

The integration of the corporate social responsibility (CSR) in the Algerian banks

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Abstract

The purpose of this document is summarized in the study of new integrated strategies in Algerian banks. This study is supported by a scientific discussion that helped us to test our suggested hypotheses in order to answer our central question. In this perspective, we focused on corporate social responsibility, as a new integrated strategy in the Algerian banking system, and then awareness of the types of investments for the bank's clients. In order to remedy this situation and to arrive at relevant results, we conducted our own survey of the regional directors of the banks in order to prove the existence of CSR in all the banks in Algeria (public and foreign). Our results have shown that foreign banks apply CSR in their home countries and also incorporate these new standards into their marketing strategies in Algeria, unlike the Algerian public bank, which is just beginning to become aware of these new strategic standards. Just some of them apply them. Let's go back to the client who is mostly unconscious and who remains indifferent to these new standards but rather who is just interested in banking (savings, investment) and above all the thing that interests him most is confidence, this is the reason why the Algerian client prefers to save in the public bank for his financial security, even if the foreign bank is more developed in terms of marketing strategies. Finally, the empirical study helped us gather more information to answer our questions and test our suggested hypotheses. The analysis of the results will be discussed in the presentation of this document.

Keywords: Bank, Competition, Marketing, CSR, Customer.

JEL Classification: B26, G2, E22, O1, Q01.

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Introduction

CSR refers mainly to different concepts in the French sense: sustainable development, social and environmental responsibility and corporate social responsibility which is the concept used in English.

For the Anglo-Saxons, the word "social" has a much broader scope than in French. It refers to the responsibility of the company towards society as a whole, unlike the French word which refers only to the internal social relations of the company. Thus, the term "societal" refers to the responsibilities of the company towards its multiple stakeholders (employees, shareholders, customers, suppliers, etc.) and well beyond "simple employer/employee relations" (Gond, 2004). Corporate social responsibility can then be defined as "the way in which companies manage their activities in order to have a positive impact on society, which covers environmental, social and ethical issues" (Becker, 2014).

We can also quote in this context that the according to the United Nations program, massive investments will be necessary to succeed in the ecological transition. The report "Towards a Green Economy" of this environmental program recommends investing 2% of global Gross Domestic product (GDP) in the energy transition. In its "Roadmap to a competitive low-carbon economy by 2050", the European Commission estimates the investments needed at 1.5% of European (GDP) per year to reduce CO2 emissions by 80% in

2050 (D. BOURG, 2016).

It is for this reason that, banks are in the obligation to apply these new environmental and societal standards, which became the new stake of the banks in the development countries, Whereas, in the Algerian bank with an integrated concern in all the fields (real estate, financing of the big projects, the car...etc), an awakening was really necessary these last years.

In this paper, we will demonstrate this awareness in the Algerian banking sector in relation to the new international standards. To remedy this we have posed the following problematic:

Does the Algerian bank really take the CSR as a new strategy and standards in its activity?

From this central questioning, several questions came to our mind, of which we chose these two following ones:

1. Is the Algerian bank really aware of the new CSR standards?
2. Is the client in Algeria aware of these new standards?

To answer for our questions, we have suggested the following responses which we call hypotheses:

- Hypothesis H1: The Algerian bank takes into consideration the new CSR standards.
- Hypothesis H2: The banking customer is not aware of the new CSR standards.

Epistemology and research approach

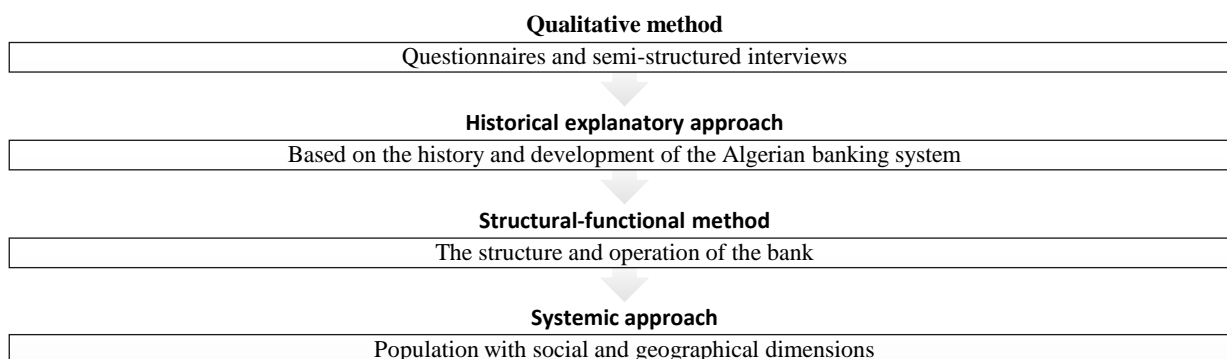


Figure 1. Research approaches

Source: synthesis according to the book “Méthodes des sciences sociales” DUVERGER.M, Edition PUF, Paris 1964. Schematized by the researchers.

Theoretical flashes

The concept of CSR has a long and varied history and has evolved considerably over time and space. Despite the large number of books, articles and doctoral theses that deal with the subject of CSR, the concept remains vague, even controversial, and we are witnessing a multiplication of definitions of CSR (BELAID, 2012).

In the United States, the CSR approach was structured with the large companies of the post-World War II era. The shared vision of the time was reaffirmed in 1970 by Milton Friedman, for whom "there is one and only one responsibility of the business world: to use its resources and engage them in activities designed to increase profit" (Friedman, 1970). Howard Bowen, considered to be the founding father of CSR, had opened a new path in 1953, by considering the company as a social actor with a mission towards society as a whole, which requires managers to supervise their actions (Becker, 2014).

Why have banks been even slower to take up the issue of responsible development? Firstly, because as a service industry that consumes very few natural resources, they were not the first to be targeted by civil society. Secondly, because of the importance of regulation in the sector, which by protecting them from competition has at least initially kept them away from CSR issues? (Becker, 2014)

The financial crisis of 2008 will then play an accelerating role by revealing to the sector the importance of the ethical responsibility of banks, whether in their investment, financing or management choices. Defending their

image and reputation became a key issue. Codes of conduct and other ethical codes are flourishing internally, while banks must be irrepensible in their external environment, whether in terms of ethics or the environment.

CSR is proving to be an effective way for them to improve their reputation. Another challenge, just as structuring for traditional banks, is their need to develop their customer base. Banking institutions are experiencing strong pressure on their revenues, linked to the low interest rate environment in which they have found themselves for several years now and to which they will probably have to get used. Faced with this drop in their net banking income, they are seeking on the one hand, to develop their business volume with their existing customers and, on the other hand, to win new relationships.

In this quest, banks are facing competition exacerbated by the arrival of neo-banks and other FinTechs. It should be noted that competition within the banking sector has remained very limited for a long time. One explanation comes from the hyper-regulation of the sector which acted as a strong barrier to entry. The digital revolution, the development of digital technology and, paradoxically, the latest regulatory changes, by loosening the stranglehold, will reverse the trend and accelerate the arrival of new players on the market (BAGNIS., 2016).

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According to the European Commission, this concept refers to "the responsibility of companies with regard to the effects they have on society. It implies both compliance with all existing legislation and the adoption by public authorities of an intelligent mix of incentives and obligations to better manage their activities (Commission & européenne, 2011).

The Financial Network (2014) considers that social finance must contribute to human and social development. Therefore, it should not be intended for a few, to the detriment of others. The institutions contributing to it act according to a responsible financial system, to allow agents to operate without their actions having negative consequences on others.

According to the European Federation of Ethical and Alternative Banks and Finances, ethical finance is characterized from the origin to the destination of the money.

It defines the role of an ethical bank as being: "to work for the common good and to ensure the right to credit through a banking activity consisting of collecting funds and reallocating them in the form of credits to cultural, social and environmental projects. Through their activity, ethical banks promote social inclusion, sustainable development, the development of the social and solidarity economy and social entrepreneurship (Fédération Européenne des Finances et Banques Ethiques et alternatives, 2015).

For GABV16 member James NIVEN, social finance is also about having an indirect impact on others, showing that a different approach to banking and broader discussions about a future for the banking industry is both possible and necessary (WEBER.O & REMER, 2011).

The CSR approach for banking companies consists in considering the potential impact of each activity on its physical or human environment. CSR is assessed under the aspect of the company's valuation and management, notably on its stakeholders, such as shareholders, employees, customers and suppliers. It also includes the social fabric, the natural environment and, to a lesser extent, transparency and ethics. Depending on the size of the company, it will be considered as a stand-alone CSR management control system (DOMERGUE, 2016).

CSR in banking institutions

Different issues are distinguished in the banking sector in terms of CSR: The first issue concerns the regulatory aspects; the second issue concerns the image and reputation of the bank, while the third issue concerns the ethical sphere concerning social harmony, the quality of customer relations and supplier relations. This economic approach tends to shed light on the long-term risks and opportunities.

Research methodology and analysis tools

We used a qualitative method, which is appropriate for our research according to the literature to test our hypotheses (to affirm or refute them). This qualitative method is represented by two questionnaires, the first

designated to customers and the second to bank managers. However, our research work is based on an epistemological paradigm, both positivist and constructivist interpretivist.

On the other hand, our analysis is made in a scientific way interpreted in a fine and logical way. To argue the choice of the hypotheses and to verify them afterwards.

We also note that the documentary techniques were used in our data collection, the latter, offer the advantage of being “objective” materials in the sense that if they are raised different interpretations, they are the same for all, and do not change. They remain and allow a study over time (CRAWITZ, 1974).

To this end, we published the questionnaire on social networks using Google Forms. To facilitate the analysis of the results, we used XL Stat, which is a simple statistical tool, especially practical and adequate for qualitative research.

The results of the research

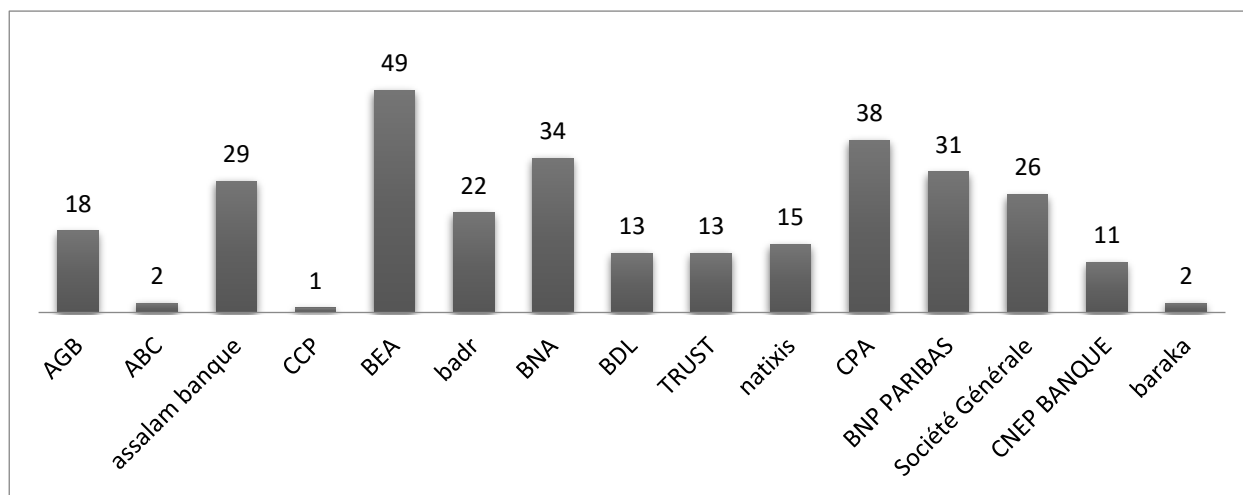


Figure 2. Sample distribution by bank

Source: According to customer responses on Google Forms

Figure 2 shows us the sample of our study, the number of banks involved in this empirical study.

As we see, we have thirteen apparent banks. Of which we used only twelve, because the Algerian Post (CCP) does not fall into the category of commercial banks.

Director responses

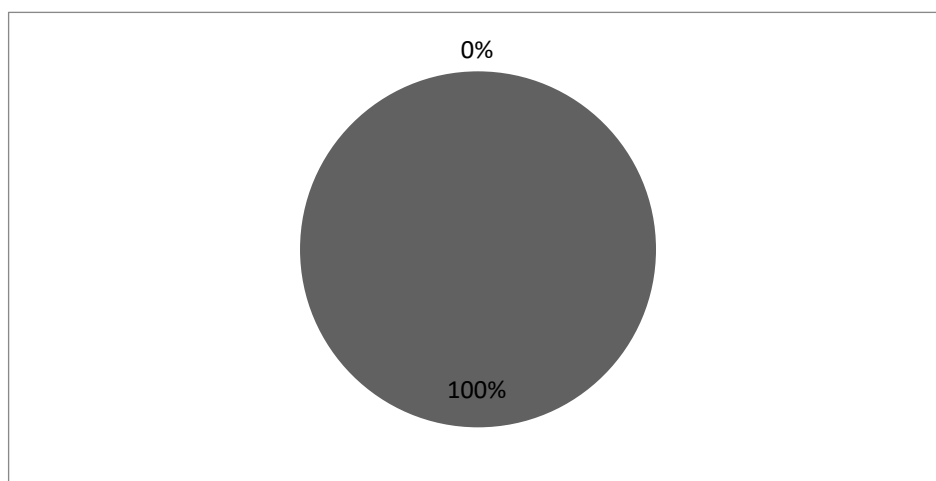


Figure 3. The developed bank

Source: According to director’s answers.

The directors of all the banks claim that the banks are developed according to international standards.

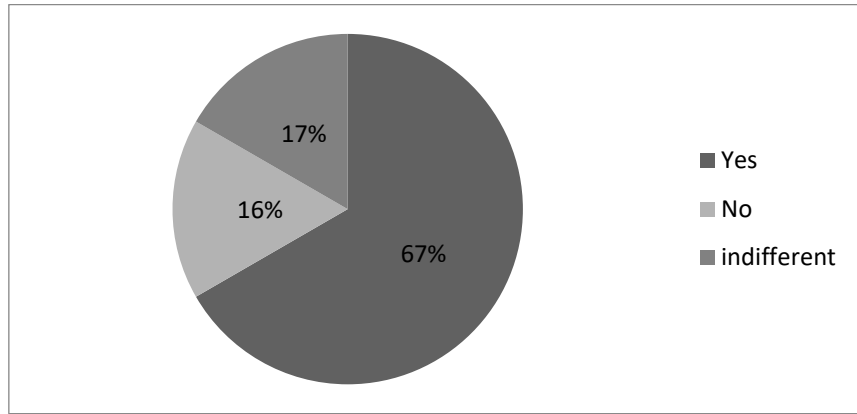


Figure 4. The awareness of CSR

Source: According to director’s answers.

As shown in graph 03, 67% of the answers were “yes”, i.e. the majority of banks take CSR into consideration in their banking activity.

Our next question was: How does the bank apply CSR in its activity?

The answers were as follows:

- Sorting of projects: the bank gives priorities for ecological projects.
- Mentioning the respect of the environment in the contracts with the clients;
- Building a headquarters that respects ecological standards (solar energy);
- Use new software that eliminates paper inventory as an archive;
- Distributing small gifts with slogans signifying respect for the environment.

To this effect, the Algerian bank takes into consideration the new CSR standards. This affirms our hypothesis H1.

Client responses

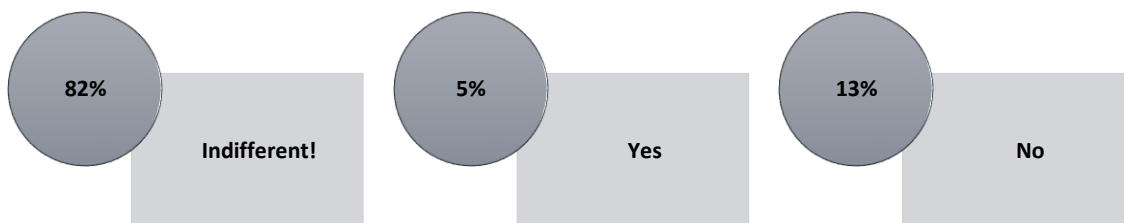


Figure 5. Customer responses on the CSR concept

Source: According to customer responses on Google Forms.

According to customers answer, 82% of the customers are indifferent to the notion of CSR, against 05% who know this notion and 13% of the customers who do not know it!

This indicates that the customer is not aware of the new CSR standards. This confirms our hypothesis H2.

Conclusion

The analysis of this work which is based on data collected from twelve banks suggests that the social and environmental responsibility is one of the priorities of banks in Algeria, except that the reality remains a little more different than the results of this work.

It is true that some banks are moving towards the future, but this remains limited despite their actions are real in terms of ecology and sustainable development. However, the study conducted in this work shows that the social responsibility of banks in Algeria is limited to the application of standards and specially to take care of their image. The attitudes and positions are mixed, partially committed, even ignored, especially in terms of the behavior of all customers who remain indifferent and ignorant.

It must be said that the Algerian banking system needs development, by applying new technologies and go deep into the analysis of economic activity. Reforms are necessary in the near future. This to raise the flaws of the functioning of the bank, based on the pursuit of profit

And lastly, the bank must work on the behavior of the customer which is the key factor for its functioning and also a major element of the financial system in general. However, the bank must sensitize its customers and especially gain their trust.

This approach will allow the bank to make a transition from the traditional financial sector to a greater social responsibility. It is time for the latter to run towards the future, with a new system that is much more sustainable for the planet and fairer for humans.

Author Contributions

Conceptualization: Khadidja, Z., Gachi, F.; methodology: Khadidja, Z., Gachi, F.; validation: Khadidja, Z., Gachi, F.; formal analysis: Khadidja, Z., Gachi, F.; investigation: Khadidja, Z., Gachi, F.; resources: Khadidja, Z., Gachi, F.; data curation: Khadidja, Z., Gachi, F.; writing - original draft preparation Khadidja, Z.; writing - review and editing: Gachi, F.; visualization: Gachi, F.; supervision: Gachi Faiza; project administration, Zerigui, K.; funding acquisition: Zerigui, K.

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