to commitment, results decrease.

González et al. (2006) summarized three approaches on CSR and the banking industry: 1) theoretical frameworks linking ethical and economic assumptions; 2) empirical research into the positive link between social and financial performance; and 3) research into the generation and implementation of accountability or reporting systems which lead to the measurement of corporate social performance.

The effects of CRS on organizational practices were studied by Enquist et al. (2006). They emphasized incorporating a stakeholder perspective. Their case study on Swedbank includes four business-related CSR activities to use as empirical data when interpreting CSR adoption: 1) the "savings virtue" approach; 2) Swedbank and the global reporting initiative (GRI); 3) Swedbank and the environment/ISO 14001; and 4) multicultural banking at Swedbank.

They concluded that Swedbank provides a useful contextual understanding of how stakeholder thinking can be combined with the CSR initiative to bring about more proactive CSR adoption. This can be achieved through cultural changes whereby core values are developed in order to build a trust relationship with stakeholders. A benchmark study of European banks and financial service organizations was presented by Weber (2005), who attempted to find out the extent to which these banks have integrated sustainability into their policies, strategies, products, services and processes. Among the results of this study, he found five models for successful integration of sustainability into the banking business: event related integration of sustainability, sustainability as a new banking strategy, sustainability as a value driver, sustainability as a public mission and sustainability as a requirement of clients. The main result of his survey was that the social aspects of sustainability find their way into the banking business.

The current study attempts to answer the following questions 1)Are the UAE banks' managers aware of the implementation requirements of Corporate Social Responsibilty?,2)What are the most important dimensions of CSR of UAE banks?, 3) What are the most important issues of CSR of UAE banks?, 4).Are the UAE banks' managers aware of the importance of the activities supporting stackholders engagement? ,5) Are the UAE banks' managers aware of the importance of the activities supporting community needs?,6) Are the UAE banks' managers aware of the importance of the activities supporting climate change?,7) Are the UAE banks' managers aware of the importance of the activities supporting gender equality?, 8) What are the most common forms of Corporate Social Responsibility practice by the UAE banks?, 9) Is there any payback of Corporate Social Responsibility of UAE banks from the UAE bank managers' view?, 10) Does the public policy of UAE banks support Corporate Social Responsibility? And 11) Is the attitude of the UAE bank managers supportive of the implementation of Corporate Social Responsibility?

DATA AND METHODOLOGY

Research Instrument

The questionnaire used in this study was a modified one based mainly on Federica and Daniele's (2006) survey on CSR in the European Banking Sector. According to Federica and Daniele the questionnaire differentiates between direct and indirect aspects of CSR. Direct practice was seen as that implemented by the banks or linked to the most prominent activity of the banks, whereas the indirect aspects were indirectly linked to the most prominent activity of the banks. The modified questionnaire is divided into two parts. The first part covers general information, namely the respondents' experience, position and educational level. The second part consists of 18 questions on awareness of CSR, CSR dimensions, the most important issues of CSR, CSR instruments, stakeholder engagement and co-operation, community activities carried out by UAE banks, voluntary activities to mitigate climate change, CSR practices, organizational responsibility for CSR, CSR payback, public policy support for CSR and the relationship with the stakeholders. Although the questionnaire used is mainly based on a previously tested questionnaire, the questionnaire draft was piloted by three academicians and four practitioners and the researcher eliminated, added or reworded some of the questions included in the first draft.

Sampling and Data Collection

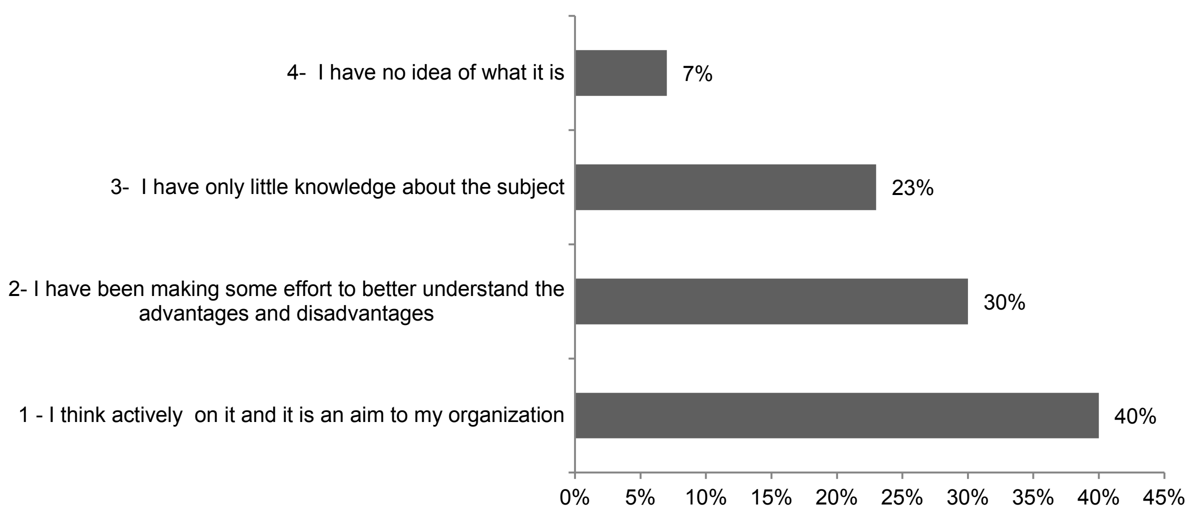
The targeted population of this study was the directors and senior managers of UAE banks and the sample was a convenience sample consisting of 223 respondents. From the 280 questionnaires distributed to UAE banks during the period June 2012 to November 2012, we received 223 responses, of which 35 were excluded because of incomplete data or response bias of extreme values. The remaining 188 usable questionnaires represent an effective response rate of around 84.3% of the total sample. The questionnaires were distributed by three research assistants to all the UAE banks, both national and foreign.

RESULTS

Awareness of Corporate Social Responsibility Concept

Only 7 percent of the total respondents indicated that they have no idea what is meant by CSR and 23 percent showed little knowledge about CSR, whereas 30 percent made some effort to better understand the advantages and disadvantages of CSR. However, the highest number of responses, around 40 percent, reveal that respondents think actively about CSR and it is an aim of their bank (Figure 1).

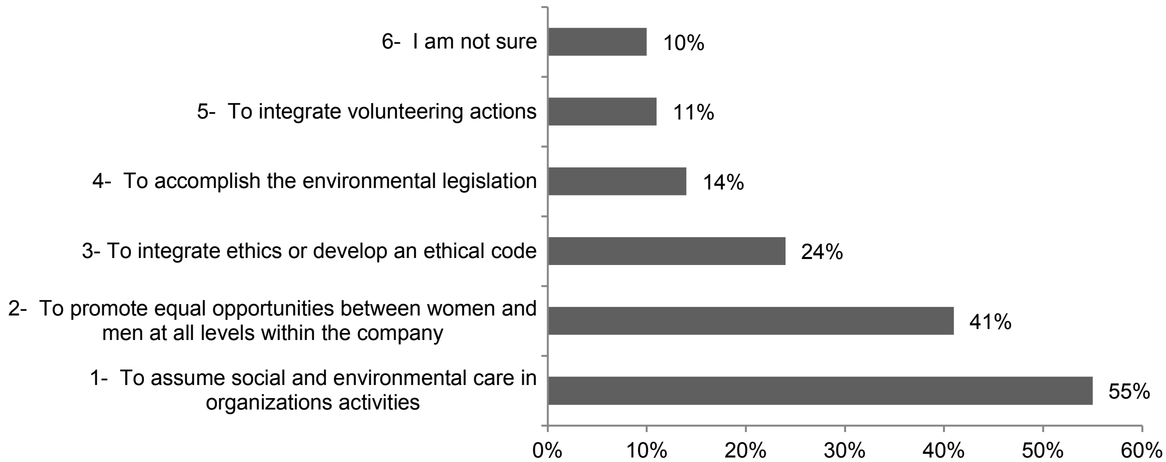
Figure 1: Awareness of Corporate Social Responsibility Concept



The figure summarizes the respondents' answers on a question about the awareness of corporate social responsibility concept.

On the other hand, 55 percent of total respondents viewed their bank to be social responsible by assuming social and environmental care in organization activities; 41 percent viewed it by promoting equal opportunities between women and men at all levels within the company and only 24 percent viewed it by integrating ethics or developing an ethical code (Figure 2). The figure provides the respondents' answers on a question about awareness of corporate social responsibility concept from banks' view.

Figure 2: Awareness of Corporate Social Responsibility Concept: Bank's View



This figure shows awareness of corporate responsibility from the bank's viewpoint.

Thus, the UAE banks' senior management were aware of CSR from two views, namely their understanding of the concept of CSR, and their interpretation of CSR practices of their bank. These responses answer positively the first study question. This is consistent with the findings of Demetriou and Aristotelous (2011).

CSR Dimensions

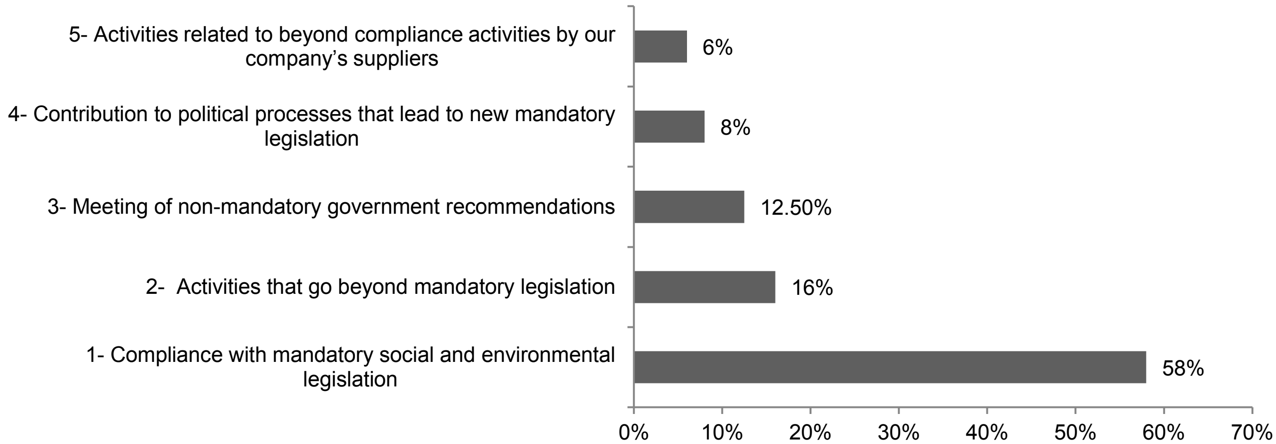
The highest responses (58 percent) indicate that UAE banks placed greater emphasis on compliance with mandatory social and environmental legislation and much less on the optional dimensions or non-mandatory legislation (Figure 3). For example only 8.5 percent of total responses indicated that UAE banks emphasized the contribution to political processes that lead to new mandatory legislation, followed by meeting of non-mandatory government recommendations (12.5 percent), then 16 percent to activities that go beyond mandatory legislation.

The responses reveal that meeting the mandatory legislation requirements related to CSR was the first priority of UAE banks, whereas less attention has been given to the optional dimensions or non-mandatory legislation. This conclusion provides the answer to the second question of the research questions of this study. The same finding was reached by RARE (2006), namely, compliance with mandatory social and environmental legislation. Jamali (2007) reached the conclusion that CSR in the Lebanese context seems anchored in the context of voluntary action, with the economic, legal and ethical dimensions being assumed as taken for granted.

The Most Important Issues of CSR

Based on the respondents' classification of the most important issues, their responses reveal the social specific issues (46 percent) as the most important ones, indicating that UAE banks need to address the social issues for growth and sustainability purposes. The second type of issues was the indirect responsibility in social and environmental issues via customers (32 percent). However, around 25 percent of the respondents showed that customers are also share the responsibility with their banks regarding the social and environmental issues (Figure 4).

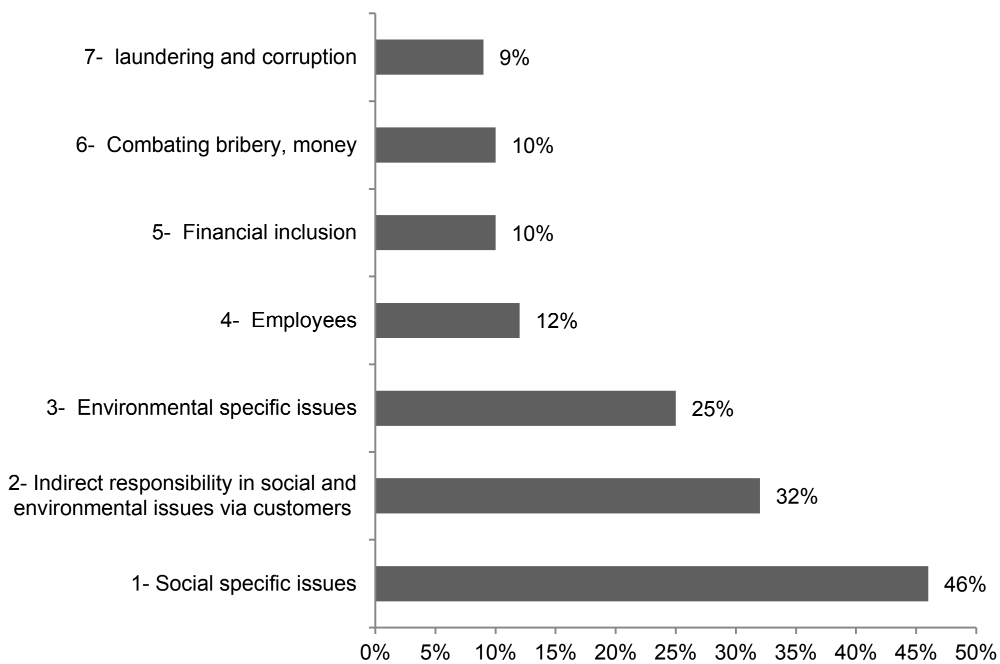
Figure 3: The Most Important Dimensions of CSR



The figure summarizes the respondents' answers on a question about the most important dimensions of CSR.

The responses answer the third question of the most important issues of CSR. This indicates that UAE banks need to give more attention to customers' needs, customer satisfaction and customer relations. The other CSR issues were classified as less important than the first three issues in the following order: laundering and corruption, employees issues, environmental specific issues, financial inclusion and combating bribery and money issues.The RARE (2006) results indicate the following ranking of the most important issues in the case of the European banking sector: indirect responsibility in social and environmental issues via customers, employees, social specific issues, environmental specific issues, financial inclusion combating bribery, money laundering and corruption.

Figure 4: The Most Important Issues of CSR



The figure summaries the respondents' answers on a question about the most important issues of CSR.

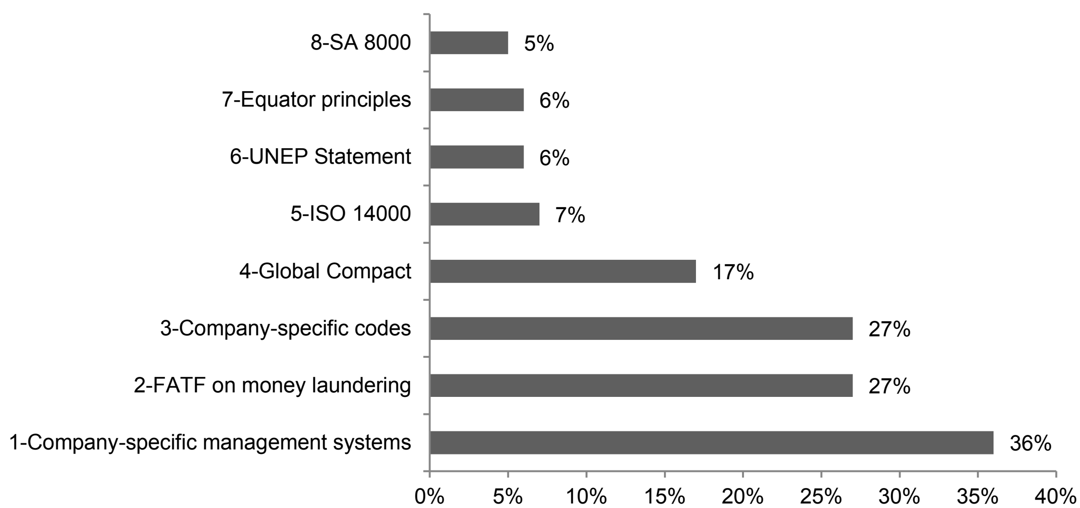
CSR Instruments

The respondents indicate that the most important instruments adopted by UAE banks are company-specific management systems (36 percent), consistent with RARE (2006) findings, followed by company-specific codes (27 percent) and the financial action task force (FATF) on money laundering (27 percent). This is consistent with the above conclusion that the UAE banks' first priority is to meet the mandatory legislation requirements related to CSR (Figure 5).

Stakeholder Engagement and Co-Operation

Engagement and co-operation with stakeholders of the UAE banks, according to survey respondents, is reflected by: participation in multi-stakeholder initiatives (37 percent), collecting information about/from stakeholders (31 percent), and consultation of stakeholders and dialogue with them (around 21 percent); only 8 percent of the respondents indicate that stakeholder engagement is reflected by adopting global reporting initiative (GRI) (Figure6). Engagement and co-operation with stakeholders of the UAE banks, according to survey respondents, is reflected by: participation in multi-stakeholder initiatives (37 percent), collecting information about/from stakeholders (31 percent), and consultation of stakeholders and dialogue with them (around 21 percent); only 8 percent of the respondents indicate that stakeholder engagement is reflected by adopting global reporting initiative (GRI) (Figure 6).

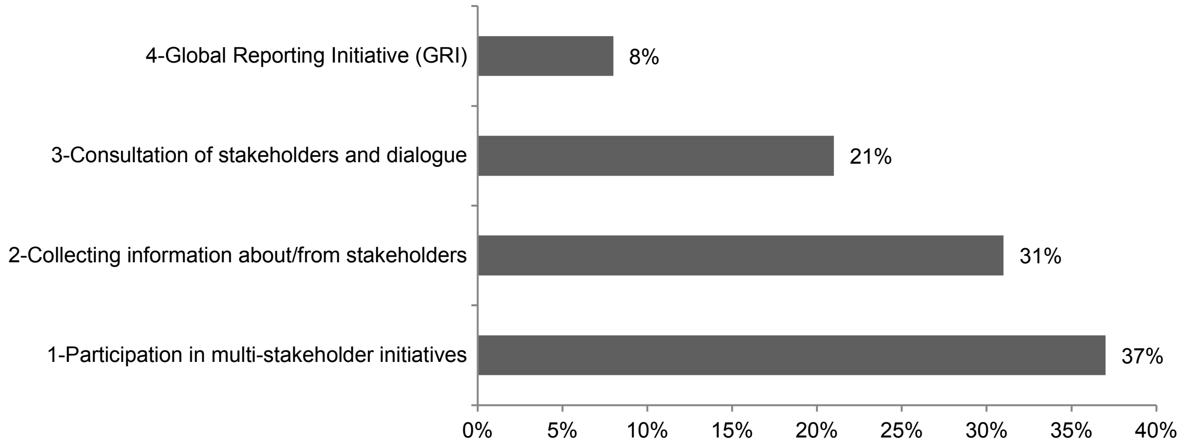
Figure 5: CSR Instruments



The figure shows the respondents' answers on a question about the CSR Instruments used by the UAE banks.

The RARE (2006) results indicate that collecting information about/from stakeholders, consulting stakeholders and participating in multi-stakeholder initiatives came first, which is almost consistent with the current study's results. The results are also consistent with other studies such as Tongkacho and Chaikeaw (2012), Remišová and Búciová (2012) and González et al. (2006).

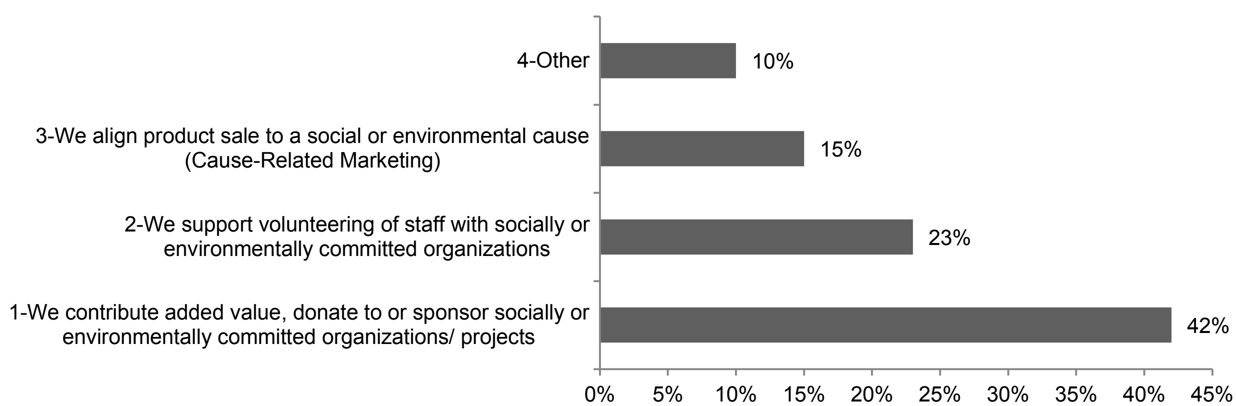
Figure 6: Stakholders Engagement



The figure indicates the respondents' answers on a question about the stakeholder's engagement and co-operation.

The responses indicate that the engagement of the stakeholders of the UAE banks is not strong enough which provides the answer to the fourth question of the research questions related to the current study. Based on this conclusion, the UAE banks should direct more efforts towards the active involvement of their stakeholders. Community Activities Carried Out by UAE Banks The respondents' responses reveal that their banks contribute added value, donate to or sponsor socially or environmentally committed organizations (42 percent of total responses), whereas 23 percent indicate that their bank supports volunteering of staff with socially or environmentally committed organizations. However, 15 percent of total responses showed that UAE banks align product sale to a social or environmental cause(Figure 7). These results are consistent with RARE (2006) findings. It can be concluded that the UAE banks make some positive contributions in supporting community activities through actions such as donations and sponsorship and this provides the answer to the fifth question of this study.. However, based on the sample responses it is clear that the support is not strong enough.

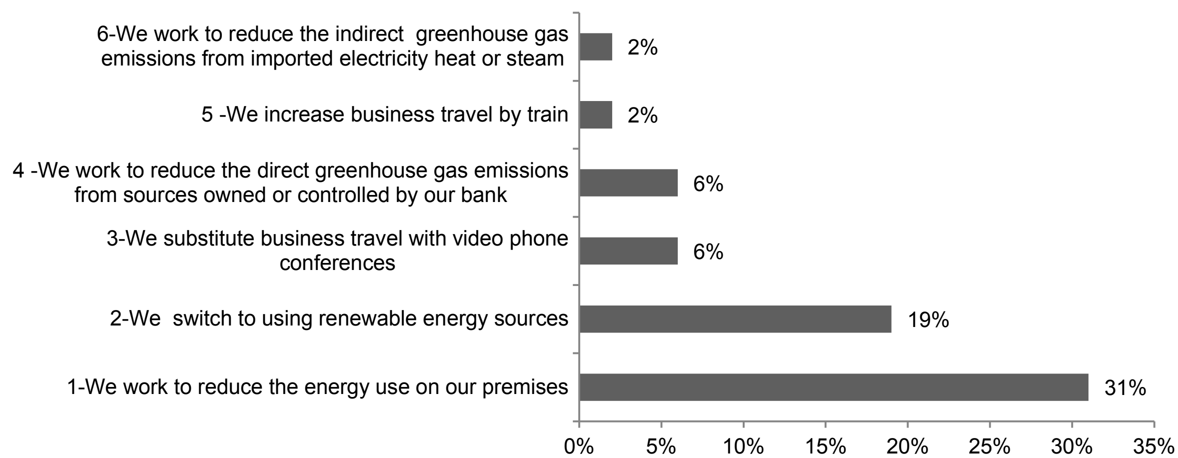
Figure 7: The Community Activities Carried Out by UAE Banks



The figure summarizes the respondents' answers on a question about community activities carried out by UAE banks

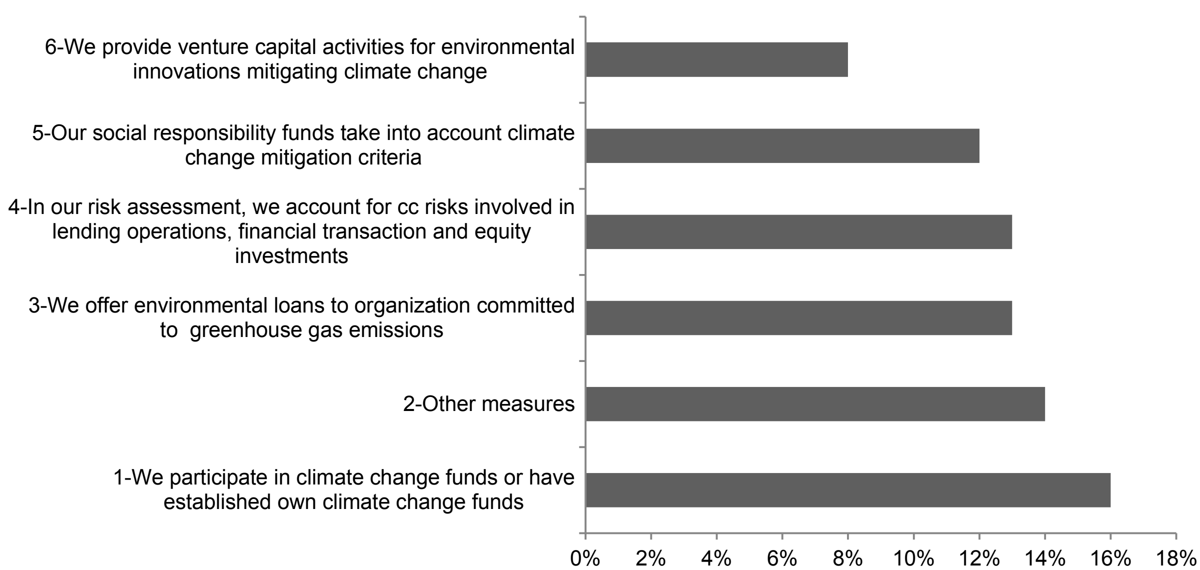
Direct and Indirect Voluntary Activities to Mitigate Climate Change Among the direct voluntary activities practiced by UAE banks was their work to reduce the energy use on their premises, supported by 31 percent of total respondents. Nineteen percent of total respondents showed that their bank had switched to using renewable energy sources. However, much less support was given to other direct activities such as replacing business travel with video phone conferences, and increasing business travel by train. Regarding the indirect voluntary activities to mitigate climate change, the sample responses reveal that the UAE banks were not heavily involved in such activities, as only 16 percent of the respondents indicate that their banks provide venture capital activities for environmental innovations mitigating climate change; 15 percent of UAE banks participate in climate change funds or have established their own climate change funds; 13 percent reveal that their banks account for climate change risks involved in lending operations, financial transaction and equity investments; and 12 percent indicate that their banks' social responsibility funds take into account climate change mitigation criteria (Figure 8 and 9).

Figure 8: The Direct Voluntary and Indirect Activities to Mitigate Climate



This Figure shows respondents' answers on questions about direct and indirect voluntary activities to mitigate climate change.

Figure 9: Indirect Voluntary Activities to Mitigate Climate Change



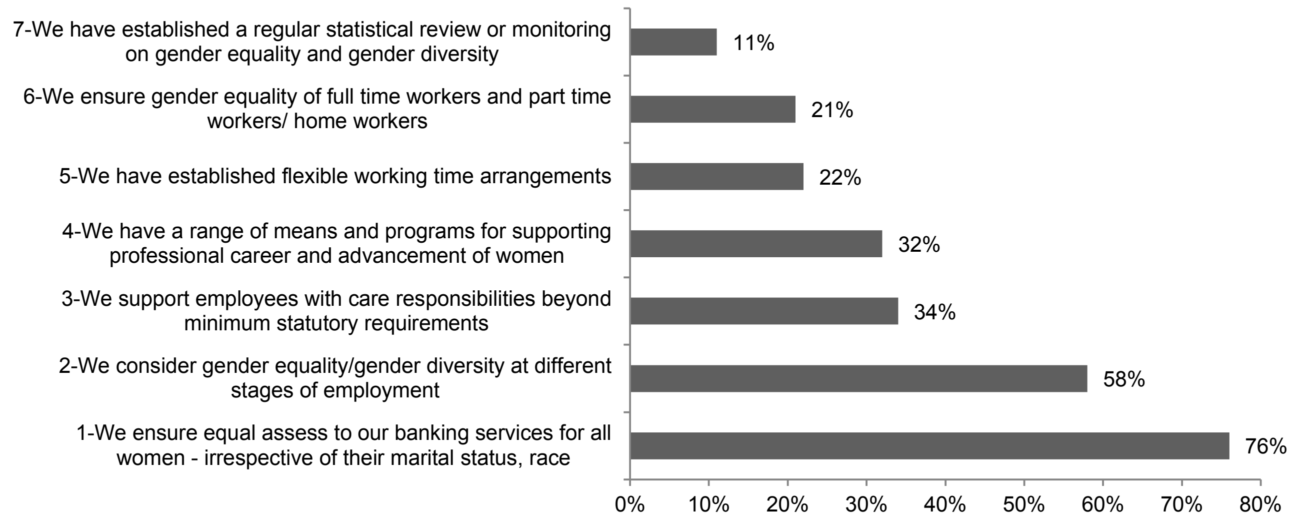
This figure shows respondents' answers to questions about direct and indirect voluntary activities to mitigate climate change.

The responses on both the direct and indirect voluntary activities to mitigate climate change indicate that the UAE banks were not heavily involved in problems of climate change, which might be attributed to the nature of the weather. This provides the answer to the sixth question of the research questions that are related to the current research. These results are inconsistent with the findings of Jamali (2007) and RARE (2006).

Voluntary Activities to Promote Gender Equality

The UAE banks, based on the responses of 76 percent of respondents, ensure equal access to their banking services for all women, irrespective of their marital status, race, etc.; 32 percent of the respondents support employees with care responsibilities beyond minimum statutory requirements and 34 percent indicate that their banks established flexible working time arrangements. 32 percent of total responses reveal that UAE banks have a range of means and programs for supporting professional career and advancement of women (Figure 10).

Figure 10: the Voluntary Activities to Promote Gender Equality



The figures shows the respondents' answers on a question about activities to promote gender equality

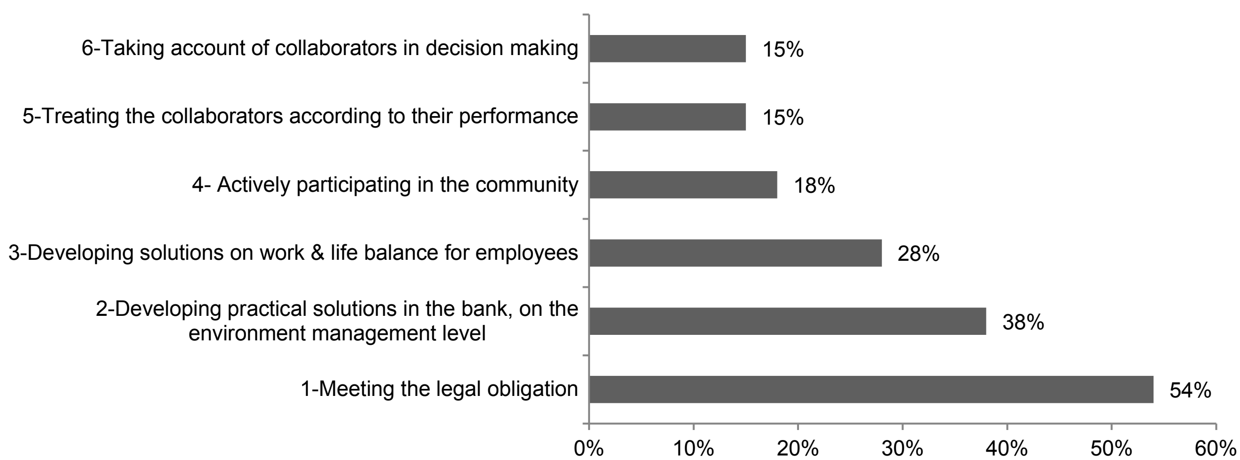
However, less attention was given to establishing a regular statistical review of monitoring on gender equality and gender diversity, ensuring gender equality of full-time workers and part-time workers/ home workers and the establishment of preventive measures against sexual harassment and bullying. Based on these results, the practice of UAE banks regarding the voluntary activities to promote gender equality was slightly less than the level of practice of European banks indicated by the RARE survey in 2006. This conclusion provides the answer to the seventh question of the current research questions.

Corporate Social Responsibility Practices

The UAE banks' directors ranked their banks CSR practices in the following order: To train their employees who have client contact and their compliance personal to raise their awareness and skills on money laundering prevention (67 percent of total responses), to take all reasonable steps to verify the identity of their customers (55.5 percent of total responses), to take all reasonable steps to identify the legitimacy of the source of funds for their customers' banking (43 percent of total responses), to have a policy on countering money laundering that applies to all countries in which they operate (31 percent of total responses), to make prompt reports of suspicious activity, or propose activity to the relevant authorities (29 percent of total responses), to work with other banks and government agencies to strengthen measures to counter money laundering throughout the banking system (25.6 percent of total responses), to have a management system for countering the risk of bribery in money laundering (14.3 percent of total responses), to restrict/control giving and receiving of gifts (14 percent of total responses), to provide secure issues reporting (whistle blowing) channels for employees (8.3 percent of total responses), to account for risks of bribery associated with management of bank's assets and lending operation (8 percent of total responses), to have a sanctions process for employee violations of the bank's program (8 percent of total responses),to provide or be developing guidelines for employees on countering bribery (7.4 percent of total responses).

The respondents' responses on this question were consistent with their answers to question no. 2 regarding CSR dimensions, where the responses reveal that meeting the mandatory legislation requirements related to CSR is the first priority of UAE banks. The UAE banks' CSR practices were directly connected with the mandatory legislation requirements. The respondents' responses on this question were also consistent with their answers to question no. 13 regarding actions of CSR practices. Accordingly, the respondents' responses ranked their bank's practices in the following order: meeting the legal obligation (54 percent), developing practical solutions in the bank, on the environment management level (38 percent), developing solutions on work and life balance for employees (28 percent), actively participating in the community (18 percent), treating the collaborators according to their performance (15 percent), and taking account of collaborators in decision making (15 percent)-Figure(11). The above mentioned analysis of the sample responses on the two questions related to the UAE banks' CSR practices, answered question no. 8 of the current research questions. The RARE (2006) survey ranked the practices of the European banks in mitigating climate change, followed by promoting gender equality and countering bribery.

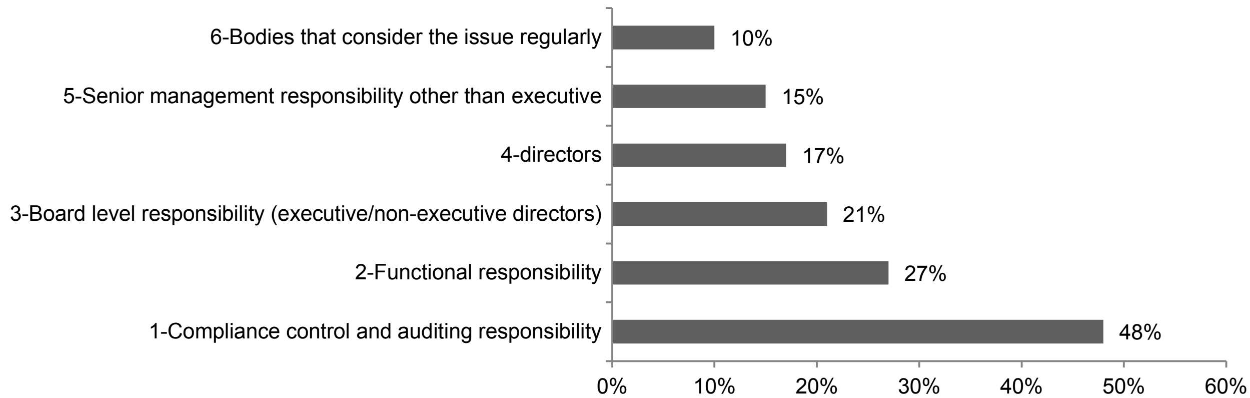
Figure 11: Actions of Corporate Social Responsibility Practices in Your Bank



This figure summarizes the respondents' answers on a question about corporate social responsibility practices.

Organizational Responsibilities for Corporate Social Responsibility The respondents indicate that among the most important organizational responsibilities of the UAE banks is compliance control and auditing responsibility (around 48 percent), followed by functional responsibility (around 27 percent) and then board-level responsibility of executive/non-executive directors (21 percent of total responses). The responses also reveal less important organizational responsibilities such as bodies that consider the issue regularly (around 12 percent), followed by senior management responsibility other than executive (13 percent)-Figure 12. The answers also support the above mentioned conclusion that meeting the mandatory legislation requirements related to CSR was the first priority of UAE banks.

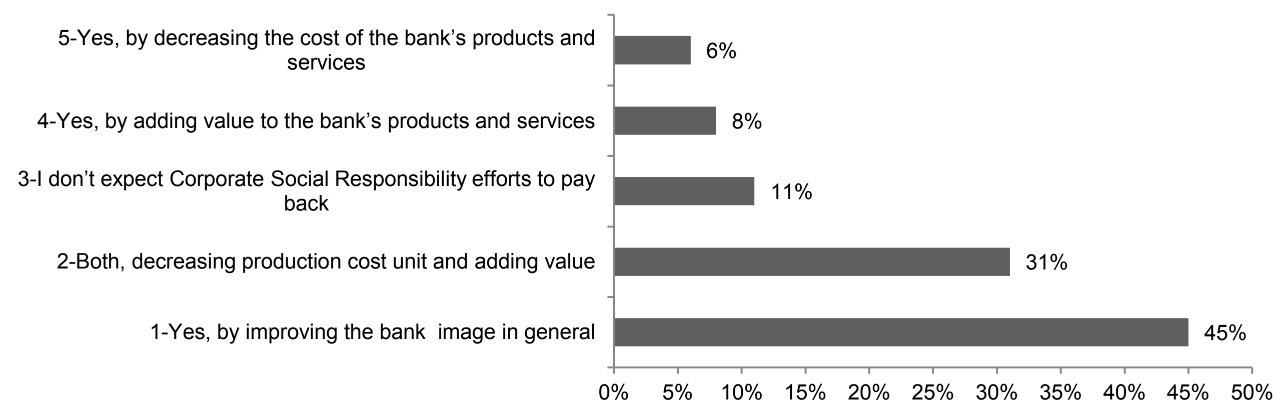
Figure 12: Organizational Responsibilities for Corporate Social Responsibility



The figure shows the respondents' answers on a question about organizational responsibilities for corporate social responsibility.

Corporate Social Responsibility Payback The respondents were asked about CSR payback. Respondents believe that payback can be achieved by improving the bank's image in general (45 percent), and by decreasing production cost unit and adding value (31 percent). Only 11 percent of the respondents believe that they don't expect CSR efforts to pay back (Figure 13). Overall , the responses indicate that the UAE banks strongly support corporate social responsibility efforts to payback, which provides the answer to question no.9 of the current research questions.

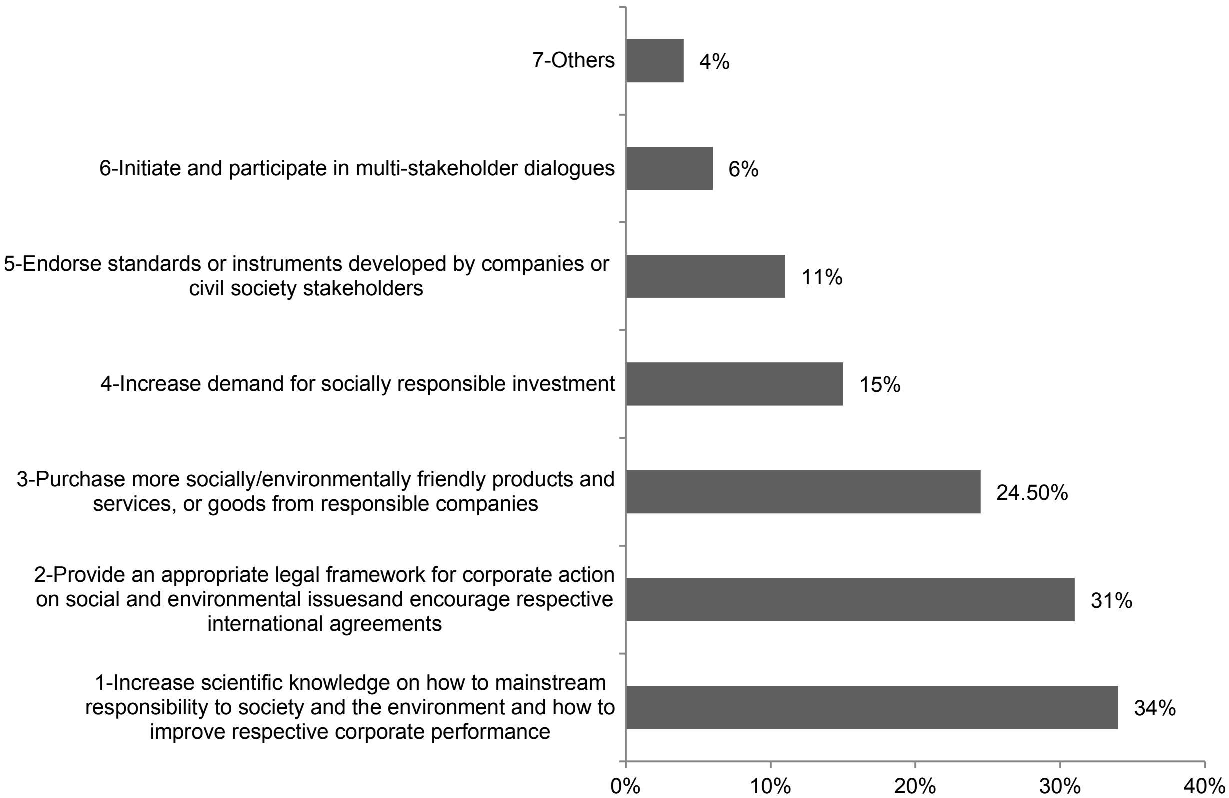
Figure 13: Social Responsibility (Social or Environmental Efforts) to Pay Back



The figure shows the respondents' answers on a question about corporate social responsibility payback

UAE Banks' Public Policy Support for Corporate Social Responsibility The sample of UAE directors ranked the following three elements of public policy support for CSR: increase scientific knowledge on how to mainstream responsibility to society and the environment and how to improve respective corporate performance (34 percent), provide an appropriate legal framework for corporate action on social and environmental issues and encourage respective international agreements (31 percent), purchase more socially/environmentally friendly products and services, or goods from responsible companies (24.5). To a lesser extent, the respondents ranked three other elements of public policy support for CSR: increase demand for socially responsible investment (15 percent), endorse standards or instruments developed by companies or civil society stakeholders (11 percent) and initiate and participate in multi-stakeholder dialogues(6 percent) -(Figure 14). This is consistent with the above conclusion that the UAE banks support corporate social responsibility practices. However, and based on the sample responses, the UAE banks need more emphasis on public policy support for corporate social responsibility which provides the answer to question no.10 of the current research questions.

Figure 14: UAE Banks Public Policy Support for Corporate Social Responsibility



The figure indicates the respondents' answers on a question about UAE banks' public policy support for corporate social responsibility

The RARE (2006) survey ranked the following three policies: 1) increase demand for socially responsible investment, 2) initiate and participate in multi-stakeholder dialogues and develop or encourage voluntary standards or instruments in issue areas where there are none, and 3) increase scientific knowledge on how to mainstream responsibility to society and the environment and how to improve respective corporate performance.

Relationship with the Stakeholders

The majority of the respondents (90 percent) indicated that it is important for their banks to inform stakeholders about their corporate social responsibility activity. The respondents were also asked about whether they are capable of penalizing an enterprise (for example, not buying its products/services) if they consider it "socially irresponsible." Sixty-three percent of the total responses indicated that they were capable of doing so, which gives more support to the concept of social responsibility. This is supported by another question related to the respondents' willingness to pay more for a product produced by a "socially responsible" enterprise. Sixty percent of the total respondents indicated that they were willing to pay. This is consistent with the finding reached by González et al. (2006) and provide positive answer to the last question of this research related to the attitude of the UAE banks' managers regarding the implementation of CSR.

CONCLUDING COMMENTS

The study aimed to investigate corporate social responsibility (CSR) practices of UAE banks. A modified questionnaire was developed, divided into two parts. The first part covered general information, namely the experience, position and educational level of respondents. The second part consisted of 18 questions on awareness of CSR, CSR dimensions, the most important issues of CSR, CSR instruments, stakeholder engagement and co-operation, the community activities carried out by UAE banks, voluntary activities to mitigate climate change, CSR practices, organizational responsibility for CSR, CSR payback, public policy support for corporate social responsibility and the relationship with the stakeholders.

The results indicate that the UAE banks are aware of the concept of CSR; they place more emphasis on compliance with mandatory social and environmental legislation and much less on the optional dimensions or non-mandatory legislation; the social specific issues are the most important ones, indicating that UAE banks need to address the social issues for growth and sustainability purposes; the most important instruments adopted by UAE banks are company-specific management systems followed by company-specific codes; the UAE banks collect information about/from stakeholders and consult stakeholders and participate in multi-stakeholder initiatives; the UAE banks make a positive contribution in supporting community activities such as donations and sponsorship, but they need to contribute more; the UAE banks are not heavily involved in problems of climate change; the UAE banks ensure equal access to their banking services for all women, irrespective of their marital status, race, etc.; they meet the mandatory legislation requirements related to CSR; the most important organizational responsibility of the UAE banks is compliance control and auditing responsibility; the UAE banks strongly support corporate social responsibility efforts to payback; they place less emphasis on public policy support for CSR; and finally, the majority of the respondents (90 percent) indicated that it is important for their bank to inform stakeholders about their corporate social responsibility activity. Among the limitations of this study, is the accurateness of some of the responses, as the bank managers and directors are always busy and don't have enough time to read the questions carefully and response accordingly. The other limitation is the lack of similar study for countries having the same features of UAE's economy. Further research can be conducted by examining CSR practices of UAE Islamic banks compared with the conventional banks.

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