

# **CHAPTER ONE**

## **Introduction**

### **1.1 Introduction:**

Interest in the social impact of business has increased markedly in the last twenty years or so. Concerns about the environmental impact of business and climate change, about standards of operating and reporting, - and a growing recognition of the potential of business as a force for good - have led governments to set up initiatives to promote notions of sustainable development and social responsibility, and companies to provide more information about their activities. It is a popular subject of teaching, learning and research, with a significant and growing body of literature.

ISO 26000:2010 is a new international voluntary guidance standard on social responsibility developed within the International Organization for Standardization (ISO) and adopted in 2010. The standard is the result of a five-year negotiation process involving an international working group and national committees in over 90 countries. The standard is the result of a five-year negotiation process involving an international working group and national committees in over 90 countries. ISO: 26000 standard designed for use by any organization. It can be used by business leaders to plan and implement actions to improve their sustainability – economically, socially and environmentally. It makes sustainable development the overarching goal of the concept of ‘organizational social responsibility’. The standard offers guidance across themes including human rights, labor, environment, consumer protection, fair operating practices and community development.

The standard is valid for all types of organizations, small and large, governmental, commercial or non-governmental. Organizations around the world, and their stakeholders, are becoming increasingly aware of the need for and benefits of socially responsible behavior. The aim of social responsibility is to

contribute to sustainable development and create a competitive advantage among competitors.

A competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar, or possibly higher, prices.

Faisal Islamic Bank of Sudan (FIB) is a well-established institution, massive and excellent among banks in Sudan, and it has won a number of quality and excellence awards, also it is considered one of the few institutions that have adopted the application of standard ISO 26000: 2010.

## **1.2 Research problem:**

To identify the extent of Sudanese corporate commitment in embrace the concept of social responsibility, and the impact of the adoption of this concept on the competitive advantage, so it has to be to get many of data to know more about our responsibility towards the society.

## **1.3 Importance of the research:**

The importance of this research is that it:

- Know the extent of the bank practice of this concept, and to obtain data showing the extent of the company's eagerness to go about social responsibility and the impact of this trend on the competitive advantage in the labor market.
- This study will help companies that seeking to embrace the principle of corporate social responsibility in the ways and methods used in this study to develop and improve its image in the community that work in it, and win the other companies respect. Other ways, to increase its competitive advantage on their counterparts from other companies.
- Can help the researchers who want to take benefit of this study in several aspects, to get more data to identify the nature of the study and the method used.

## **1.4 Research objectives:**

The research aims to achieve the following:

1. To identify the reached level by the bank in the applying of social responsibility.
2. To measure the degree of the impact of social responsibility on the competitive advantage.
3. To improve organization reputation.
4. To enhance customer satisfaction.

## **1.5 Research questions:**

- **Main question:**

Is there any impact of corporate social responsibility on competitive advantage for Faisal Islamic Bank of Sudan (FIB)?

- **Sub questions:**

1. To what extent the Bank's committed to the concept of social responsibility?
2. Do the implemented social responsibility programs consistent with the community needs?
3. Is the community aware of the social responsibility activities?

## **1.6 Research hypothesis:**

- **Main hypothesis:**

There is an impact of Corporate Social Responsibility (CSR) on the competitive advantage.

- **Sub hypothesis:**

1. There is no relationship between the customer category and the impact of corporate social responsibility on the competitive advantage.
2. There is no relationship between the gender variable and the impact of corporate social responsibility on the competitive advantage.
3. There is no relationship between the education level and the impact of corporate social responsibility on the competitive advantage.

## **1.7 Research Methodology:**

In this thesis I will use the descriptive analysis approach; because it is fit with the subject nature.

### **1.7.1 Information Sources:**

- **Primary sources:**

Questionnaire as a key tool to search, designed specifically for this purpose.

- **Secondary sources:**

- Books.
- Researches and academic studies and references.
- Reports and records of the institutions and relevant authorities.
- Specialized studies in the study field.
- Web sites relevant.

### **1.7.2 Study limits:**

- **Time limits:**

Aug-2014 to March- 2015

- **Place limits:**

Faisal Islamic Bank- Sudan branches in Khartoum.

### **1.7.3 Study Terms:**

- **Corporate Social Responsibility:**

CSR is defined by the European Commission as "the responsibility enterprises for their impacts on society"

- **ISO: 26000 CSR:**

ISO 26000 – an international guidance standard on social responsibility.

- **Competitive advantage:**

Porter says “competitive advantage is at the heart of a firm’s performance in competitive markets”

- **Faisal Islamic Bank- Sudan:**

- Faisal Islamic Bank (SUDAN) established in accordance with Temporary Order No (9) (1977) dated 4/4/1977.
- In May 1977, 86 Sudanese and Saudi founders as well as other nationals of some Islamic States, met and adopted the idea of establishing the Bank.
- They prescribed and paid up half of the authorized capital.
- On 18/08/1977, Faisal Islamic Bank was registered as a public incorporated Co. (ltd) according to the Co. Ordinance 1925. The Bank commenced operations in May 1978.

- **Khartoum City:**

The capital of the Republic of Sudan, located in the center of Sudan.

#### **1.7.4 Study population:**

Sample of Faisal Islamic Bank’s- Sudan customers in Khartoum

## **1.8 Previous studies:**

### **Study No. 1:**

Entitled **“The Impact of Corporate Social Responsibility on Investment Recommendations”** By Ioannou and Serafeim

In their article, they empirically test for the link between the weakening of the agency logic through the emergence of a stakeholder orientation and investment analysts' recommendations for firms with high CSR scores, using a large sample of publicly traded US firms for the period 1993 to 2007. Specifically, using consensus (mean) analyst recommendation in the focal firm-year as the dependent variable, and a composite CSR strengths score constructed with data from Kinder, Lydenberg and Domini (KLD) as the independent variable of interest, They found that in the early 1990s, analysts issue more pessimistic recommendations for firms with high CSR scores. Over time and leading to 2007, analysts issue increasingly less pessimistic and eventually, optimistic recommendations for firms with higher CSR scores. In addition, they argued that more experienced analysts as well as higher status brokerage houses are more likely to be the first to shift their reactions towards less pessimistic (more optimistic) recommendations for such firms. They developed and provided evidence for a more nuanced understanding of the sociological processes associated with the perceptions and assessments of firms with high CSR scores by analysts during times of change in the prevailing institutional logic.

### **Study No. 2:**

Entitled **“The Impact of Corporate Social Responsibility on Buying Behavior”**

By Mohr, et al

This study designed to investigate what one important public, the consumer, thinks about corporate social responsibility.

The focus of the project includes the following questions:

1. From the consumer's perspective, do corporations have a responsibility to society?
2. If corporations are seen as having a responsibility to society, what is the nature of that responsibility?
3. How much knowledge do consumers think they have about the level of social responsibility of individual firms?
4. How much do consumers really care about a corporation's level of social responsibility? Are their purchase and investment decisions affected by this factor? Why or why not?
5. What motives do consumers attribute to corporations that take action to help society? Do they believe firms are acting out of altruism, self-interest, or both? Does this make a difference to them?

This study is concluded by discussing implications for academics, marketing practitioners, and public policymakers. For academicians, this research makes a contribution toward understanding the underlying dynamics of the role of corporate social responsibility in consumer purchase decisions. It is believed that the finding of a group of consumers who actively practices SRCB contradicts a common assumption that consumer behavior is based only on the consumer's immediate self-interest. This study also sets the stage for future research that focuses on some of the issues raised here. For example, research is needed on consumer awareness of the socially ir/responsible behaviors of companies: How much knowledge do consumers think they have? How accurate is their knowledge? What are their sources of information? And, which sources are most influential? As another example, a more thorough quantitative study should be conducted that measures the proportion of the population at each stage of readiness for SRCB.

### **Study No. 3**

Entitled “**The possibility of the application of accounting for social responsibility by public shareholding companies**” By Al Lulu

The study aimed to identify the extent of awareness of public shareholding companies listed on the Palestine Securities Exchange for the concept of social responsibility, and stand on the interest of those areas of social responsibility, and accounting corporate disclosure, and examine the viability of the application of social responsibility accounting.

The study has applied to questionnaires distributed to the community of study that consisting of public shareholding companies listed in the (PSE) and the 37 companies. The researcher used descriptive statistical methods and tests of T-test, ANOVA test.

The study has concluded to a lot of results, First: the management of Public Shareholding Companies listed on the (PSE) knows the of social responsibility concept of the broad sense, but they have not stress the different areas the same attention, consumers are the priority, followed by human resources then the environment and finally the local community. Second: The application of the social responsibility accounting requires to recognize of management about the concept of (SRA), and provide efficient accounting staff provided an, and accounting models to measure the costs and social benefits availability, and requires the legislation and laws apply on companies, Third: The public shareholding companies listed on the Palestine Securities Exchange have elements of the application of (SRA), Fourth: The results of the survey annual financial reports explain that the social disclosure is not enough, as some companies disclose more descriptive, and the rest have almost the disclosure of their social-existent.

## **Study No. 4**

Entitled “**Impact of social responsibility on competition in the Palestinian telecommunication company from the perception of customers**”

By: Nazzal et al

The purpose of this study was to investigate impact of social responsibility on competition in the Palestinian telecommunication company from the perception of customers A Case Study of Jawal Company where researchers used a descriptive approach to its appropriateness for the purposes of the study. The researchers using a program (SPSS) for statistical treatments appropriate to put the study for it according to the following changes: (sex, place of residence, educational level, field work).

The study found that:

1. To operate the company to increase concern for the environment through the use of means of communication to avoid potential pitfalls in the future of the environment through means of modern and technologically advanced
2. Work on the development of efficient workers continued to increase efficiency and improve productivity.
3. Attention to three more new customers to the company and who did not got chances attention as customers of the former remains the image of the company in the minds of its customers to increase confidence and loyalty.

## **Study No. 5**

Entitled “**The Impact of Corporate Social Responsibility on A Company’s Image and Reputation**” By: Lenguyenl

The article presented some empirical evidence that aimed to answer the following question: does CSR practice influence a company’s image and reputation? Questionnaires were used and personal interviews conducted to survey

400 stakeholders of the case company – Siam Cement Group (SCG) Thailand, considered a CSR pioneer in the CSR movement. The author reports that CSR programs, which pertain to economic, legal, ethical, and philanthropic concerns, have been found to have a low to medium influence on SCG's image and reputation. It can be concluded that because of its prominent practice, SCG has built a good corporate image and reputation in the community. The author takes the view that SCG should further integrate CSR programs into its business strategies, broaden its CSR network to its various stakeholders, put more emphasis on environmental issues, and employ an efficient measurement mechanism for evaluating the impacts and benefits of its CSR programs.

# **CHAPTER TWO**

## **Literature Review**

### **2.1 Literature Review**

In recent years, a growing number of companies are adopting various corporate social responsibility (CSR) initiatives - the voluntary incorporation of social and environmental issues into a company's business model and operations (European Commission 2001) – in an attempt to meet the needs and expectations of a range of stakeholders, including but not confined to the company's shareholders (Ioannou and Serafeim, 2014)

Corporate social responsibility (CSR) has become an integral part of business practice over the last decade or so. In fact, many corporations dedicate a section of their annual reports and corporate websites to CSR activities, illustrating the importance they attach to such activities. But do such activities create value for the firm's shareholders or do they focus too much on other stakeholders, thereby lowering firm value? (Servaes and Tamayo, 2013)

A major question for business historically has been whether corporate decision makers should be concerned with issues other than profitability. Adam Smith (1863) argued that business owners, in the pursuit of profit, will ultimately produce the greatest social good because of the invisible hand of the marketplace. Many contemporary thinkers, however (e.g., Petkus and Woodruff 1992; Smith 1995) believe that conditions that impede the effectiveness of the invisible hand are often present. These include, among other factors, the lack of consumer information and imperfect competition. For this reason, there is a growing literature attempting to define what it means for a company to be socially responsible (Mohr et al, 2001).

CSR scores have increasingly become more credible but also more easily comparable across industries and geographies. The adoption and implementation of CSR policies as well as the availability of CSR scores, has in fact generated a

growing interest by financial markets, and investment analysts in particular (Eccles et al, 2011). Accordingly, given the pivotal role that financial markets play in the allocation of scarce capital resources and in the derivation of a company's market value, understanding whether and in what ways these markets assess a firm's CSR scores is critical (Ioannou and Serafeim, 2014)

### **2.1.1 Corporate Social Responsibility (CSR):**

Corporate social responsibility, also called corporate conscience, citizenship, social performance, or sustainable responsible business, is a form of corporate self-regulation integrated into a business model. (Sridevi, 2011)

Corporate Social Responsibility (CSR) has been receiving much attention lately from many organizations. Defined as “the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (Holme and Watts, 2000) it has been recognized as a source of sustainable development (Brammer and Pavellin, 2006) and has become an emerging imperative (Baladi, 2011). In short, CSR can no longer be something complementary or temporary (Yunus, 2007).

ISO 26000 defines the social responsibility of an organisation as: “the responsibility for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, health and the welfare of society
- takes into account the expectations of stakeholders
- is in compliance with applicable law and consistent with international norms of behavior

- is integrated throughout the organisation and practiced in its relationships” (<https://www.tuv.com>).

CSR is a broad concept, so it is not surprising that there are a variety of meanings given to this term. Mohr (1994) groups the definitions into two general types: (1) multidimensional definitions and (2) definitions based on the concept of societal marketing. Multidimensional definitions delineate the major responsibilities of companies. Of these, Carroll’s (1991) work has received the most attention. He suggests that CSR includes four kinds of responsibilities or dimensions: economic, legal, ethical, and philanthropic. In his model, each dimension of CSR can be examined in relation to the various stakeholders of the organization (e.g., owners, customers, employees, the community, and the public at large). The societal marketing concept can be used to define CSR at a more abstract level. Kotler (1991) defines the societal marketing concept as doing business in a way that maintains or improves both the customer’s and society’s well-being. Petkus and Woodruff (1992) extend this concept, defining CSR to include both avoiding harm and doing well (Mohr et al. 2001).

The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe (Sridevi 2011).

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify. However, businesses may not be looking at short-run financial returns when developing their CSR strategy (Sridevi 2011).

Carroll (1979) classified CSR obligations toward society into four main groups, which he built into a CSR pyramid comprising four layers of responsibilities: economic, legal, ethical, and philanthropic ones. Starting from the bottom, economic responsibilities encompass, as their name indicates, responsibilities that are economic in nature.

Companies have an economic responsibility to make profit in order to be able to continue to provide goods and services that society needs and wants at reasonable prices. They also need to pay their employees, increase value for their shareholders, and take care of the interests of their other stakeholders.

### **2.1.2 ISO 26000**

ISO has a membership of 163\* national standards bodies from countries large and small, industrialized, developing and in transition, in all regions of the world. ISO's portfolio of over 18 400\* standards provide business, government and society with practical tools for all three dimensions of sustainable development: economic, environmental and social. ISO standards make a positive contribution to the world we live in. They facilitate trade, spread knowledge, disseminate innovative advances in technology, and share good management and conformity assessment practices. ISO standards provide solutions and achieve benefits for almost all sectors of activity, including agriculture, construction, mechanical engineering, manufacturing, distribution, transport, medical devices, information and communication technologies, the environment, energy, quality management, conformity assessment and services (ISO, 2009).

ISO 26000 – an international guidance standard on social responsibility – is a relatively new market governance mechanism. It was adopted in September 2010 following a five-year process of negotiation which centered on a multi-stakeholder International Working Group on Social Responsibility (WGSR) – one of the

biggest and most diverse working groups ever established by the International Organization for Standardization (ISO). The working group involved up to 450 nominated experts from ISO members in more than 90 countries (Halina Ward – 2012).

➤ **ISO 26000 important:**

Sustainable business for organizations means not only providing products and services that satisfy the customer, and doing so without jeopardizing the environment, but also operating in a socially responsible manner (ISO, 2009). ISO 26000 is a powerful SR tool to assist organizations to move from good intentions to good actions (Frost, 2011). Pressure to do so comes from customers, consumers, governments, associations and the public at large. At the same time, far-sighted organizational leaders recognize that lasting success must be built on credible business practices and the prevention of such activities as fraudulent accounting and labor exploitation. On the one hand, there have been a number of high-level declarations of principle related to SR and, on the other; there are many individual SR programmes and initiatives. The challenge is how to put the principles into practice and how to implement SR effectively and efficiently when even the understanding of what “social responsibility” means may vary from one programme to another (ISO, 2009).

➤ **ISO 26000 contains:**

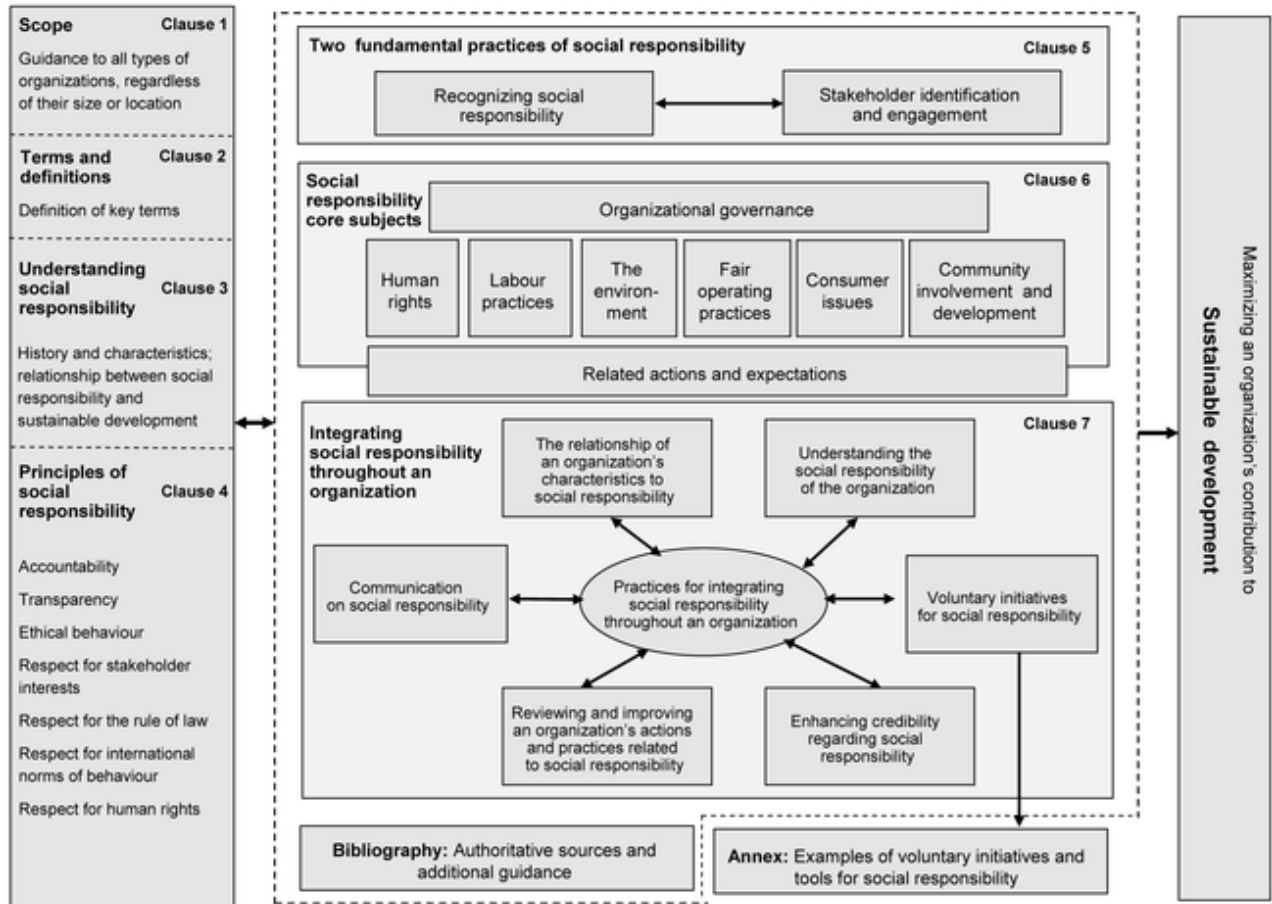
1. Scope.
2. Terms and definitions.
3. Understanding social responsibility.
4. Principles of social responsibility.
5. Recognizing social responsibility and engaging stakeholders.
6. Guidance on social responsibility core subjects.
7. Guidance on integrating social responsibility throughout an organization.

➤ **ISO 26000 Principles:**

Organisations using ISO 26000 should respect the following seven principles:

1. **Accountability** for the organisation's impacts on society and the environment.
2. **Transparency** in the organisation's decisions and activities that have impact on society and the environment.
3. **Ethical behavior** at all times.
4. Respect, consider and respond to the **interests of the organisation's stakeholders** (e.g. employees).
5. Accept that **respect for the rule of law** is mandatory;
6. **International norms of behavior**, while adhering to the principle of respect for the rule of law.
7. **Human rights** and recognize both their importance and their universality.

**Fig: 2.1: ISO 26000: 2010 Schematic overview**



Source: ISO, 2010c.

➤ **ISO 26000 Core Subjects:**

After recognizing the seven principles, an organisation should address the following core subjects in order to identify the issues and priorities that are relevant for the organisation:

1. Organizational governance.
2. Human rights.
3. Labor practices.
4. Environment.
5. Fair operating practices.
6. Consumer issues.
7. Community involvement and development.

**Fig: 2.2:** ISO 26000: 2010 Core Subjects

**Social responsibility: 7 core subjects**



Source: Discovering ISO 26000: 2010

### **2.1.3 Competitive advantage:**

In recent years the concept of competitive advantage has taken center stage in discussions of business strategy. Statements about competitive advantage abound, but a precise definition is elusive. (Harry & Kunin, 2003)

Competitive advantage (CA) refers to a set of factors or capabilities that enable the company to demonstrate better performance comparing to the competitors. Business world nowadays is featured with intensive competition with national and foreign rivals. As a result businesses that fail to deal with the changes surely lose considerable share of their market and profit. Finding a suitable place in the intensive competitive environment is the key for long-term profitability and survival of a business; a goal which is only attainable through creating and keeping competitive advantages. The term “competitive advantage” refers to a “set of capabilities that permanently enable the business to demonstrate better performance than its competitors” (Bobillo et al, 2010). According to Porter’s reasoning, there are three ways to achieve competitive advantage; cost leadership, centralization and creating differentiation of product. He argued that businesses should think about how they enter a market and then create and keep a proper competitive position for themselves. (Porter, 1980) (Gareche1 and et.al. 2013)

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage).

Competitive advantage is a theory that seeks to address some of the criticisms of comparative advantage (Wang and et.al, 2010).

Porter says “competitive advantage is at the heart of a firm’s performance in competitive markets” and goes on to say that purpose of his book on the subject is to show “how a firm can actually create and sustain a competitive advantage in an industry—how it can implement the broad generic strategies.” Thus, competitive

advantage means having low costs, differentiation advantage, or a successful focus strategy. In addition, Porter argues that “competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm’s cost of creating it.” (Harry & Kunin, 2003).

Alderson (1965) was one of the first to recognize that firms should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of the consumer. Hamel and Prahalad (1989) and Dickson (1992) discussed the need for firms to learn how to create new advantages that will keep them one step ahead of competitors. Alderson was considered "ahead of his time" with respect to the suggestion that firms search for ways to differentiate themselves from competitors. Over a decade later, Hall (1980) and Henderson (1983) solidified the need for firms to possess unique advantages in relation to competitors if they are to survive. These arguments form the basis for achieving sustaining competitive advantage (Hoffman, 2000).

#### **2.1.4 Consideration of customer perspectives:**

Day and Wensley (1988) suggest using perspectives of both the customer and the competitor to assess the firm’s performance. Measures of customer input such as satisfaction and loyalty balance the competitor focus and help to complete the assessment of Sustainable competitive advantage (SCA) of a firm. Similarly, Day and Nedungadi (1994) propose that firms use different types of information to assess whether a CA has been obtained according to the type of orientation they have; a competitor-oriented firm emphasizes relative resources or cost positions, whereas a customer-oriented firm emphasizes segment differences and differentiation advantages. Bharadwaj et al, (1993) also stress the importance of customers in determining the sources of CA; they state that a firm’s skills and

resources can be considered sources only if they offer benefits desired by customers (Hoffman, 2000).

### **2.1.5 Advertising and branding:**

To promote on CSR programs, advertising is a marketing channel for sending the message, creating market demands and strengthening the brands. The advertising should be built on proactive CSR programs rather than reactive CSR to gain more sustainability (Hawkins, 2006). As the investors and customers remember corporate media, they will recognize the brand and perceive the benefits of CSR products. This can protect new competitors to entrance into the market. Additionally, branding is a valuable asset of companies, the more strength it is, the more sustainability achievement (Chutkaew, 2006).

### **2.1.6 CSR and Competitiveness:**

The link between CSR and competitive advantage is often viewed as promising if social needs, environmental limits and corporate interests are well coordinated within it. It provides a mutual value for the company and the society (Porter and Kramer, 2011). If responsibility were proved to be cost-effective, more firms might be pressurised into applying it in practice. CSR and competitiveness are linked through three management processes: strategy, stakeholder and responsibility. In other words, adoption of CSR strategy directly affects competitiveness because the latter enhances the sustainable development of a corporate vision through a corporate strategy, expands the understanding of CSR complex surrounding and improves the relationship with the main stakeholders through stakeholder management. It also expands the transparency of organization through responsibilities for managing processes (Ljubojevic et al, 2012).

### **2.1.7 Faisal Islamic Bank (SUDAN):**

#### **➤ Establishment:**

- Faisal Islamic Bank (SUDAN) established in accordance with Temporary Order No **(9) (1977)** dated **4/4/1977**.
- In May 1977, 86 Sudanese and Saudi founders as well as other nationals of some Islamic States, met and adopted the idea of establishing the Bank. They prescribed and paid up half of the authorized capital.
- On 18/08/1977, Faisal Islamic Bank was registered as a public incorporated Co. (ltd) according to the Co. Ordinance 1925.
- The Bank commenced operations in May **1978**.
- Authorized Capital **One Billion SDG**.
- Paid-up Capital **435 million SDG**.

#### **➤ Vision:**

An Islamic Bank, of Islamic orientation, Sudanese features, adhering to quality and excellence in performance, satisfaction of customers, confidence in suppliers, and community development, takes care of owners' equity and the welfare of employees.

#### **➤ Mission:**

A bank with both Islamic face and Sudanese features, aiming to assume the best financial position through its efficiency and outstanding institution contemporary legal banking products, processing foreign relations, modern techniques. With a working team of high esteem.

➤ **The 10 Values:**

- Legitimacy of the Transactions.
- Leadership.
- Excellence in the Transactions.
- Professionalism.
- Teamwork.
- Continouous Improvement.
- Tranparency in Transactions and Relationships.
- Customer Satisfaction.
- Cooperation with partners.
- Partnership with the community.

➤ **Basic Information:**

**Activity:**

To conduct all forms of banking activities, financial, commercial, investment as well as participation in economic development and social projects. To promote transactions and cooperation in the field of foreign trade, in conformity with Islamic Sharia law, and advanced modern developed banking techniques.

**Bank Branches:**

Faisal Islamic Bank (SUDAN) owns set of distinct branches that have chosen according to scientific studies, so as to provide the best services to its valued customers. It well suited to provide outstanding service to its clients.

➤ **Capital Contributions:**

**Capital Contributions inside SUDAN:**

- Islamic Insurance Company.
- Islamic Company for Trading and Services, Ltd.

- Al-Faisal of Financial Transactions, Ltd.
- Al Faisal Real Estate.
- Grain Mills Ltd - Atbara.
- Electronic Banking Services Company (EBS).
- Financial and Banking Systems Co.

**Capital Contributions outside SUDAN:**

- Faisal Islamic Bank (Egypt).
- Islamic Advisory Group - Switzerland.

**Table 2.1:** Basic Information about Faisal Islamic Bank

	2013	2012	2011	2010	2009	2008
Branches	32	31	31	31	29	28
ATMs	118	112	91	80	72	64
Employees	1.063	942	907	886	805	789
Percentage of profits distribution to Shareholders	46.1%	67%	73%	55.1%	45.5%	40%
Percentage of profits distribution to depositors	12.0%	11.5%	10%	10%	10%	10%
Growth rate of Assets	25.7%	46.2%	25%	40.1%	57%	50%
Growth rate of Deposits	22.3%	48.6%	24%	40%	60.6%	54.1%
Growth rate of Income	37%	28%	40%	48.6%	57%	49%
Return on Assets	3.2%	4%	4%	3.1%	3%	3.1%
Return on Capital	64%	66.7%	73%	75.1%	64.4%	59%
Return on Equity	38%	33%	39.1%	42.8%	41%	37%
Operational	23.7%	21.9%	24.7%	22.8%	22.6%	26.4%

Source: [www.fibsudan.com](http://www.fibsudan.com)

### ➤ **ISO Certificates:**

Faisal Islamic Bank - SUDAN obtain the conformity certificates for three systems: (ISO 9001: 2008, ISO 14001: 2004) and ISO conformity certificate with the British occupational health and safety system (OHSAS 18001: 2007), that conferred on it by international accredited companies: Germany's National Accreditation Body (DAKKS), The United Kingdom Accreditation Service (UKAS) and Turkish QA Technic. So the bank is the only institution obtaining these certificates in Sudan. The bank to obtain these certificates come to assure that the bank had passed the best standards of conformity with the international management systems, that increasing the competitive advantage in the banking market, and the leadership of the international Islamic banking. This was done in the celebration that organized by the International Organisation for Accreditation, in Al-Faisal Cultural Center on Thursday 20/03/2014.

### ➤ **The social role of Faisal Islamic Bank:**

The main issue of Faisal Islamic Bank- Sudan strategy to achieve the social development is a human being, whether an employee or a collaborator with the bank, and through support for social projects that contribute to raising the development of society and the economy, targeting the development of community capacity, and in furtherance the solidarity and compassion culture which exhorts the Islamic religion.

Faisal Islamic Bank- Sudan worked to encourage work and production through various Islamic funding formulas for all economic sectors (trade, industry, agriculture, Leasing craftsmen and professionals, and others) by concessional.

The bank pays superior attention for the donations item, arising from the belief in the social role. This item constitutes estimated proportion of the bank's total expenses. Support aspects cover infrastructure projects, national projects, educational institutions (khalawi), mosques, hospitals, schools, voluntary organizations, patients and poor or needy families and others.

The Bank also paid great attention to the real estate which targets the stability of a large segment of the community by providing concessional financing and low profit margins in the belief in the social role. In addition to being a pioneer of most housing funds (such as the Red Sea fund, Kordofan North fund..) in coordination with the National Fund for Housing and Construction.

Faisal Islamic Bank- Sudan established comprehensive and integrated centre called Alfaisal Cultural Centre. It's one of Faisal Islamic Bank initiatives within the framework of social responsibility, and provides information and knowledge and educational services and comprehensive variety of all segments of society. Center includes public library, Electronic library, exhibition hall, Lectures and seminars Hall, club, training courses and other of diverse activities in order to upgrade and enrich the community thought.

The bank continuously provides competitions in Ramadan Holy month, which combines education and entertainment and earnings and aims to achieve more social networking and allows wide scope for interaction on the banking culture.

➤ **Summary of Faisal Islamic Bank role in social responsibility field:**

- Ensure 4,200 households within the project of white hands.
- The sponsor of investment conference in the Arab food security
- Honoring festival for mawlana Dafa'a Allah Alhaj Yousef
- Inauguration GOROOSHI service

- The ceremony of Holy Ramadan Competition Awards
- The auspices of human resources conference
- The auspices of Mother Festival
- Honoring the Sudanese certificate Festival
- Financing of social development projects
- Date-mail to university students and higher institutes
- The auspices of International Women's Day
- The sponsor of conference and exhibition of the Third International Education
- The sponsor of religious contest via Saheron broadcasting
- The sponsor of Banking Technology Week
- The sponsor of electronic student bag
- Financing students and research both inside and outside the bank
- Publishing Alraed magazine
- Organize the second effectiveness of Youth Cinema
- The sponsor of Alhilal Club Festival on the occasion of winning the Premier League Cup
- The sponsor of Tennis Championship in Greek club
- The sponsor of sports special session (mawlana Dafa'a Allah Alhaj Yousef)
- The sponsor Khartoum State Athletics Championship
- The second championship Khartoum buds and young

## **CHAPTER THREE**

### **Materials and Methods**

This chapter contains a description of the materials and methods followed by the researcher for determining the study population and sample, the study tool, the verification steps of the accuracy and stability of the search tool, also a description of the study design and statistical methods that used in data analysis.

#### **3.1 Study methodology:**

This study based on theoretical background of methodology and the quantitative design using a hypothesis testing approach.

#### **3.2 Study population:**

The study population consisted of a sample of Faisal Islamic Bank's -Sudan customers.

#### **3.3 Study sample:**

The study sample consisted of (70) from Faisal Islamic Bank's -Sudan customers, were selected as the stratified random method. The tables below show the distribution of the sample according to the variables.

**Table 3.1:** The sample distribution by category variable

<b>Category</b>	<b>Frequencies</b>	<b>Percentage %</b>
<b>Organization</b>	21	30%
<b>Individual</b>	49	70%
<b>Sum</b>	70	100%

Source: Student studies

**Table 3.2:** The sample distribution by gender variable

Gender	Frequencies	Percentage %
Male	45	64.3%
Female	25	35.7%
Sum	70	100%

Source: Student studies

**Table 3.3:** The sample distribution by education level variable

Education level	Frequencies	Percentage %
Secondary or less	4	5.7%
College	55	78.6%
Graduate	11	15.7%
Sum	70	100%

Source: Student studies

### 3.4 Study tool:

The researcher has developed a study tool to become a tool for data collection in this study, and that a review of previous literature on the subject of the impact of social responsibility on the competitive advantage. The study tool include on the three main parts are (Appendix 1):

**The first:** deals with the general demographic information about the respondent on the questionnaire.

**The second:** was devoted to measure the impact of social responsibility on the competitive advantage of Faisal Islamic Bank from a customer perspective has included study tool is sufficient to cover all the paragraphs of the object of study.

**The third:** The researcher used the Likert scale, which calculates the weights of those paragraphs as follows:

(80 - 100)%	Very high
(70 – 79.9)%	High
(60 – 69.9)%	Medium
(50 – 59.9)%	Low
(Less than 50%)	Very low

### **3.5 Believe study tool:**

The study was presented on number of validators in the field of study, so the measure became in the final form.

### **3.6 Study procedures:**

I have been conducting this study, according to the following steps:

1. Preparation of the study measurements of the final image.
2. Identify the study sample.
3. Distribute the study tool on the study sample, and retrieval, where distributed (70) questionnaires, have been retrieved (70), which formed the study sample.
4. Enter the data into the computer and processed statistically using the Statistical Package for Social Sciences (SPSS).
5. Extracting, analyzing and discussing the results.

### **3.7 Statistical Processing:**

Data are encoded and processed statistically using the Statistical Package for Social Sciences (SPSS).

Statistically processors used:

1. Frequencies and percentages to determine the characteristics of the study sample in the light of demographic characteristics and all with regard to the study.
2. The arithmetic mean to calculate the average sample responses to each paragraph of the study tool.
3. Alpha correlation to determine the reliability of study tool coefficient.
4. T-test for independent samples, to determine the sign of the differences between the viewpoints of the study sample members in accordance with bilateral variables.
5. One Way Analysis of Variance (ANOVA) to determine the sign of the differences between the viewpoints of sample members according to more than bilateral study variables.

## **CHAPTER FOUR**

### **Results of Research**

This study aimed to identify the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (Sudan) from the perspective of customer view point, also aimed to identify the impact of the study variables (category, gender, education level) on the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank from the customers view point.

To achieve the objective of the study, questionnaire was prepared and to ensure its sincerity, and the coefficient of stability, and after the data collection process, are encoded and entered a computer and processed statistically using the Statistical Package for Social Sciences (SPSS) Here are the results of the study according to the sequence of questions, and hypotheses:

#### **4.1 Results concerning the study questions:**

Question text: “Is there any impact of corporate social responsibility on competitive advantage for FIBSUDAN?”

(80 - 100)%	Very high
(70 – 79.9)%	High
(60 – 69.9)%	Medium
(50 – 59.9)%	Low
(Less than 50%)	Very low

Table (4.1) explains the results:

**Table 4.1:** Results of the questionnaire analysis

No	Paragraphs	Average	Standard Deviation	Percentage %	Degree
١	Bank mission and goals consistent with society goals and values	4.19	0.64	83.8%	Very high
٢	The bank contributes to the reduction of the unemployment problem to society	3.6	0.77	72%	High
٣	Bank initiates the projects delivery of core voluntary community such as schools, roads, hospitals, housing and other programs	3.59	0.83	71.8%	High
٤	Bank cares about the dissemination of science, culture and knowledge among community segments	3.84	0.91	76.8%	High
	<b>The first area: social responsibility towards society</b>	<b>3.81</b>	<b>0.79</b>	<b>76.1%</b>	<b>High</b>
٥	Bank cares about the customer complaints and work to recover them urgently	3.99	0.96	79.8%	High
٦	The bank is committed to the method of transparency in dealings with customers	4.01	0.89	80.2%	Very high
٧	Bank is committed to implement the agreements concluded with customers at the certain time	4.01	0.88	80.2%	Very high
٨	Bank interested in establishing good relations with customers	4.26	0.81	85.2%	Very high
٩	Bank provides a unique and acceptable cost and easy services to its customers	4.34	0.78	86.8%	Very high
10	Bank staff characterized moral optimum values	4.46	0.65	89.2%	Very high
	<b>The second area: social responsibility towards customers</b>	<b>4.18</b>	<b>0.83</b>	<b>83.56%</b>	<b>Very high</b>
١١	Environment protection is the most important pillars of the bank values and culture	3.54	0.91	70.8%	High
١٢	The bank contributes with the relevant authorities in maintaining a clean environment	3.57	0.83	71.4%	High
١٣	Bank pays high attention for the internal and external environment	4.26	0.74	85.2%	Very high

١٤	Bank has an emergency plan for the environmental disasters	3.53	0.81	70.6%	High
	<b>The third area: social responsibility towards the environment</b>	<b>3.73</b>	<b>0.82</b>	<b>74.5%</b>	<b>High</b>
١٥	Date-mail program for students creates a positive image about the bank	4.3	0.79	86%	Very high
١٦	Adopting the international quality standards help to create a positive image of the Bank	4.33	0.68	86.6%	Very high
١٧	Microfinance and funding programs craftsmen promote good image of the bank	3.97	0.87	79.4%	High
١٨	Time evening creates a mental image of the customers	4.49	0.83	89.8%	Very high
١٩	services price cut enhances the image of the bank	4.46	0.67	89.2%	Very high
	<b>The fourth area: the impact of competitive advantage in terms of the mental image</b>	<b>4.31</b>	<b>0.77</b>	<b>86.2%</b>	<b>Very high</b>
	<b>Sum</b>	<b>4.00</b>	<b>0.80</b>	<b>80.09%</b>	<b>Very high</b>

Source: Student studies

Seen from the table (4.1) the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (Sudan) from the view point of the customer got MEAN (4.00), and a standard deviation (0.80) and highly significant response and a percentage (80.09%)

## 4.2 Results concerning the study hypothesis:

**4.2.1 Results for the first hypothesis:** There are no statistically significant differences in the significance level ( $\alpha = 0.05$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (Sudan) due to the variable category.

To examine the hypothesis, the researcher used Independent T-Test, Table (4.2) show that.

**Table 4.2:** Results of the first hypothesis

Scope	Organizations= 20		Individuals= 50		T- value	Significance level
	Mean	Standard deviation	Mean	Standard deviation		
Result	4.09	0.33	4.01	0.38	0.889	<b>0.379</b>

Source: Student studies

Seen from the table (4.2) there are no statistically significant differences in the significance level ( $0.05 = \alpha$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (SUDAN) due to the variable category.

**4.2.2 Results for the second hypothesis:** There are no statistically significant differences in the significance level ( $\alpha = 0.05$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (SUDAN) due to the variable gender.

To examine the hypothesis, the researcher used Independent T-Test, Table (4.3) show that.

**Table 4.3:** Results of the second hypothesis

Scope	Male= 45		Female= 25		T- value	Significance level
	Mean	Standard deviation	Mean	Standard deviation		
<b>Result</b>	4.02	0.4	4.07	0.32	-0.67	<b>0.51</b>

Source: Student studies

Seen from the table (4.3) there are no statistically significant differences in the significance level ( $0.05 = \alpha$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (SUDAN) due to the variable gender.

**4.2.3 Results for the third hypothesis:** There are no statistically significant differences in the significance level ( $0.05 = \alpha$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (SUDAN) due to the variable education level.

To examine the hypothesis, the researcher used One-Way ANOVA, Table (4.5) show that.

**Table 4.5:** Results of the third hypothesis

<b>Source of variation</b>	<b>Sum of squares</b>	<b>df</b>	<b>Mean square</b>	<b>F- value</b>	<b>Significance level</b>
<b>Between groups</b>	0.13	2	0.07	0.467	<b>0.62</b>
<b>Through groups</b>	9.34	67	0.14		
<b>Total</b>	9.50	69	0.21		

Source: Student studies

Seen from the table (4.5) there are no statistically significant differences in the significance level ( $0.05 = \alpha$ ) in the sample estimates of the impact of corporate social responsibility on the competitive advantage of Faisal Islamic Bank (SUDAN) due to the variable education level.

# **CHAPTER FIVE**

## **Discussion, Conclusion and Recommendations**

### **5.1 Discussion:**

This chapter includes a presentation and discussion of the most important findings of the study and providing the conclusion and a set of recommendations that came out from the study results. The study was conducted on a sample of Faisal Islamic Bank (Sudan) customers. The researcher distributed the questionnaires to (70) customers and retrieved (70), which formed the study sample. The data were input into the computer and processed statistically using the Statistical Package for Social Sciences (SPSS). After extracting and analyzing the results have been interpreted as the following:

Observed from the study results, rising the dimension of social responsibility towards the society from the viewpoint of the bank's customers, and this result can be explained by the bank's commitment to the concept of social responsibility and implementation of a number of primers important to the community and the sponsorship of useful programs and activities for the community, which strengthens the positive customer sense of the bank role to the society.

Shown through the analysis of the first area of the questionnaire which (social responsibility towards society) there is a positive image for the bank to adopt this specification, where the results were mostly positive, and this is the first advantage for the bank.

Shown through the analysis of the second area of the questionnaire which (social responsibility towards customers) there are positive views support the bank to continue this principle in customer service, so this point also feature very high advantage for the bank.

Shown through the analysis of the third area of the questionnaire which (social responsibility towards the environment) there are some opinions that oppose the

presence of a large interest of the company's commitment to the environment, but most of the results were positive so this point considered an advantage for the bank.

Shown through the analysis of the fourth area of the questionnaire which (the impact of competitive advantage in terms of the mental image) customer feedback about Faisal Islamic Bank (Sudan) has a good reputation and mental image among financial banks.

Evidenced by the results of the study, the impact of social responsibility on the competitive advantage of Faisal Islamic Bank (Sudan) from the viewpoint of the customer got a high degree of satisfaction.

With respect to the results on the assumptions study where it was found by the results of the examination of the hypotheses that there is no statistically significant differences in the significance level ( $\alpha=0.05$ ) in the sample estimates of the impact of social responsibility on the competitive advantage of Faisal Islamic Bank (Sudan) attributed to variables (classification, gender, education level).

The results obtained were logical, since the study variables (classification, sex, and educational level) did not represent a significant difference through viewpoints of the bank's customers. Customers' feedbacks were general, regardless customer background in terms (classification, gender, education level).

## **5.2 Conclusion:**

From this study we can conclude that:

1. Applying ISO 26000 gave Faisal Islamic Bank (Sudan) a high competitive advantage.
2. Bank leadership is committed to the principle of social responsibility.
3. There are no statistically significant differences of the impact of corporate social responsibility on competitive advantage due to the study hypothesis.
4. The bank's customers are satisfied about the socially role of the bank.

## **5.2 Recommendations:**

After analyzing the results of the questionnaires distributed to Faisal Islamic Bank customers, and study carried out Social Support Programs through previous years and considered donations adhered to by the bank to set up community programs.

This research recommends that further research will help solving limitations of it's by taking the following points in account:

1. Creating a social responsibility policy approved by General Manager.
2. Leadership should be participating in the various programs of social activities.
3. Determining a considerable budget, acted in the areas of social support.
4. Supporting all strata of society, by allocating a budget for each area of social responsibility, such as mosques, khalawi, charitable organizations, hospitals, and people with special needs.
5. Documenting the events and occasions sponsored.
6. Forming a team of staff under the supervision of senior management directly to organize Social Responsibility programs.
7. Open the suggestions door for the community to present their views and suggestions about social responsibility programs.
8. Study the impact of executed social responsibility programs on the community groups targeted.
9. Engage and motivate the employees to participate in social responsibility programs.
10. Deploying social programs and activities via the media; because it improves the bank's image.
11. Taking into account the seven basic aspects of the specification guidance ISO: 26000, when formulating the objectives of social responsibility.

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## Appendix 1:

جامعة السودان للعلوم والتكنولوجيا  
كلية الدراسات العليا  
عمادة التطوير والجودة  
ماجستير إدارة الجودة الشاملة والامتياز  
استبانة بحث علمي

السادة: عملاء بنك فيصل الإسلامي السوداني

تحية طيبة وبعد

نضع بين أيديكم استبانته لأغراض البحث العلمي لموضوع "أثر المسؤولية الاجتماعية على الميزة التنافسية لبنك فيصل الإسلامي السوداني من وجهة نظر العملاء" يرجى التفضل والتعاون بالإجابة على جميع العبارات الواردة في الاستبانة ونؤكد بأن المعلومات التي سيتم جمعها من خلال إجاباتكم ستحاط بالسرية التامة وتستخدم لأغراض البحث العلمي والصالح العام لذلك نأمل تعاونكم والإجابة على هذه الأسئلة بموضوعية.

الباحث:

التهامي عبد المنعم الطاهر التهامي

اولا :المعلومات الشخصية:

١. التصنيف: ☐ مؤسسة ☐ فرد
٢. الجنس: ☐ ذكر ☐ أنثى
٣. المستوى التعليمي: ☐ ثانوي فأقل ☐ جامعي ☐ دراسات عليا

م	الفقرات	أوافق بشدة	أوافق	محايد	معارض	معارض بشدة
<b>المجال الأول: المسؤولية الاجتماعية تجاه المجتمع</b>						
١	تتوافق رسالة البنك وأهدافه مع أهداف وقيم المجتمع					
٢	يساهم البنك بالتقليل من مشكلة البطالة بالمجتمع					
٣	يبادر البنك في انجاز المشاريع الطوعية الأساسية للمجتمع من مدارس وطرق ومستشفيات وبرامج إسكان وغيرها					
٤	يهتم البنك بنشر العلم والمعرفة والثقافة بين فئات المجتمع					
<b>المجال الثاني: المسؤولية الاجتماعية تجاه العملاء</b>						
٥	يهتم البنك بشكاوى العملاء والعمل على حلها بصورة عاجلة					
٦	يلتزم البنك بمنهج الشريعة الشفافية في كل معاملاته مع العملاء					
٧	يلتزم البنك بتنفيذ الاتفاقيات التي يبرمها مع عملائه وبالوقت المناسب					
٨	يهتم البنك بإقامة علاقات طيبة مع عملائه					
٩	يقدم البنك خدمات فريدة ومقبولة التكاليف وسهلة الاستخدام لعملائه					
١٠	يتحلى موظفو البنك بالقيم الأخلاقية المثلى					
<b>المجال الثالث: المسؤولية الاجتماعية تجاه البيئة</b>						
١١	تعد حماية البيئة من أهم مرتكزات قيم وثقافة البنك بشكل عام					
١٢	يساهم البنك مع الجهات ذات العلاقة في المحافظة على نظافة البيئة					
١٣	يولي البنك ببيئته الداخلية والخارجية اهتماماً مقدراً					
١٤	لدى البنك خطة للطوارئ في حال حدوث كوارث بيئية					
<b>المجال الرابع: أثر الميزة التنافسية من حيث الصورة الذهنية</b>						
١٥	برنامج التسجيل الإلكتروني للطلاب يخلق صورة إيجابية عن البنك					
١٦	تبني البنك لمواصفات الجودة العالمية يساعد على خلق صورة إيجابية عن البنك					
١٧	برامج التمويل الأصغر وتمويل الحرفيين تعزز الصورة الجيدة للبنك					
١٨	نظام الفترة المسائية يخلق صورة ذهنية جيدة لدى العميل					
١٩	تخفيض أسعار الخدمات يعزز صورة البنك					