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The CSR's influence on customer behavior in the Lebanese banking sector

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ABSTRACT

The Lebanese society has lately started to give interest in CSR activities. We treated this topic by studying, from one hand, how deep the Lebanese banks are involved in CSR activities, and from another hand, how the CSR is influencing the client's behavior in the Lebanese banking sector. By using the quantitative approach, we came up with very interesting and unpredicted results.

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1. Introduction

Nowadays, “corporate social responsibility” (CSR) seems to be very popular among the western academic and business environments. Despite the large number of books, articles and theses that dealt with the subject of CSR, the concept remains vague, or even controversial. It is in the mid-1990s that the concept of CSR was widely spread especially with the liberalization of world economies and declining social and economic roles of the state. This soaring concept, particularly in Europe, has caused much writings for several years to the point that some saw it as a temporary fad. Indeed, the idea may seem strange at first, especially to those who have long believed in the importance of profit in the growth of the private enterprise and the role of the state in the preservation of this growth and in the limitation of abuse that can be generated by the enterprise in its quest to maximize profit.

In fact, there are many who see in the social actions of the private enterprise, actions of philanthropy, marketing or

advertising. While those who preach a social role of the enterprise cannot imagine the private enterprise liberated from this role and guided solely by profit without any concern for the environment. Even before this basic concept was perfectly perceived and started gaining a relative unanimity as to its meaning, several other concepts that are directly or indirectly related to it have appeared, and have spread around the world and even had a significant impact on legislation, regulations and behaviors. We refer here to the concepts of business ethics, sustainable development and corporate governance.

The main objective of this paper is to better understand the meaning of the CSR concept by reviewing its key definitions and the main theories underlying it as well as related concepts and their relationships with it. But above all, this paper has the ultimate target to answer the following research questions: How deep are the Lebanese firms in general and Lebanese banking sector involved in CSR activities? What are the reasons for which CSR is influencing clients' behavior in the Lebanese banking sector and how?

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2. Corporate social responsibility (CSR)

The “corporate social responsibility” expression covers the responsibilities which businesses hold toward the societies in which they are based and operate. There is no doubt that CSR does not mean the same thing, all the time and for everyone. For some, CSR joins legal responsibility and for others, it refers to the ethical or socially responsible behavior. In looking at the direct sense of the term CSR, it turns out that the term responsibility is not used here in the sense of obligation or duty because the action is deemed voluntary. In addition, this responsibility underpins a commitment from the company, which implies consequences on itself and others.

The definition of CSR by the European Commission is the following: a concept referring to the voluntary integration by companies of social and environmental concerns to their business operations with their stakeholders. In this sense, the socially responsible enterprise not only satisfies the applicable legal requirements, but also goes beyond that to invest more in human capital, its relations with stakeholders and the protection of the environment (Rose, 2006).

The World Business Council for Sustainable Development (WBCSD) defines CSR as the commitment of companies to adopt ethical behavior and contribute to economic development while improving the quality of life of employees, their families as well as the local community and society (Field, 2008).

Other authors consider that CSR is in line with expectations that the society has, at some point, from the enterprise at the economic, legal, ethical and discretionary levels (Carroll, 1979a). Indeed, the enterprise is nowadays subject to a lot of pressure from the society: shareholders, employees, customers, suppliers, laws and regulations, civil society groups and so on. By integrating sustainable development (SD) to its objectives, the enterprise ends up having unlimited liability of the countless economic, social, and environmental responsibilities confronting it (Joras, Igalens, & Mancy, 2002). The time when only the economic output is expected from the enterprise is gone (Frederick, Davis, & Poet, 1988). We are probably assisting to a change in the nature of business and its responsibilities.

The concept as such seems to be widely accepted. It is widely distributed and used by academics and enterprises. Nevertheless, some authors find it so far confusing, and do not hesitate to criticize it. The differences in apprehensions come from the definition of the enterprise and its role. Is there a universal theory of the firm? This question leads us to wonder about the purpose of business and of any economic system: Why does the enterprise exist?

For liberals, the enterprise has pure economic concerns. The only social responsibility of the enterprise is to provide as many profits as possible to shareholders. Milton Friedman is the most famous reference to this current. To summarize his main ideas from 1970, the enterprise (business) cannot have responsibilities; only persons such as owners or managers do (Friedman, 1970). They have responsibilities toward the owners who employ them in the sense that they must carry out the work as those wish it to be carried out, a work that only consists of producing as much money as possible, while

conforming to the basic rules of society dictated by the laws and ethics. As a person, the leader or manager may have responsibilities that he voluntarily assumes toward his family and his country. He can deliberately pay a portion of his income to causes he deems valid and can quite refuse to work on behalf of certain enterprises. Thus, he acts and spends his own energy and his own money. But he cannot possibly act on behalf of his employers and make a judgment for a general social interest in their place. He is engaged in the business to run it as an expert in management and not to solve the problems of society, especially when such actions affect business costs. Business spending in favor of social actions is not justified and goes against the spirit of pure competition. These actions would be permitted only if they benefit the business of a tax deduction. Finally, for Friedman, who qualifies CSR as a doctrine, it is opposing to the principles of the liberal system of imposing to the enterprise social actions which form an obstruction in its pursuit of profit. For him, the collective well-being is guaranteed not by ethical behavior, but by the invisible hand and the free functioning of the market.

Friedman had a predecessor, who believed that the enterprise should be concerned with improving production and increasing profits in accordance with the terms of the game (market) – to which he associated the honest action – while social issues should be left to the state (Levitt, 1958). This view differs from that of Albert Carr who believes that the ultimate goal of business is to make profits, but to achieve this goal the company follows corrupted ways, because business cannot be guided by ethics as in private life (Carr, 1968).

There is thus no consensus or unanimity on the definition of the enterprise and ipso facto that of CSR. This concept seems elusive and has accumulated many meanings over the years. This led Frankenthal P. to say that CSR is a vague and intangible term that cannot mean anything (Jamali, 2008). It is therefore meaningless for him. We prefer to not arrive to such a conclusion, but rather to say that the concept of CSR is very complex, a general agreement on its definition would be virtually impossible because social problems differ from one country to another (Masaka, 2008).

CSR is a very evolving concept. One might even wonder if it really consists of a concept. It is rather an elusive concept difficult to measure, a great idea based on a moral position, and thus relative. Nevertheless, some regulation of the enterprises' social action is still necessary. CSR is also a dynamic concept which links the various elements and levels of the company between them. Values and expectations change with time and circumstances that are themselves changing (Okoye, 2009). It is therefore normal that the meaning of this concept differs between countries, cultures and ideologies. Some authors qualify CSR as a sunshade concept which houses within varied and sometimes completely contradictory claims (Delalieux, 2005). For other authors, each era conceals its own requirements of social responsibility, but these are based on the achievements of periods that preceded them (Pasquero, 2005). Nowadays, we are witnessing a normalization of the CSR transforming it into a sort of moral or humanitarian crusade.

Note also that the phenomenon of CSR is not limited to the private enterprise and extends to governments and global organizations. Thus this phenomenon called “corporate social responsibility”. Similarly, the concepts that are related to it,

such as good governance, also apply in state institutions, global organizations and cooperative associations.

2.1. Corporate citizenship

Without CSR making consensus, a new concept appears in the management literature: the “corporate citizenship”. This new concept differs little from that of CSR. Its definition contributes to the empowerment movement of private enterprise and the erosion of boundaries between private and public spheres (Gendron, Igalens, & Bourion, 2008).

The concept of corporate citizenship has emerged in the United States in the 1970s before being imported into Europe in the 1990s (Gendron et al., 2008). This concept is based on the idea that the enterprise activity is related to the community in which it operates. Beyond compliance with laws and regulations, the company participates in the life of society (Mercier, 2004). The citizen enterprise differs from the socially responsible enterprise by the fact that it has rights and obligations toward society. It is by definition socially responsible, and putting the social at the heart of its corporate mission does not raise tensions despite its private economic goal which is to maximize profits for shareholders. The company becomes a partner with other economic agents. Given the economic power of the large transnational corporation in relation to the inability of states to regulate its activity, it can legitimize its social role in the economy. The private company becomes a “private government”, it has the ability to influence the political and economic environment and can therefore determine the public interest as well as does the government (Gendron et al., 2008). But the danger is to clear the political institutions of their responsibilities and assume that the market alone can cure its imperfections (Mercier, 2004).

It should be noted that the enterprise has gone through four stages to reach the stage of citizenship. From the stage where it ignored the challenges of the society, to the one in which it was interested in environmental issues, to be sanctioned later by civil society, to finally become a citizen (Souyet & Ernegle, 2009).

2.2. Socially responsible investment

Nowadays, we hear more and more about “socially responsible investments” (SRI). It was in 1928 that the term was used for the first time on the occasion of the creation of the Pioneer Fund by a Quaker¹ in the United States. This religious community promised to use the screening technique to exclude certain values of financial portfolios. Today, it consists of investments wanting to be directed toward companies concerned with certain religious or moral values. The relativity of the term here is fully active. To define this type of investment, several criteria come in. The term “investment” in the SRI expression refers to two different actors in two separate repositories: at the company level as development of productive potential, and that of the investor as a form of use of his

savings. Therefore, some investors look for companies that are not involved in unethical fields or that are not in accordance with their religious, moral or cultural beliefs (Perez, 2002). Let’s note, for example, racial discrimination, sexual exploitation of children, corruption, production and marketing of drugs or weapons or harmful products such as tobacco and alcohol or harmful to the environment, or gambling.

It would be wise to recall the difference between “socially responsible investment” and “responsible investment toward society”, the latter consists of paying a portion of the added value perceived by the investment to humanitarian associations. In their search for investments in SRI, the Anglo-Saxons were impregnated with the need to “exclude evil”, while Europeans are more sensitive to human rights and the preservation of the environment (Joras et al., 2002). What are the adopted selection criteria? And who placed them?

2.3. Emergence of CSR with that of big enterprise in the United States under the influence of protestantism

CSR seems to be a phenomenon rooted in the history of enterprises and affairs. Historically, all religions more or less referred to the responsibilities that individuals have toward their societies and even the universe. Individual acts of charity have traditionally extended to the level of business and enterprises. The emergence of socialist doctrines and morals in modern times has only reinforced these trends and developed them.

Since the thirties of the last century, scholars have examined the issue of corporate responsibility and had intense discussions about it (Merrick Dodd, 1932). Similarly, it is reported in several works that in resonance with this debate, the Dodge brothers have filed a lawsuit against Henry Ford in order to know whether a company has the right not to distribute all profits and maintain a part as reserves. The academic economist best known in the modern history of CSR, the one considered to be the founding father of the concept, is Howard Bowen. However, it is twenty years after the publication of his book *Social Responsibilities of the Businessman* – now the major reference for any researcher on CSR – which the theme became popular in academic field and new authors were set to continue the path of CSR research that Bowen began to draw. The main ideas of the followers of this concept will be referred to later in this paper.

The history of CSR seems intrinsically linked to that of the large North American enterprise. In fact, the enterprise has changed dramatically in the early twentieth century. The big enterprise was conceptualized first in the beginning of the twentieth century (Taylor, 1911). The acceptance of this form of enterprise and then its legitimacy both formed real issues in the emergence of CSR. With the advent of the big enterprise, we witnessed the birth of a new structure, the dispersion of ownership, the reinforcement of management, and especially the separation of the company’s ownership from its management. It is then the emergence of an environment favorable to the development of the concept of CSR (Heald, 1970). Then we can say that the enterprise began to get institutionalized; shareholders deviate from the management without evicting as an interest group, thus leaving other interest groups the

¹ Quakers, or Friends, are members of a family of religious movements. They include those with evangelical, holiness, liberal, and traditional conservative Quaker understandings of Christianity.

opportunity to legitimize as “party of interest” in the enterprise. Business leadership starts to become a profession.

It is neither the academics nor the theorists who developed the concept of CSR. It is rather the businessmen of that time who did it by their discussions about public service and paternalism; discussions and speeches impregnated by the discourse of the religious on philanthropy and wealth distribution (from the most favored to the least favored). Thus, at the end of the nineteenth century some of the most representative figures of the American dream thought that it was the duty of the rich businessmen to adopt an unpretentious life and the excess of wealth they had should be managed and redistributed according to the public interest (Acquier & Gond, 1999). Similarly, the automobile producer H. Ford gave great importance to the welfare and health of his employees; he insisted to provide them with the best care especially that there was no social security in the early twentieth century. Such actions were subsequently reproduced by most enterprises and there has been a transfer of individual charity to social actions from the side of enterprises, their management and their employees (Frederick et al., 1988).

With the crisis of 1929, the practices of sponsorship and philanthropy of large enterprises accompanied by the development of social negotiations will give way to public interventions. During the Second World War, the participation of large enterprises in war effort changed the positioning of enterprises and restored their prestige in the society. At the end of the war, the concept of CSR reappears and the speech on CSR became acceptable and even trendy. CSR became a doctrine on the border of theology, management and economics. The paternalism of the enterprise with its Protestant religious foundations developed in the United States to preserve capitalism from the scourge of socialism and syndicalism. In fact, Bowen was heavily influenced by Christianity, especially the Protestant. For this religion, money does not belong to the individual but to the community. The pursuit of profit cannot be viewed as the ultimate target of the private enterprise. Protestant thinkers have only supported the private property insofar as it serves the public interest and enhances the well-being of society. They feared the absolute power of business leaders and called for participation of the concerned groups in decision-making. They criticized the abuses of the capitalist enterprise and working conditions of women and children. The confrontations between Protestant and capitalist visions were strong. Thus, the enterprise had to rethink the social implications of its actions and act aiming at a balance between its private interests and the public interest, hence the need for a responsible exercise of power within the enterprise. The first theories of CSR were strongly influenced by the Protestant concepts of “public service” and “stewardship”. The belief was that no business can prosper if its only concern is to make profits and that the owner must satisfy the needs of society as a whole, he must also be accountable for his actions before God and be socially responsible (Masaka, 2008).

Note that Bowen proposes a conceptualization of the enterprise close to the one of the “stakeholders” where different stakeholders in the enterprise are represented by circles nested within each other. This author is rightly the father of the CSR doctrine; he has developed all the details of this concept – up to sustainable development and social auditing – to

the point of giving the impression that there is nothing new about CSR after him.

2.4. Evolution of CSR in Europe

The concept of CSR clearly changes its importance across the Atlantic. Some believe that all managerial concepts are born in the United States and it takes ten to twenty years for it to appear in Europe and twenty to thirty years in other countries. Indeed, the European socio-historical context differs greatly from that of the United States. But in reality, the phenomenon of CSR has emerged alongside the United States and Europe, with the rise of capitalism and the emergence of large industrial units.

Several researchers have analyzed the differences in the conceptualization of CSR in the United States and Europe. But anyway, the concept of CSR and those emanating from its wake, such as social performance, are originally impregnated by American cultural characteristics such as individualism, democratic pluralism, moralism and utilitarianism (Acquier & Gond, 1999). The only difference lies on the fact that the culture of capital is more developed in the United States than in Europe. But one must not forget that the rise of capitalism was accompanied by more than a war in Europe, the spread of socialism and the nationalization of several companies and the grip of the state of various social affairs. Apparently, the theoretical debates on CSR in the early twentieth century did not interest the European theorists. In fact, it is the state which took in charge, in Europe, the social protection and the enterprise did not want to inflict itself such a role until the end of the seventies, with the decline of socialism in Europe and the emergence of the modern liberalism and globalization phenomena. It was thus the time when the concepts of corporate citizenship and ethical business could grow. In addition, some authors have reported that Europe, like the United States, witnessed paternalistic actions in the middle of the nineteenth and early twentieth centuries. For example, several kitchenware industries have built houses for workers and set up a relief fund for retirement and sickness (Bournois, 2008). But, this paternalism movement remained without large scale.

Although in an implicit way, the Catholic religion seems to have played a role as important as that of Protestantism in the development of CSR. Catholic sources of CSR would be in the encyclical “Rerum Novarum”, a circular letter published on May 15, 1891 by Pope Leo XIII. It is the inaugural text of the Social Doctrine of the Catholic Church and appears to be a response to the Communist Party Manifesto. The main ideas of this Letter concern: human dignity, the dignity of work, its appreciation and the improvement of its conditions and the role to be played by the State for the protection of workers. Some authors consider that these ideas are at the origin of non-revolutionary reformist socialism in Europe and that the Catholic Church has thus established the social justice and charity as the foundations of business ethics. Subsequently, the issue of sustainable development was addressed by Pope John Paul II: “The land was given by God and man must use it with respect for the original good intention in which it has been given.” We find here the Catholic foundations of CSR in respect of nature. The Catholic religion has played an indirect

role in the formalization of CSR and it would be paradoxical to say that CSR is a North American creation and not a European one.

While in the United States, CSR is very liberal and a footprint of the Protestant religious character, the CSR developed in Europe in a very institutional way. In France, several regulations on CSR have emerged and a minister of CSR was recently appointed in the UK. These apparent differences in the approach to CSR on both sides of the Atlantic are they due to differences in the foundations? CSR is not a reached concept; rather it is an ongoing process whose evolution depends on the interplay of actors (Bodet & Lamarche, 2007).

2.5. Theoretical foundations of CSR

For CSR theorists, economics has naively idealized the market, with the expectation that the latter would meet the social demand, that is to say the needs of society. For them, market imperfections stand as a sine qua non condition for the existence of CSR. The big schools of CSR are generally presented in the historical evolution of the concept: Business ethics, business and society then social issues in business management. But in the case of CSR, as in other cases also, some theoretical currents chronologically overlap. For this reason, we will try to present hereafter the prominent theories on which is based the concept of CSR and key models, while avoiding the reproduction of the classical scheme (3 currents) and taking into account the multidisciplinary nature of this concept (economic, social and organizational development).

2.5.1. The neo-institutional theory

The neo-institutional theory emerged in the mid-1970s. It is based on the old institutionalism although it diverges at the level of analysis principles and approaches to the environment (Selznick, 1949). It encompasses a set of distinct streams that are part of very diverse fields such as economics, sociology or even political science. It focuses on cultural and social constraints exerted by the environment on organizations. It rejects the rational actor model and the independence of institutions. The neo-institutional approach focuses on the influence of institutional context on the adoption of practices or on institutional architecture (Delalieux, 2005). The neo-institutional sociological theories analyze organizations as organized systems operating within social structures composed of widely accepted norms, values and assumptions. We can confirm that the company institutionalizes some practices by giving them a symbolic close to myth (DiMaggio & Powell, 1983). The behavior of the firm is influenced by institutional pressures. Businesses adopt structures that institutions require from them in order to increase their institutional legitimacy and power. The company seems to be committed to promoting ethical behavior (Mercier, 2004). Thus, CSR presents itself as an institutional innovation.

Some enterprises, such as oil companies and banks, are frowned upon by society. The development of actions in the context of CSR becomes necessary to get legitimized, that is to say to acquire a license to operate. This quest for social legitimacy is materialized by the company's research for compliance with the requirements of the surrounding society. Enterprises are more concerned about the consequences of

their practices and seek to improve the quality of relationships they have with their stakeholders by identifying and making public the values they believe in (Mercier, 2004). The social legitimacy of an enterprise is granted by its stakeholders. This legitimacy is maintained to the extent that the organization is perceived by them as having a behavior consistent with surrounding social values (Girard & Marchildon, 2006).

According to the neo-institutional approach, the institutional isomorphism can be summarized into three types: mimetic, normative and coercive:

- The mimetic isomorphism is the imitation of enterprises between each other. Some concepts tend to prevail in the discourse of enterprises. Enterprises eventually imitate each other and mobilize certain concepts in their practices. In this type, the copying enterprise re-enters the sphere of competition with the one copied from. Rating agencies favor mimicry by producing a reference system between firms (Bodet & Lamarche, 2007).
- The normative isomorphism has the same effect as mimetic isomorphism. In the normative approach, what the company should do and what is good for it is dictated. Professional standards influence the behavior of enterprises that end up looking alike at the profession level. Nowadays, with the globalization, we are witnessing such phenomena on the international level in certain fields namely those focused by the public. Consequently, we may mention the recommendations of the Basel Committee for financial institutions.
- The coercive isomorphism is the legal framework that affects the behavior of firms. These include for example the regulations imposed by the regulatory authorities on commercial banks or others.

Ultimately, the enterprise ends up undergoing the combined effects of the three types of isomorphism. And it becomes difficult to separate the effect of one or the other.

CSR is practiced in a vision of long-term benefit (Kashyap & Mir, 2004). The enterprise seeks in some cases to get displayed as socially responsible to capture the attention of global organizations or international bodies, gain their trust and to capture a larger share of the market. In fact, in most cases, companies under the effect of institutional pressures declare socially acceptable missions and policies. But to be able to implement them, it all depends on the balance of power of different actors within the company as well as external ones. CSR is a two-way relationship; the enterprise is on the one hand part of the society, while on the other hand, it needs to be recognized for what it brings to this society. Legitimacy is a condition or status which exists when the system of values of an entity is congruent with the system values of values of the larger social system in which the entity is a part. When a real or potential disparity exists between systems of values, there is a risk to the legitimacy of the entity. This would explain all the actions taken by the public opinion, the public, opinion leaders (journalists and media) and local.

Several empirical studies have been conducted on the impact of neo-institutional theory on the CSR of countries in transition. Some of these emphasize the legitimacy factors of enterprises operating in (Jamali, Safieddine, and Rabbath

(2008). This aspect deserves special attention especially that companies rarely explain the reasons which induced them to become socially responsible. However, the European Commission listed the reasons enumerated by the companies themselves, as follows (Fuentes-Garcia, Nunez-Tabales, & Veroz-Herradon, 2008):

- Business ethics
- The personal commitment of the enterprise manager
- Improving competition
- Enhancing the corporate image
- Preventing a bad reputation
- Increasing customer loyalty
- Avoiding competition from other companies
- Increasing employee loyalty
- Attracting new employees
- Reducing taxes and costs

Several researchers have extended their studies within the framework of neo-institutional theory; they are distinguished from each other by the typology they could extricate. Let us mention for instance this research based on three pillars: the regulation pillar, the normative pillar and the cognitive pillar which explains the actions of a person by the way he sees the world, and therefore some individuals pursue collective ideals and sometimes beliefs (which may be wrong) (Scott, 1995).

2.5.2. *The stakeholder theory*

Literally, stakeholder means “the one who has an interest in the company”. This theory emerged with Freeman who defines a stakeholder as any group of individuals or any individual who can affect or be affected by the achievement of organizational goals (Freeman, 1984). This is a re-conceptualization of the nature of the business to consider those having outside interests, beyond the traditional sphere of shareholders, i.e. customers, employees and suppliers (Jamali, 2008). Companies should, in this context, manage the interests of different stakeholders in a responsible manner, regardless of borders that separate them and take care of silent stakeholders such as local communities and the environment (Jamali, 2008). Such a broad vision of the stakeholder concept is problematic according to some authors: anyone could claim an interest in an organization (Mercier, 2004). The animals, the media as well as the criminals will not be excluded! The stakeholder is considered as such, not for what it should be by organizational constitution, but rather its proximity to the enterprise and the influence it has on it (Haigh & Jones, 2007). These authors mention the complexity of stakeholders' relationships with the enterprise as in the case of the consumer worker or in situations of conflicts of interest such as executive management holding shares.

The stakeholder theory could be linked to the agency theory or to the one of transaction costs; as far as the existence of a contract between the firm and its stakeholders seems necessary. The organization in these modern currents of thought is a combination of contracts and exchange relations. But actually, the enterprise has more than transactions and contracts with its stakeholders, it maintains relations with them and it is the survival of these relations that ensures the success and survival of the company in the long term. Some authors find

that stakeholder theory can bring new understanding in how to manage a business (Dontenwill, 2005). It is not the identification of stakeholders in this theory that is original but the management of those that will go until involving them in the company's strategic decisions. The enterprise would become a place of mediation between conflicting interests from different stakeholders; it could bind human interests to the needs of the environment. For other authors, the stakeholder theory has produced the concept of social sensitivity replacing that of social responsibility (Gendron et al., 2008). The social sensitivity consists of understanding the expectations and demands of stakeholders to anticipate or avoid them. Some authors believe that the enterprise cannot maximize its value if one of the parties, however important it may be, is ignored or abused. And if this were to happen, the enterprise could ensure the maximization of its value on the long term. The managers are not the shareholders' agents; they are the builders of relationships between different stakeholders. The stakeholder theory is an inevitable process in the operationalization of CSR (Branco & Rodrigues, 2007).

However, some researchers deny that this theory is a theory in itself. Others have criticized the fact that this theory ignores the size of the input costs incurred by external stakeholders and which are often not negligible. Thus, consumers are generally assumed to have complete freedom in a competitive system, when in fact they do not have the necessary time to fully play their role. They have to bear costs to collect the necessary information and analyze them. The stakeholder theory is highly questionable since managers cannot make real decisions, but they must make arbitrations. The enterprise must not think only in an economic and ecological environment but also in a socio-cultural, ideological and political one. And the most difficult in these choices is the multiplicity of criteria and their heterogeneity (Jensen, 2001).

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2.5.3. *Carroll's model of corporate social responsibility*

Carroll's initial model that is found in a multitude of articles and books, believes that there are four types of responsibilities for the enterprise, namely economic, legal, ethical and discretionary (Carroll, 1979b). In Carroll's model, the enterprise must make a profit and comply with the law (Golli & Yahiaoui, 1991). This model is based on the liberal vision regarding the economic responsibility of the enterprise, and the four categories of responsibilities listed above exist simultaneously and the order in which they are represented refers to their relative importance. Carroll resumed his original model to establish a new conceptualization in the form of a pyramid (Carroll, 1991). This model, better known today as Carroll's pyramid, is one of the most used to understand the CSR. It was considered simple and it has been tested several times. In this pyramid, responsibilities are added to each other and each one forms a core component of the total responsibility of the company.

- *Economic responsibility*: The basic responsibility of an enterprise is to satisfy consumers, generate profits for shareholders, provide jobs, pay employees and pay the tax authorities and finally engage in charitable activities or pursue social objectives.
- *Legal responsibility*: The enterprise must respect the law and act in accordance with it. It is a social responsibility because

laws emanate from society and its values. The law differs from ethics.

- *Ethical responsibility*: The enterprise must act according to the values recognized by society without necessarily being dictated by law. The enterprise acts according to the expectations of society. Note in this regard that the ethical responsibility of the enterprise was invented in 1931 by a unionized worker Hyacinthe D., who advocated the creation of autonomous workshops promoting the learning of responsibilities and giving the worker the means to accomplish his existence.
- *Philanthropic responsibility*: The enterprise helps the community to improve the situation of people without expecting any retribution from them. We find in this category the charitable actions, support for art and schools, orphanages, and so on (Carroll, 1991). These actions are desired by society. The enterprise can contribute in financial resources or in time of officers working for it. In case its contribution is not at the expected level, this does not call into question its morality. Of course, CSR is not limited to philanthropic actions. These are like the cream on top of the cake.

According to many authors, the Carroll model has limitations. What happens if two or more responsibilities come into conflict? The concerned model's ranking is clear in the provision of each component of the pyramid thus without clearly answering this question. The most critical tensions between the different components are those that emerge between the economic and legal responsibilities, economic and ethical or economic and philanthropic.

Some authors would have morally condemned the philanthropy of an enterprise that uses acts of assistance such as charity as a means to enhance the wealth of enterprises and the personal profits of shareholders. According to the Kantian philosophy, CSR has moral values because it is the enterprise itself that believes that this is the right thing to do, not because the government or the society has requested it, or because taken actions have beneficial consequences to the concerned enterprise (Masaka, 2008). This philosophy goes completely against the spirit of marketing of other authors who have largely emphasized the interest of enterprises to benefit from their philanthropic actions. It seems that companies use a large portion of their expenses, called charitable, in sponsorships in order to expand their network of public relations to promote their brand image, thus conducting their advertising campaign. The more the benefits are good for the enterprise the more it consists of promotion and propaganda, and the more the benefits are beneficial to society the more it consist of charity and philanthropy work (Keys, Malmight, & Van der Graaf, 2009). In fact, every enterprise should balance between its limited resources and efforts, between the profits of its shareholders, those of its interested parties and those of the whole society. Generally, enterprises begin by conducting purely philanthropic actions because they are easy to perform and they are not complicated to be decided of. To succeed and achieve tangible results, the enterprise should have a strategic vision of its actions and commitments from its side as well as from the side of its employees.

The big question would be the following: How to move to CSR strategies that are actually creating value for both the

enterprise and society? Value creation could be tangible and represented by a financial gain, but it could also be intangible, as is the case in the development of a new skill or when we support an employee's morale.

2.5.4. *The D.J. Wood conceptualization*

Wood revisited the enterprise social performance model originally proposed by Carroll (1991) while refining it with considerable subtleties (Wood, 1991). So she goes beyond the types of responsibilities and their identification to examine the factors that motivate responsible behavior, the processes of reactions and the performance results. Hence, she places CSR in a broader context than the one of a definition without continuation and the performance of the responsible enterprise is conceptualized as the product of the enterprise that applies the principles of corporate social responsibility (Jamali, 2008). With this model, the research on CSR has significantly advanced. Referring to this model would mean first considering the principles that motivate CSR actions: institutional, organizational and individual. According to this model, the CSR actions can arise from the principle of legitimacy, from the desire of the enterprise to maintain its credibility or its desire to obtain performance results. Here, preferences and trends of managers may also be an important factor at this level.

For Wood the reactions constitute an important action dimension to complete the normative and motivation components (Wood, 1991). Finally, the performance results are concerned with social impacts, social programs and social policies. The originality of the contribution of Wood compared the work that preceded her, can be summarized by the interrelation of society and businesses and her insistence on not distinguishing between the two. According to this conceptualization, the society has expectations on the part of corporate behavior. These expectations are promoted by external economic effects. The concept of externality is the recognition that the action of a given actor may affect other players unless they have been consulted or compensated for the damage they incur – negative externalities – or without the beneficiaries having to pay a benefit given to them as a result of these externalities – positive externalities. CSR can thus be realized by an internalization of negative externalities and a greater generation of positive externalities.

2.5.5. *The O'Brien model*

The O'Brien model has been empirically tested in different contexts (O'Brien & Quazi, 2000). In this model, the horizontal axis represents the changes in commitments of SR and the vertical axis the perception of consequences of SR actions. The resulting four quadrants show: the narrow classical conception of responsibility and the focus on costs, the socio-economic view which expects potentially important earnings with a narrow social responsibility, the philanthropic view which has a broad vision of responsibility while being wary of costs and finally, the modern view that sees CSR as a positive action and where social responsibility is important. The results are mainly concentrated between the very traditional vision where one does not believe in CSR and where it is considered as a cost and the modern vision that believes in CSR in philanthropic actions where we act without hoping

for any advantage, but we expected to undergo a certain cost. Other research brought a new dimension to O'Brien model insofar as it considers the philanthropy can be strategic and aim for a great responsibility and take advantage of this strategy, thus not considering it as a cost (Jamali et al., 2008).

2.5.6. Other conceptualization

Drucker P. is known for his publications in marketing and is almost ignored in management. Indeed, the latter has long believed in CSR. His early writings on the subject go back to the late thirties, and continued his studies until late nineties. Although he is not a management theorist and is rarely mentioned in research on CSR, his contributions were very interesting and are still current. He wrote on CSR in a spirit of marketing where he insisted that enterprises can benefit from their philanthropy. The said author distinguishes between two types of social responsibility: one related to what the enterprise does and that has a social impact and the other related to what it does for solving social problems. When the impact is not intentioned, the enterprise must act to remedy the situation as long as the action in favor of the society does not exceed its capacity or does not go out from its prerogatives or skills. The author implies that the enterprise is responsible for the damage it causes but cannot be responsible for societal problems such as the lack of resources of some countries to obtain drugs or pharmaceuticals.

Later researches reported that the concept of CSR has evolved and no longer affects negatively the results of the enterprise. Moreover, CSR is rather seen as a beneficial action to the enterprise on the long term. Thus, the quest for profit should be constrained by social considerations and CSR would be a competitive advantage than an end in itself. Today, enterprises commit themselves more in SR because of the benefits they can collect from such a commitment (Branco & Rodrigues, 2007).

2.6. Internalizing the externalities

The enterprise's commitment to be responsible is explained by some researchers as an attempt to internalize some externalities. Negative externalities such as air, river or sea pollution are huge and attack the earth. In this type of development, we need a watchdog which is CSR. The enterprise wants to reduce the negative effects of its production by treating them internally or by referring them to its stakeholders. The enterprise therefore tries to act in several ways, either in a defensive manner by improving its practices and compensating the society for damages it has caused; it tries to repair its image among the society, it can also proactively apply these actions. The enterprise would then establish codes of conduct, charters in order to structure its relations with its partners and to limit the negative externalities that it or its subcontractors produce.

Since the year 2001 we are witnessing the emergence of the era of voluntary commitments from the side of the enterprise, with the proliferation of codes and charters. The latter assumes a role of evaluator, it sets itself up, it self-produces rules – an action that is called the soft law (Capron & Quairel, 2004). The enterprise may even declare itself responsible for the general interest and for future generations. However, some of these codes contain only general principles, not used in any

way to the implementation of effective CSR devices and often lack transparency. We will revisit this internal code practice from the side of the enterprise in the section on ethics and CSR.

2.7. CSR and ethics

Business ethics is another form of the perception that the society may have of attitudes that the enterprise must have in its various actions. The first ethicist known in history is Aristotle. He found that the exchange that is done for profit lacks virtue (Masaka, 2008). Business ethics is closely related to morality although it is distinct. Authors distinguish two levels: on the one hand, ethics is a reflection on the foundations of morality, and on the other hand, it is specific while morality is universal. Nowadays, given the requirements of the parties with direct interests with the enterprise, it seems increasingly necessary to integrate ethics into the life of the latter. However, the question that would be relevant to ask here is the following: How can we join together the benefit of the enterprise, the general interest and the interests of the different stakeholders?

In the philosophical field, it is mainly the work of Kant that developed the foundation of ethical management. For this philosopher, morality is an assumption. And it is only possible if the acts are motivated by good will. The ethics is of conviction and the result of the action is not, however, so important. It is a point of view, according to which business ethics does not necessarily need to be instrumentalist. However, in various writings on business ethics, ethics is constantly linked to the needs of cultural, social and moral legitimizations.

The enterprise never focuses on ethics by itself; it adapts to societal norms and anticipates their evolutions. In addition, it incorporates them in its strategy when their absence or insufficiency may thwart its profits (Boyer, 2001). We found in our readings that even authors who have challenged the role of SR for the enterprise did not discount the concept of business ethics. One should dwell on the difference between ethics and morality especially in Lebanon, as in other countries in the Middle East, morality is confused with religion. Whereas in the West, the modern movements of thought consider the right of the individual to fully enjoy life while committing him to responsibilities. However, these responsibilities can come here from some religious foundations, certainly, but not exclusively.

The border between CSR and business ethics is hardly seen even in the most demanding analyses. Some authors recognize the impossibility of separating business from ethics. The small distance that separates them could be tightened by CSR. It is the duty of the enterprise to promote the social well-being (Masaka, 2008). Other authors even consider that the enterprise is a moral agent who must ensure moral responsibilities and meet the expectations of society. Although vague, the concept of CSR is more specific and limited than the idea of business ethics. Professional codes insist on business ethics. But again the benchmarks are highly scalable and differ from one country to another. The majority of enterprises, namely North American ones, have adopted codes of ethics. Those have become the most privileged means of communication in enterprises. They are, however, strongly criticized in terms that they cannot play the role assigned to them: to

auto-regulate businesses, to voluntarily internalize externalities and to protect the consumer or client. These codes have shown their limits as being too partial and unreliable (Masaka, 2008). As in the case of corporate governance codes, it is the mimicry that is fully playing here. And the dynamic normative stands fast through international organizations and their repositories, ratings and recommendations, without ignoring the role of business schools in the dissemination of these practices.

In fact, ethics goes beyond the law. Law enforcement is done by fear of condemnation while ethical behavior is dictated by a sense of duty and respect for others (Mercier, 2004). We can find in the society unethical laws while the evolution of ethical values can be faster than the one of laws. It is a well-known situation in Lebanon with the delay of the repeal of laws due to repetitive political conflicts.

Unfortunately, we are witnessing today phenomenon of mass translation of documents of organization and management in many-called emerging countries and by encouraging regulators and executives with experience in firms abroad (Mercier, 2004).

In fact, it would be hypocritical to reduce ethics to a management tool, just to promote the brand image of the firm. Ethics is more a process than a product. It must be part of a collective effort more than behavior of obedience.

The various scandals that have occurred on different international financial markets in recent years drive us to assert that there has been a remarkable decline in business ethics in the late twentieth century and the early years of this century. These scandals have been an important subject for the media who have participated in changing various management practices and the transformation of ethics into a social phenomenon. Facing this new situation, business management should worry more about philosophical problems of society and its interests.

2.8. CSR and sustainable development (SD)

Throughout history, the preservation of natural resources was a major concern of humanity. In the middle ages, in Europe, people tried as much as possible to protect woods and forests. The modern society has abused in the exploitation of natural resources, especially those in poor countries, to the point they became rare. It was only after the meeting of the Club of Rome in 1968, and its alarm call about the rapid and irreversible depletion of natural resources, that global organizations have begun to realize that the world is destroying itself and the planet should be preserved. But corporate responsibility toward natural resources and the society came forward and was explicitly expressed explicitly only in the seventies (Aldrich, 1979).

The term sustainable development appeared for the first time in the early eighties in the report on the global strategy for the conservation of nature. Sustainable development (SD) refers to a mode of human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come.

The concept of SD implies a balance between economy, society and environment. Meanwhile, it is said that CSR is

linked to the application of the concept of SD by enterprises (Rubinstein, 2006).

Sustainable development is based on the principle of equity between peoples and generations, the precautionary principle and the principle of participation (Dontenwill, 2005). Sustainable development is not and should not be a managerial concept just as it should not be a trend effect either. A responsible enterprise is one that has realized it can only succeed in the context of a society which itself succeeds. In the Rio summit in 1992, human beings are at the center of sustainable development concerns. The speech is about the human right to a healthy and productive life in harmony with nature. The WBCSD[†] dedicated to CSR-related institutions promotes the sustainable use of natural resources: water, land and energy. Thus, the enterprise is encouraged to respect sustainable production, consumption, transportation and urbanization modes and to prevent pollution; to respect the capacity of ecosystems and preserving the opportunities of future generations would be of its duty. According to the WBCSD, CSR is reflected in a positive contribution of the enterprise to the society's efforts in its projects through concrete actions that correspond to the expectations of different social actors.

The European Union considers CSR as the corollary of the SD. One of the definitions of CSR adopted by the EU is precisely the one that presents CSR as the enterprise contribution to sustainable development (Joras et al., 2002). CSR becomes then a way to make SD compatible with market economy. With the extraordinary expansion of the globalization phenomenon, enterprises are forced to focus more on social needs which exercise pressure in terms of SD. Thus, enterprises have heavily exploited the concept of SD though in fact it is not enough that the enterprise uses the concept in marketing strategies to promote its image, it would rather integrate it into its internal policy. Sometimes, the enterprise is obliged to ask its resources to work at the expense of the enterprise in the sense of seeking less profit to meet the needs of the society or compensate for wrong doings it has committed (Frederick et al., 1988). Sustainable development requires a new perspective, different from the traditional industrial and economic wealth development. According to this new approach one should take into account the impact of one's activities on the environment and preserve the main macro-environmental regulations essential to our survival. And, therefore, rethink and probably revise our patterns of consumption and production and anticipate on the long-term the survival of the enterprise and even the one of humanity. The greenhouse and deforestation effects go beyond the borders of a single country.

Some authors raised an interesting issue regarding the impact of the enterprise on its environment; two companies with the same impacts do not necessarily have the same goals or the same objectives. This reminds us of the new form of Public Private Partnership, which is growing in developed countries as well as in those that are less developed, especially in the area of large infrastructure projects. The state could theoretically through such investments better manage the impacts of projects on the environment, social and management methods (Urban, 2005). As we saw earlier, CSR is a very old concept. But it is now better known because of the emancipation of the concept of SD. And now, for the first time, at the Earth Summit in Johannesburg eleven years ago, it is

referred explicitly to CSR and at the same time the importance of SD. CSR would be thus defined as a contribution to sustainable development. Talking nowadays of a socially responsible enterprise is to speak of an enterprise that takes into account the three dimensions according to SD without privileging any one of these.

But given that the environment is a valuable and large stakeholder, it is difficult to imagine the actions aiming at its protection by the only means of enterprises. It is the civil society that can or should support the national strategy for SD, respecting sustainable patterns of production, consumption, transportation and urbanization, the ability of ecosystems, pollution prevention and preserving the chances of future generations (Joras et al., 2002).

2.9. Corporate governance

Corporate governance is the set of principles and rules that control and limit the actions of leaders. Therefore, it consists here of reports linking the enterprise management, its board, its shareholders and other stakeholders. Corporate governance consists of how the management of the enterprise is formed and how it is controlled. Corporate governance is considered as the respect of the principles of transparency and good functioning to improve the management of the company as well as its image among the public and investors. It then represents the framework within which are fixed business objectives and are defined the means of attaining those objectives and monitoring performance (Joras et al., 2002).

According to our literature review, and applying it to the Lebanese banking sector, we can propose two main hypotheses related to CSR and its impact:

H1. The banking clients' retention is positively correlated with the bank's involvement in CSR activities.

H2. The bank's image is positively correlated with the bank's involvement in CSR activities.

3. Methodology

3.1. The sample

Our survey has the objective to investigate the Lebanese banks' involvement in CSR activities and how these activities are influencing the clients' behavior. Therefore, the sample involved in this paper's survey consists of Lebanese banks as well as their clients.

In this regard, we elaborated two questionnaires and submitted them to the two groups of respondents. The first group is made of bank officers involved or working in the CSR division of seven different Lebanese commercial banks. For the sample to be representative of the banking sector, we chose these seven banks from different sizes and categories.

As for the second group, it consists of a sample of clients of these seven banks. The number of clients interviewed for each bank varies; ranging from 14 interviewees to 35 interviewees. The latter were randomly selected in the same branch where

the bank officer was questioned and on the same date. The total number of clients interviewed is 161 clients.

3.2. The questionnaires

As mentioned above, two questionnaires were prepared. The first one intended for CSR bank officers consists of 4 main questions including different variables which are: bank identity, bank's experience in CSR, bank's CSR policy and bank's CSR activity measures. The second questionnaire aimed for bank clients consists of seven main questions. These cover the respondent's personal and banking profiles. They also include questions formulated to reflect their degree of satisfaction and perception of their bank's image (refer to [Appendices A and B](#)).

3.3. The independent variable

The only independent variable in this survey is the CSR score for Lebanese banks. This variable is at the heart of the questionnaire intended for bank officers. In order to investigate the relationship between CSR activities and other variables such as client retention, we inevitably needed to evaluate the banks' involvement in CSR activities. Therefore, we created the independent variable which is the CSR score. The score is the sum of 3 sub-scores; the first one is for the bank's experience in CSR activity, the second for the bank's CSR policy, and the third for the bank's CSR measures. The sum of these sub-scores, forming the CSR score will be used later on for hypotheses testing.

3.4. The dependent variables

The independent variables of our survey are incorporated in the questionnaire for clients. In addition to the questions related to the sample's characteristics, two main dependent variables are used in this questionnaire. The first one is the clients' level of satisfaction. In fact, this variable is taken into consideration for the assessment of clients' retention; as mentioned and used by previous research (Constantine, 2002). Moreover, the level of satisfaction is measured by evaluating 3 major components which are:

- Interpersonal communication by staff
- Service performance
- Complaint handling

The second variable is the clients' perception of the bank's image. In this direction, the respondents are asked to give their opinion on the following factors:

- Staff responsiveness
- Staff creativity
- Staff trustworthiness
- Services level
- Bank's social responsibility level

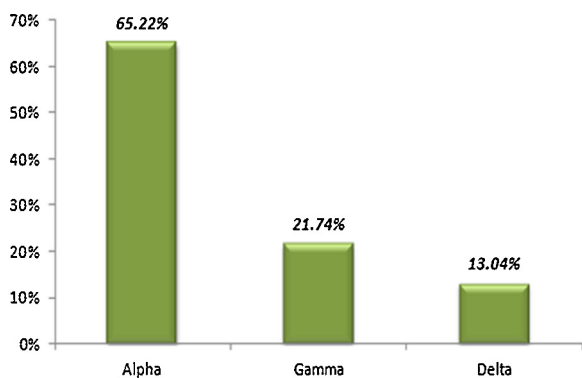


Fig. 1 – Classification by bank size.

Table 1 – Banks dealt with.

	Frequency	Percent
Audi	35	21.74
BLC	28	17.39
BLF	21	13.04
BLOM	21	13.04
Fencia	21	13.04
Standard chartered	21	13.04
Pharaon & Chiha	14	8.70
Total	161	100.00

4. Results and findings

4.1. Descriptive statistics

The results show that 73.91% of the clients were males while 26.09% were females. Regarding the age, results show that

34.78% of the respondents are aged between 18 and 34 years, 39.13% between 35 and 54 years, 26.09% ≥55 years. For the age of account, results demonstrate that 17.39% of the clients are dealing with their banks for less than 2 years, 39.13% between 2 and 5 years and 43.48% for more than 5 years. On what it concerns the classification by type of account; findings show that 60.87% of the clients have personal accounts in the banks they are dealing with, 21.74% business accounts and 17.39% corporate accounts (Fig. 1 and Tables 1-8).

The results show that 65.22% of respondents are alpha banking group's clients, 21.74% gamma banking group's clients and 13.04% are delta banking group's clients

4.2. Validity of the scales

Cronbach's Alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. It was first named alpha by Lee Cronbach in 1951.

This indicator should be >0.7 to consider the internal consistency between items as strong; if the indicator was weak we can also use the correlation test between each item and the average of the items for each factor, if the degree of significance (Sig) was less than the error ratio ($\alpha = 5\%$) then we consider the correlation valid and we do not delete any item.

- Cronbach's Alpha: 0.734
- Number of items: 4

We do not have to remove any item and "interpersonal communication by staff" is now a significant factor for the analysis.

- Cronbach's Alpha: 0.797
- Number of items: 4

Table 2 – Level of satisfaction: interpersonal communication by staff.

	Mean	Mode	Std. deviation	Minimum	Maximum	CV
Friendliness toward customers	3.30	3.00	0.62	2.00	4.00	18.85%
Level of interest when listening to customer needs	3.00	3.00	0.51	2.00	4.00	17.08%
Reliability of information made available on services	2.52	3.00	0.78	1.00	4.00	30.74%
Availability of information when needed	2.91	3.00	0.78	1.00	4.00	26.70%
	Mean	Mode	Std. deviation	Min	Max	CV
Service reliability	2.96	3.00	0.55	2.00	4.00	18.66%
Deposit security	3.70	4.00	0.46	3.00	4.00	12.49%
Services available	2.52	3.00	1.10	1.00	4.00	43.69%
Location of service	2.39	1.00	1.21	1.00	4.00	50.61%

1 = not satisfied, 2 = lowly satisfied, 3 = satisfied, 4 = highly satisfied.

Table 3 – Bank's image.

	Mean	Mode	Std. deviation	Minimum	Maximum	CV
The staff here is responsive	3.30	3.00	0.46	3.00	4.00	13.97%
The staff here is creative	2.52	3.00	0.93	1.00	4.00	36.85%
The staff here is trustworthy	3.30	3.00	0.46	3.00	4.00	13.97%
The services here are of international standard	2.43	3.00	0.88	1.00	4.00	36.09%
The bank is socially responsible	2.70	2.00	0.91	1.00	4.00	33.71%

1 = I don't agree 2 = I lowly agree 3 = I agree 4 = I highly agree.

Table 4 – Cronbach's Alpha test for interpersonal communication by staff.

	Sig
Friendliness toward customers	0.000
Level of interest when listening to customer needs	0.000
Reliability of information made available on services	0.000
Availability of information when needed	0.000

Table 5 – Cronbach's Alpha test for service performance.

	Sig
Service reliability	0.000
Deposit security	0.000
Services available	0.000
Location of services	0.000

Table 6 – Cronbach's Alpha test for complaint handling.

	Sig
Fairness of results	0.000
Reason(s) given for problem	0.000
Time taken	0.000
Process used	0.000

Table 7 – Cronbach's Alpha test for bank's image.

	Sig
The staff here is responsive	0.000
The staff here is creative	0.000
The staff here is trustworthy	0.000
The services here are of international standard	0.000
The bank is socially responsible	0.000

We do not have to remove any item and “service performance” is now a significant factor for the analysis.

- Cronbach's Alpha: 0.650
- Number of items: 4

We do not have to remove any item and “complaint handling” is now a significant factor for the analysis.

- Cronbach's Alpha: 0.842
- Number of items: 4

We do not have to remove any item and “bank image” is now a significant factor for the analysis.

Table 8 – Cronbach's Alpha test for level of satisfaction.

	Sig
Friendliness toward customers	0.000
Level of interest when listening to customer needs	0.000
Reliability of information made available on services	0.000
Availability of information when needed	0.000
Service reliability	0.000
Deposit security	0.000
Services available	0.000
Location of services	0.000
Fairness of results	0.000
Reason(s) given for problem	0.000
Time taken	0.000
Process used	0.000

- Cronbach's Alpha: 0.886
- Number of items: 4

The level of satisfaction is the average of (interpersonal communication by staff, service performance and complaint handling), but to be more accurate we calculated the internal consistency between all the questions related to the above three factors (ICS, SP and CH)

We do not have to remove any item and “level of satisfaction” is now a significant factor for the analysis.

4.3. Inferential statistics

We are looking to study the effect of the identity of the bank, bank size and age of account on the general questions and variables. In this part we used the ANOVA (student), it's a parametric test used to compare more than means and to study if the difference is significant or not. For the interpretation, we compare Sig (degree of significance) with α (error ratio = 5%, i.e. 0.05). If $\text{Sig} > \alpha \rightarrow$, we consider the difference insignificant and vice versa.

4.3.1. *Bank's identity vs. general questions and variables*
See [Tables 9–13](#).

4.3.2. *Bank size*
See [Tables 14–18](#).

4.3.3. *Age of account*
See [Tables 19–23](#).

Table 9 – Bank's identity vs. interpersonal communication by staff.

	Friendliness toward customers	Level of interest when listening to customer needs	Reliability of information made available on services	Availability of information when needed
Audi	4.00	3.40	2.60	3.20
BLC	3.75	3.25	3.25	4.00
BLF	3.00	3.00	3.00	3.00
BLOM	2.67	3.00	2.67	3.00
Fenicia	3.00	2.33	2.00	2.67
Pharaon & Chiha	3.00	3.00	1.50	2.00
Standard chartered	3.00	2.67	2.00	1.67
Sig	0.000	0.000	0.000	0.000

Table 10 – Bank's identity vs. service performance.

	Service reliability	Deposit security	Services available	Location of services
Audi	3.20	4.00	3.40	4.00
BLC	3.25	4.00	3.25	2.75
BLF	3.00	4.00	3.33	2.33
BLOM	3.00	3.67	3.00	2.67
Fencia	2.67	3.00	1.33	1.33
Pharaon & Chiha	3.00	4.00	1.00	1.00
Standard chartered	2.33	3.00	1.00	1.00
Sig	0.000	0.000	0.000	0.000

Table 11 – Bank's Identity vs. complaint handling.

	Fairness of results	Reason(s) given for problem	Time taken	Process used
Audi	3.20	2.40	2.80	3.00
BLC	2.50	2.50	3.00	3.00
BLF	3.00	2.67	2.67	2.67
BLOM	3.00	3.00	3.00	3.00
Fencia	2.67	2.33	1.67	1.33
Pharaon & Chiha	3.00	2.00	2.00	2.00
Standard chartered	2.33	2.00	2.33	2.00
Sig	0.000	0.000	0.000	0.000

Table 12 – Bank's identity vs. bank's image.

	The staff here is responsive	The staff here is creative	The staff here is trustworthy	The services here are of international standard	The bank is socially responsible
Audi	3.40	3.50	3.33	3.33	3.00
BLC	3.20	3.25	3.33	2.33	1.67
BLF	3.60	3.75	3.33	3.00	3.00
BLOM	3.00	3.00	3.00	3.00	1.00
Fencia	3.60	3.25	2.67	3.00	2.00
Pharaon & Chiha	3.40	3.50	3.33	3.33	3.00
Standard chartered	3.20	3.25	3.33	2.33	1.67
Sig	0.000	0.000	0.000	0.000	0.000

Table 13 – Bank's identity vs. other variables.

	Interpersonal communication by staff	Service performance	Complaint handling	Level of satisfaction	Bank's image
Audi	3.30	3.65	2.85	3.27	3.36
BLC	3.56	3.31	2.75	3.21	3.35
BLF	3.00	3.17	2.75	2.97	3.13
BLOM	2.83	3.08	3.00	2.97	2.93
Fencia	2.50	2.08	2.00	2.19	2.13
Pharan & Chiha	2.38	2.25	2.25	2.29	1.90
Standd chartered	2.33	1.83	2.17	2.11	2.33
Sig	0.000	0.000	0.000	0.000	0.000

Table 14 – Bank's size vs. interpersonal communication by staff.

	Sig
Friendliness toward customers	0.000
Level of interest when listening to customer needs	0.000
Reliability of information made available on services	0.000
Availability of information when needed	0.000

Table 15 – Bank's size vs. service performance.

	Sig
Service reliability	0.000
Deposit security	0.000
Services available	0.000
Location of services	0.000

Table 16 – Bank's size vs. complaint handling.

	Sig
Fairness of results	0.000
Reason(s) given for problem	0.000
Time taken	0.000
Process used	0.000

Table 17 – Bank's size vs. bank's image.

	Sig
The staff here is responsive	0.000
The staff here is creative	0.000
The staff here is trustworthy	0.000
The services here are of international standard	0.000
The bank is socially responsible	0.000

Table 18 – Bank's size vs. other variables.

	Sig
Interpersonal communication by staff	0.000
Service performance	0.000
Complaint handling	0.000
Level of satisfaction	0.000
Bank's image	0.000

Table 19 – Age of account vs. interpersonal communication by staff.

	Sig
Friendliness toward customers	0.005
Level of interest when listening to customer needs	0.000
Reliability of information made available on services	0.057
Availability of information when needed	0.272

Table 20 – Age of account vs. service performance.

	Sig
Service reliability	0.000
Deposit security	0.007
Services available	0.159
Location of services	0.831

Table 21 – Age of account vs. complaint handling.

	Sig
Fairness of results	0.008
Reason(s) given for problem	0.734
Time taken	0.000
Process used	0.000

Table 22 – Age of account vs. bank's image.

	Sig
The staff here is responsive	0.029
The staff here is creative	0.341
The staff here is trustworthy	0.067
The services here are of international standard	0.000
The bank is socially responsible	0.000

Table 23 – Age of account vs. other variables.

	Sig
Interpersonal Communication by Staff	0.624
Service performance	0.079
Complaint handling	0.005
Level of satisfaction	0.106
Bank's image	0.013

4.4. Results for banks

See [Table 24](#).

4.4.1. CSR score

The score of CSR ranges between 9 and 30, and below is the description of the score ([Tables 25 and 26](#)).

4.5. Test of hypotheses

For this paper's hypotheses we have to use the correlation test.

The correlation is an indicator to measure the consistency between two quantitative variables.

Possible correlations range from +1 to -1. A zero correlation indicates that there is no relationship between the variables. A correlation of -1 indicates a perfect negative correlation, meaning that as one variable goes up, the other goes down. A correlation of +1 indicates a perfect positive correlation, meaning that both variables move in the same direction together. Usually we consider the correlation strong if r is >0.7 ([Tables 27 and 28](#)).

H1. The banking clients' retention is positively correlated with the bank's involvement in CSR activities.

Since the correlation for H1 is strongly positive, therefore we can say that the hypothesis H1 is accepted and verified.

H2. The bank's image is positively correlated with the bank's involvement in CSR activities

Since the correlation for H2 is strongly positive, therefore we can say that the hypothesis H2 is accepted and verified.

In parallel to the test results of hypotheses, we used the Mann-Whitney test which is a nonparametric alternative to

Table 24 – CSR measures.

	Frequency	Ratio (%)
Scholarships and education	7	100.00
Environment	4	57.10
Donations	3	42.90
In-kind donations	1	14.30
NGO support	4	57.10
Community provisions	2	28.60
Sponsorships	5	71.40
Support of cultural events	5	71.40
Corporate volunteering	3	42.90
Employee programs	6	85.70
Base	7	

Table 25 – Description of the score.

Questions	Answers	Score
For how long is your bank conducting CSR?	1-2 years	2
	2-4 years	4
	4-7 years	6
	>7 years	8
The CSR in your bank	is mainly conducted without a strategic framework, without a yearly budget but is derived either from marketing or HR budget	6
	mainly consists of a program with a yearly allocated budget	12
Which of the following measures does your bank's CSR activity include (multiple choice)	Scholarships and education	1
	Environment	1
	Donations	1
	In-kind donations	1
	NGO support	1
	Community provisions	1
	Sponsorships	1
	Support of cultural events	1
	Corporate volunteering	1
Employee programs	1	
Minimum	9	
Maximum	30	

Table 26 – CSR score.

Mean	20.86
Mode	28.00
Std. deviation	7.80
Minimum	12.00
Maximum	28.00
CV	37.39%

Table 27 – Correlation test for H1.

	r
CSR and level of satisfaction	+0.935 (Sig= 0.000)

Table 28 – Correlation test for H2.

	r
CSR and bank's image	+0.866 (Sig= 0.000)

the independent sample test used to compare the results of means, to investigate any possible relationship between CSR score and bank size. The result was the following.

According to Mann-Whitney test, the difference is significant between alpha/beta and gamma/delta banks, therefore we can say that the CSR score is positively related to bank size.

4.6. Findings

Based on the suggested hypotheses and the empirical results provided by the statistical processing of data, we reached three major findings.

First of all, the correlation test for the first hypothesis turned out to be significant and positive, allowing us to say that in the Lebanese framework, the banking clients' retention is positively correlated with the bank's involvement in CSR activities. In other words, the bank's CSR activities enhance the bank's ability to achieve better client retention.

Second, the correlation test for the second hypothesis turned out to be significant and positive, allowing us to say that in the Lebanese framework, the bank's image is positively correlated with the bank's involvement in CSR. In other words, the bank's involvement in CSR activities enhances the bank's image among its clients. Last but not least, the additional results allow us to say that the banks' CSR score is positively related to the banks' size. Differently said, big banks tend to have more CSR activities than smaller banks.

5. Conclusion

Following the investigation made and displayed throughout this paper, many conclusions are drawn. To begin with, CSR is a concept that is gaining attention and importance worldwide and its adoption by Lebanese banks serves both the bank and its stakeholders. In particular, CSR activities offer Lebanese banks higher client retention rates.

Moreover, the impact of CSR activities on the Lebanese banking sector is not only reduced to enhanced client retention, it also concerns the banks' image. In fact, the CSR assures to the banks a better image among its clients, a fact supported by the outstanding statistical results.

In parallel, another conclusion can be made about CSR in the Lebanese banking sector. It has been proven that a bank's CSR activity rate is positively related to the bank's size. In fact, the bigger the bank is, the more its CSR activity is developed. As a result, we can say that bigger banks have higher capacity to enhance their client retention and corporate image than smaller ones, thank to their investments in CSR.

At this stage, it should be mentioned that CSR activities among Lebanese banks are majorly organized to benefit the banks and provide them with a competitive advantage, thus satisfying their marketing needs. Even though such a framework can be considered, by many authors as mentioned in the literature review, falling outside the original objectives of CSR, Lebanese banks are called and encouraged to invest more in such activities. Actually, Lebanese banks should widen their CSR horizon, giving more attention to environmental issues and youth issues, in a country suffering seriously from pollution, environment abuse, drugs and schooling fees.

The quasi-absence of the public administration in taking care of the preservation of nature gives a lot of margin for CSR activities. It is recommended for banks to focus on such issues that will benefit all the Lebanese people. Moreover, supporting rehabilitation institutions and organizations would be a crucial sector to invest in, especially with the remarkably increasing number of addicted youth in need for such centers. It is known that schooling fees in Lebanon form the major expenses and burden for families. Therefore, the contribution of banks in this field would certainly be appreciated. Investing in youth should be the first target of banks' CSR activities since that such a priority means investing in the future; future clients, future human resources and future collaborators.

Appendix A. Questionnaire for bank

Questionnaire for bank	
1- Bank:	
2- For how long is your bank conducting CSR?	
<input type="checkbox"/> 1-2 years	<input type="checkbox"/> 2-4 years
<input type="checkbox"/> 4-7 years	<input type="checkbox"/> >7 years
3- The CSR in your bank	
<input type="checkbox"/> is mainly conducted without a strategic framework, without a yearly budget but is derived either from marketing or HR budget.	
<input type="checkbox"/> mainly consists of a program with a yearly allocated budget.	
4- Which of the following measures does your bank's CSR activity include (multiple choice):	
<input type="checkbox"/> Scholarships and education	<input type="checkbox"/> Community provisions
<input type="checkbox"/> Environment	<input type="checkbox"/> Sponsorships
<input type="checkbox"/> Donations	<input type="checkbox"/> Support of cultural events
<input type="checkbox"/> In-kind donations	<input type="checkbox"/> Corporate volunteering
<input type="checkbox"/> NGO support	<input type="checkbox"/> Employee programs

Appendix B. Questionnaire for clients

Questionnaire for clients				
1- Gender:				
<input type="checkbox"/> Male <input type="checkbox"/> Female				
2- Age:				
<input type="checkbox"/> 18-34 years		<input type="checkbox"/> 35-54 years		<input type="checkbox"/> >55 years
3- Age of account:				
<input type="checkbox"/> <2 years		<input type="checkbox"/> 2-5 years		<input type="checkbox"/> >5 years
4- Type of account:				
<input type="checkbox"/> Personal		<input type="checkbox"/> Business		<input type="checkbox"/> Corporate
5- Have you convinced others to open accounts with your bank?				
<input type="checkbox"/> Yes <input type="checkbox"/> No				
6- Indicate level of satisfaction with your bank				
<i>1= Not Satisfied 2= Lowly Satisfied 3= Satisfied 4= Highly Satisfied</i>				
	1	2	3	4
Interpersonal Communication by Staff				
Friendliness towards customers				
Level of interest when listening to customer needs				
Reliability of information made available on services				
Availability of information when needed				
Service Performance				
Service reliability				
Deposit security				
Services available				
Location of services				
Complaint Handling				
Fairness of results				
Reason(s) given for problem				
Time taken				
Process used				
7- Concerning the Bank's Image, indicate the level of agreement with the following:				
<i>1= I don't agree 2= I lowly agree 3= I agree 4= I highly agree</i>				
	1	2	3	4
The staff here is responsive				
The staff here is creative				
The staff here is trustworthy				
The services here are of international standard				
The bank is socially responsible				

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