



The Impact of Social Responsibility Accounting on Social Performance: The Moderating Role of Diversity Management at Al-Ahli Bank in Kingdom of Saudi Arabia

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Abstract:

The purpose of this study was investigating the impact of social responsibility accounting on social performance: the moderating role of diversity management in Al-Ahli Bank in the Kingdom of Saudi Arabia. The study followed the descriptive analytical method. In order to measure Social Accounting used by Abdul Karim et al. (2018) scale and in order to measure Diversity Management Otike, et al. (2011) scale, and in order to measure Social Performance used by Taanah and Sahs (2017). The study sample consist of (75) Leadership Members. The collected data were analyzed by regression model, and correlation coefficient (Person) by Using SPSS software. The study found a set of results, the most important of which are: the presence of a statistically significant impact on Social Responsibility Accounting in its dimensions: (Social Responsibility Accounting Fields, Social Responsibility Accounting Goals, Social Responsibility Disclosure) on Social Performance in the bank with correlation coefficient of (0.935), and the existence of a statistically significant impact of Diversity Management in modifying and improving the impact of Social Responsibility Accounting in its dimensions: (Social Responsibility Accounting Fields, Social Responsibility Accounting Goals, Social Responsibility Disclosure) on Social Performance in the bank with a change in the determination coefficient of (0.007). The study recommended the need for Al- Ahli Bank to continue strengthening the dimensions of Social Responsibility Accounting in the bank because of its importance in improving level of social performance for the Bank, and the need for Al- Ahli Bank to develop appropriate plans and procedures that will overcome the obstacles that face implementing Diversity management properly.

Key words: Diversity Management; Social Responsibility Accounting; Social Performance;

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Introduction

The social responsibility of organizations is a center of attention in developed societies, especially in light of the intensification of competition between organizations, the presence of consumer protection

associations, labor unions, and government legislation that calls for organizations to assume their social responsibilities, which made these societies cut off. An advanced stage in terms of studies, discussions, and practices (AbdAllawi et al, 2020). The results of Taanah and Sahsi (2017) showed social audit has an effect on improving the social performance of banking institutions in Adarr.

The idea of accounting for social responsibility is very old, as it existed with the existence of a person who is assigned to perform a specific work and then is held accountable for the result of performing this work, despite this antiquity, social accounting as an administrative-accounting method is recent in accounting thought (Al-Naimat and Hussein, 2011: 305). Abdul Karim et al. (2018) indicated a high level of importance of social accounting, and the existence of a positive relationship between social accounting and the quality of banking services, the study recommended the necessity of applying social accounting in commercial banks in the Kurdistan region. Also, the results of Rahmani (2014) showed that there is a positive and significant impact of the social responsibility accounting dimension on the financial performance (net profit). Gray (2002) showed that social accounting was designed to open the way for new types of accounting. It concluded that despite the weak beginnings, and the weight of the great criticism directed at social responsibility, the social accounting project is increasingly progressing. Also, Ogbonna, Ojeaburu and Cotterel (2014) showed effect of social responsibility accounting on the performance of selected companies in rivers state, NIGERIA. And, Larson (2006) indicates that the report on the results of the social performance of an organization is one of the reports used to indicate the extent to which that organization fulfills its social responsibilities of Saudi National Bank. And, the results of Berni (2015) showed that there is an effect of empowering workers in improving social performance. And, The results of Ibrahim & Bushara (2012) showed the Saudi joint-stock companies perform social services such as preserving the environment, fighting poverty, and providing health and educational services to the local community, and they disclose them.

Diversity in the work force is a natural thing, and is common in organizations of all kinds, and this diversity is receiving increasing attention at the present time as a result of the increasing demands for equality, tolerance, and acceptance of the other on the one hand, and the awareness of the role of diversity and cultural difference in the development of and growth of the organization (Nasser, 2021). Armstrong et al. (2010) showed the impact of diversity and equality management on the performance of the enterprise through high-performance work systems. And, the results of Otike et al. (2011) showed impact of managing the diversity of the workforce on organizational effectiveness, and the study recommended the need to address the imbalance between the sexes and gender equality. Also, Abu Al-Nasr (2022) The study aimed to shed light on the management of diversity and difference from an administrative and social perspective, the study laid out the tasks of managing diversity and difference, and what the organization should do regarding managing diversity and difference. Also, Al-Khfagi (2019) indicated a high level of importance of diversity management, and that there is a positive and significant correlation between diversity management and high inclusion of human resources and high performance work systems, the study recommended to create an organizational climate that recognizes the importance of managing diversity and high inclusion that bring about change in high-performance work systems.

Saudi National Bank is the largest financial institution in the Kingdom of Saudi Arabia, and one of the most prominent regional financial powers, and plays a major role in the economic transformation of the Kingdom with the aim of making a quantum leap in the Saudi banking sector and achieving the Kingdom's vision 2030 AD, thanks to its huge financing capabilities ; The Bank contributes to meeting the aspirations and ambitions of future projects that support the Kingdom's Vision 2030 (www.alahli.com).

According to Abu Al-Nasr (2022) and Abd Allawi et al (2020) accounting for social responsibility and its disclosure, diversity management, and social performance are important aspects from the accounting, administrative, and social perspectives that require further investigation and research, the studies in the Arab environment in general, and the Saudi environment in particular - within the knowledge of the research team - did not pay enough attention to studying the impact of social accountability on social performance and the modulating role of diversity management.

Saudi National Bank is one of the strong financial institutions that has its experience in banking merger, which affected the bank's performance after the merger process that took place on April 1, 2021 AD, and the problem of the study emerged in that, and through the research team's observations, they noticed a decline in social performance indicators in the published financial statements for the bank of 2022 AD, which may be due to the absence of the impact of social accounting and diversity management in the bank. From the foregoing, the problem of the study is determined by answering the following main question: What is the impact of social accounting on social performance: the modifying role of diversity management in Saudi National Bank?

METHODOLOGY

The analytical descriptive approach was followed in both its theoretical and field aspects, as description and logical analysis were used in the theoretical aspect, and survey and statistical analysis were used in the field. The study relies on primary sources, represented by respondents and experts, and uses a questionnaire and personal interview as tools for data collection. In order to measure Social Accounting used by Abdul Karim et al. (2018) scale and in order to measure Diversity Management Otake, et al. (2011) scale, and in order to measure Social Performance used by Taanah and Sahs (2017). The statistical population of this study was the senior leadership of Saudi National Bank that their number is 135 person and the number of samples obtained 100 person using Cochran formula, and finally, 75 flawless lists were analyzed. The validity of the questionnaire was confirmed by 7 number management professors and the reliability of the questionnaire was confirmed by Cronbach Alpha which was showed in table 1. The collected data were analyzed by regression model, and correlation coefficient (Person) by using SPSS software.

Table (1) internal reliability and self-validity coefficient for the variables and axes of the questionnaire (Cronbach alpha) for the field study sample.

Variable	Dimension/Axis	Paragraph number	Internal reliability	Self-validity
Independent	Dimension of social accounting fields	4	0.553	0.744
	Dimension of social accounting objectives	4	0.647	0.804
	The dimension of disclosure of social responsibility	4	0.705	0.840
	Social accounting	12	0.865	0.930
Moderator	Diversity management	6	0.841	0.917
Dependent	Social performance	9	0.836	0.914
The questionnaire as a whole		27	0.944	0.972

Analysis and Hypothesis Testing

Description of the personal data of the sample

Table (2) Distribution of sample members according to their demographic characteristics

Demographic characteristics	Type	Female	Male	Total
The age	From 30 and less than 40 years old	7	10	17
	From 40 and less than 50 years old	15	14	29
	From 50 years and over	18	11	29
Educational level	Collegiate	19	18	37
	Above university	21	17	38
Scientific specialization	Business Management	10	8	18
	Accounting	13	13	26

	Economy	10	6	16
	Other	7	8	15
Duration of organizational experience	Less than 5 years	21	16	37
	More than 10 years	19	19	38

Table (3) the descriptive analysis of the study variables in Saudi National Bank

S/N	Paragraph. Dimension/variable	Arithmetic mean	Standard deviation
1	The economic return resulting from the bank's use of natural raw resources is evaluated	4.36	0.650
2	Financial statements monitor the available balance information from natural raw resources on a specific date of the bank	4.23	0.669
3	Financial statements monitor the environmental effects of the use of natural resources	4.09	0.961
4	The bank provides appropriate information on equal job opportunities between all its members	4.11	0.924
Variable of the areas of social accounting		4.20	0.532
5	The value of the damage and the profits achieved from the bank's use of natural raw resources are compared	4.23	0.669
6	The cost of disposal of environmental waste is measured in the bank	4.27	0.664
7	The bank is concerned with measuring insurance costs for its human resources	4.04	0.965
8	The bank is concerned with measuring the cost of programs that limit epidemics and chronic diseases	3.68	0.975
Variable of social accounting goals		4.05	0.577
9	The bank discloses its uses of natural raw resources	4.00	0.986
10	The bank provides sincere information about the cost of applying it to legal requirements to avoid the causes of environmental pollution and climate change	4.01	0.908
11	Environmental reports provide honest information on the bank's environmental activity	4.23	0.669
12	The bank discloses programs for developing its human capital	4.40	0.717
Variable of the disclosure of social responsibility		4.16	0.605
Social accounting variable		4.14	0.523
13	The bank places a specific and clear description of all the functions of the bank's organizational structure	4.16	0.754
14	There is an adequate administrative control system that applies to men and women	4.20	0.615
15	Performance is measured for all workers to determine the performance gap (hoped performance - applied performance)	4.08	0.941
16	The bank provides an appropriate organizational environment for the creativity and innovation of workers in all job grades	4.19	0.783
17	Old and new workers are keen to implement the work according to the plans and programs drawn by the bank	4.25	0.856
18	The bank provides fair reports on its human performance regardless of age, religion, and origin	4.24	0.589
Variety Management Variable		4.19	5.572

19	The bank's management is studying and analyzing (national) integration opportunities with leading national institutions in the bank's work field	4.73	0.502
20	New national/ international markets are opened to the bank's products	3.91	1.002
21	The bank is keen to upgrade the level of social responsibility for workers	4.23	0.669
22	There is an obligation and restrictions on bank employees and regulations	3.88	0.944
23	The bank is concerned with climate change issues and its effects on the environment	4.09	0.961
24	The bank contributes with the relevant authorities to preserving the environment	4.27	0.644
25	The social responsibility portfolio contributes to supporting local community institutions	4.00	0.986
26	The bank contributes to solving the problem of unemployment by employing the local community members	4.36	0.650
27	The bank provides fair reports on its social performance	4.23	0.669
Social performance variable		4.18	0.527

Hypothesis testing

The first hypothesis: There is no statistically significant effect at a significant level ($\alpha \leq 0.05$) of social accounting with its dimensions: (social accounting areas, social accounting objectives, disclosure of social responsibility) on social performance in Saudi National Bank.

To test this hypothesis, multiple regression analysis tests and a correlation coefficient (Person) were used to verify the correlation between social accounting and its dimensions and social performance in the bank, the strength of the correlation coefficient is judged in light of the rule (Al-Fatlawi, 2017: 33), as follows:

- Correlation is low: if the correlation coefficient is less than (0.10) of
- The correlation is moderate: if the value of the correlation coefficient is within the range (0.30--0.10)
- The correlation is strong: if the correlation coefficient value is higher than (0.30)

Table (4) The results of the multiple linear regression analysis test for the impact of social accounting dimensions on the social performance of the bank

Sub-independent variable	Impact score Bi	T-test		F-test		Correlation coefficient (R)	Determination coefficient (R2)	Modified coefficient of determination
		value	Significance level	value	Significance level			
Constant	0.308	1.688	0.096	165.589	0.000	0.935	0.875	0.870
Domains dimension	0.347	4.900	0.000					
Dimension of goals	0.209	3.394	0.001					
Disclosure dimension	0.379	5.235	0.000					
Y = 0.308 + 0.347 x11 + 0.209 x12 + 0.379 x13								

Table (4) shows the effectual relationship of social accounting with its dimensions: (social accounting domains, social accounting goals, disclosure of social responsibility) on social performance at the National Bank of Saudi Arabia, where the results of the statistical analysis showed a statistically significant effect of

social accounting with its dimensions: (social accounting domains, social accounting goals, disclosure of social responsibility) on social performance in Saudi National Bank, as the correlation coefficient (R) reached (0.935) at the level ($\alpha \leq 0.05$), and it appears that the correlation coefficient between the independent variable (social accounting) and the dependent variable (social performance) exceeded the threshold (30%), which indicates a strong correlation between the independent variable (social accounting) and the dependent variable (social performance). As for the coefficient of determination (R²), it was (0.875); That is, the value of (0.875) changes in the social performance in Saudi National Bank resulted from the change in the dimensions of social accounting (the areas of social accounting, the goals of social accounting, the disclosure of social responsibility) in the same context, the results of the analysis showed that the adjusted coefficient of determination (R²) amounted to (0.870), which reflects the net level of interest in the dimensions of social accounting (areas of social accounting, goals of social accounting, disclosure of social responsibility) after eliminating the values of standard errors resulting from social performance in Saudi National Bank, the effect score value (B) was (0.347) for social accounting areas, (0.209) for social accounting objectives, and (0.379) for social responsibility disclosure, this means that an increase of one degree in the level of interest in social accounting in its dimensions (the areas of social accounting, social accounting objectives, disclosure of social responsibility) leads to an improvement in the social performance of the National Bank with a value of (0.326) for strategic merger, and (0.413) for strategic acquisition, the significance of this relationship is confirmed by the calculated (F) value, which amounted to (165.589), which is a function at the level ($\alpha \leq 0.05$), and this result indicates the importance of applying the social accounting variable with its dimensions: (social accounting areas, social accounting objectives, disclosure of social responsibility) in improving the social performance of the bank under study, which gives an indication of the importance of applying social responsibility accounting to improve social performance in bank under study, this gives an indication of the importance of applying social responsibility accounting to improve social performance, from the foregoing, it is clear that the null hypothesis is incorrect, and the alternative hypothesis is accepted, which states: There is a statistically significant effect at a significant level ($\alpha \leq 0.05$) for social accounting with its dimensions: (social accounting areas, social accounting objectives, disclosure of social responsibility) on social performance in Saudi National Bank, with a correlation coefficient of (0.935)

The second hypothesis: There is no statistically significant effect at a significant level ($\alpha \leq 0.05$) of diversity management in improving the impact of social accounting in its dimensions: (social accounting areas, social accounting objectives, disclosure of social responsibility) on social performance in Saudi National Bank:

The second hypothesis was subjected to hierarchical regression analysis, and the results were as follows;

Table (9) the results of hierarchical regression to show the modifying role of diversity management on the impact of social accounting dimensions on social performance

Dependent variable	Independent variable dimension /moderator variable	First step			Second step		
		Impact score Bi	t-test		Impact score Bi	t-test	
			T value	Sig T			
Social performance	Domains	0.347	4.900	0.000	0.279	0.617	0.001
	Goals	0.209	3.394	0.001	0.198	3.273	0.002
	Disclosure	0.379	5.235	0.000	0.323	4.241	0.000
	Diversity management	-	-	-	0.146	2.013	0.048
Model Summary	(R ²)	0.875				0.882	
	(Δ R ²)	0.875				0007	

	(ΔF)	165.589		4.053
	Sig ΔF	0.000		0.048

Table. (5) presents the results of hierarchical regression based on two models, as the results of the first model based on the first step reflected the presence of a statistically significant effect of the dimensions of social accounting combined on (social performance), where the value of ($\Delta F = 165.589$) and the level of significance (Sig $\Delta F = 0.000$), which is less than (0.05), and the value of the determination coefficient was ($R^2 = 0.875$), and this indicates that the dimensions of social accounting combined explain their percentage %87.5 of the variation in (social performance) in the National Bank, and in the second step, the variable (diversity management) was introduced to the regression model, where the value of the coefficient of determination (R^2) increased by %0.7, and this percentage is statistically significant as the value ($\Delta F = 4.053$) and the level of significance (Sig $\Delta F = 0.048$), which is less than (0.05), as was the value of ($B = 0.146$) in (Diversity Management), and at the level of significance (Sig $T = 0.048$), and this confirms the difference in the significant impact of social accounting dimensions on social performance due to the difference in diversity management, therefore, we conclude that: There is a statistically significant effect at a significant level ($\alpha \leq 0.05$) for diversity management in improving the impact of social accounting with its dimensions combined: (social accounting areas, social accounting objectives, disclosure of social responsibility) on social performance in Saudi National Bank with a value of change in the coefficient of determination of (0.007)

Discussion and Conclusion

The purpose of this study was investigate the impact of social responsibility accounting on social performance: the moderating role of diversity management training in Al-Ahli Bank in the Kingdom of Saudi Arabia. The results of testing the first hypothesis showed that there is a statistically significant effect of social accounting in its dimensions: (social accounting areas, social accounting objectives, disclosure of social responsibility) on social performance according to the sample's opinions, which means that the greater the sample's awareness of the importance of social accounting, the higher their level of social responsibility and accounting disclosure about it, which leads to improving the bank's social performance, and this finding is consistent with the results of Ibrahim & Bushara (2012) and Gray (2002).

Also, the results of the second hypothesis test showed that there is a statistically significant effect of diversity management in modifying and improving the impact of social accounting in its dimensions on social performance, the research team explains this result of improving and increasing the effect of applying the National Bank to effectively manage diversity, which led to modifying and improving the impact of the dimensions of social accounting on social performance, the application of diversity management in Saudi National Bank works on the interest of workers in a large and direct manner, especially with regard to equality in training, educational qualification and promotion, which increases the level and efficiency of their performance of their work, this result was distinguished by testing the diversity management modification of the relationship between social accounting and social performance, unlike previous studies that did not address this.

This study was concerned with enriching knowledge about social performance, and identifying the conditions for improving it. In other words, it focused on identifying the mechanism through which the social accounting variable affects the improvement of social performance through diversity management as a modulating variable, therefore, this study has shed light and expanded the circle of interest in how to support these organizational variables in Saudi National Bank. In light of the results of the study that social accountability affects social performance, and diversity management modifies that relationship, so the study recommends the senior leadership of Saudi National Bank the following:

- Applying contemporary accounting systems such as social accounting, with the aim of measuring social costs, and disclosing it in the financial statements on the website, because they are a crucial element for improving the bank's social performance.
- Continue to provide fair reports on social performance that reflects the extent of interest in the contents of social responsibility, and the degree of interaction with local community issues.

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