

Corporate Social Responsibility in the Libyan Commercial Banks: Reality and Issues

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Abstract : Corporate Social Responsibility (CSR) in Libya has recently gained momentum, especially with the rise of the social issues ensued by the recent war. CSR is a new organisational culture designing its features and route within the Libyan financial institutions. Now, both the public and private banks invest in this construct trusting that its powers are capable of improving the economic, social and environmental problems the conflict has created. On the other hand, the Libyan commercial banks recognise the benefits of utilising CSR to entice investors and ensure their continuations in the national and international markets. Nevertheless, as a new concept, CSR necessitates an in-depth exploration and analysis to help its transition from the margins of religion to the mainstream of society and businesses. This can assist in constructing its activities to bring about change nation-wide. Therefore, this paper intends to explore the current definitions attached to this term through tracing back its historical beginnings. Then, it investigates its trends both in the public and private banks to identify where its sustainable development materialises. Lastly, it seeks to understand the key challenges that obscure its success in the Libyan environment. The research methodology used both public and private banks as case study and qualitative research to interview ten Board of Directors (BoDs) and eleven Chief Executive Managers (CEOs) to discover how CSR is defined and the core CSR activities practiced by the Libyan Commercial Banks (LCBs) and the key constraints that CSR faces and make it unsuccessful. The findings suggest that CSR is still influenced by the power of religion. Nevertheless, the Islamic perspective is more consistent with the social contract concept of CSR. The LCBs do not solely focus on the economic side of maximizing profits, but also concentrate on its morality. The issue is that CSR activities are not enough to achieve good charity publicly and needs strategies to address major social issues. Moreover, shareholders do not support CSR activities. Their argument is that the only social responsibility of businesses is to maximize profits, while the government should deal with the existing social issues. Finally, although the LCBs endeavour to embed CSR in their organisational culture, it is still important that different stakeholders need to do much more to entrench this construct through their core functions. The Central bank of Libya needs also to boost its standing to be more influential and ensure that the right discussions about CSR happen with the right stakeholders involved.

Keywords : corporate social responsibility, private banks, public banks, stakeholders

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