Corporate Social Responsibility in Banks: An ISO 26000-Based Evaluation

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Abstract:

This article aims to assess the Corporate Social Responsibility (CSR) maturity level in a banking institution, based on the ISO 26000 Guidance Standard framework. The objective is to identify strengths and areas for development to support a continuous improvement trajectory. The methodology relies on adapting the Seven Core Subjects of ISO 26000, developing an assessment tool (a checklist), applying a scoring system based on "Gap Analysis," and progressively aggregating scores to determine maturity levels at the subject, operational area, and overall levels. Results showed an overall maturity level of 64%, classified under Level Three (Defined Maturity). Organizational Governance distinguished itself by achieving 80% (Excellence Level), while the results for the other subjects ranged between 54% and 68%. The analysis of best practices indicates a satisfactory strategic integration, but simultaneously reveals the need to enhance the formalization of operational procedures and the assessment of their impact.

Keywords: Corporate Social Responsibility (CSR), Sustainable Development, ISO 26000, Maturity Assessment, Banking Sector, Sustainable Development Goals (SDGs), Governance.

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I. Introduction:

In light of global economic and societal transformations, Corporate Social Responsibility (CSR) is no longer a marginal or voluntary practice; rather, it has become central to the competitive strategies of organizations, particularly in the banking sector, which is considered the lifeblood of the global economy. Pressure is mounting from investors, regulatory bodies, and civil society on banks to adopt business models that not only aim for profit but also actively contribute to sustainable development. This shift is embodied in the transition from the traditional concept of social responsibility to more comprehensive and measurable frameworks, such as Environmental, Social, and Governance (ESG) criteria, which have become a key indicator of an institution's ability to manage long-term risks and achieve sustainable growth (IRIS Business, 2023).

- **Research Problem:**

Despite the increasing importance of sustainability, many banking institutions, especially in emerging economies, still face challenges in translating their theoretical commitments to social responsibility into integrated and impactful institutional practices. As previous studies have shown (e.g., Belgoumene et al., 2022), assessing CSR maturity based on guidance standards like ISO 26000 may reveal the existence of policies, but it does not necessarily guarantee their effective integration or the measurement of their real impact. Hence, the main research problem arises: **How can the banking sector move beyond the traditional concept of Corporate Social Responsibility (CSR) to adopt an integrated sustainability model that combines ESG criteria with the Principles for Responsible Banking (PRB), and aligns with the future developments of global quality standards?**

- **Research Hypotheses:**

Based on the research problem, the study proceeds from three interconnected hypotheses:

- **Hypothesis 1:** The transition from the Corporate Social Responsibility (CSR) framework to the implementation of ESG criteria provides banks with a more systematic and transparent mechanism to measure and manage their non-financial performance, thereby enhancing their ability to manage long-term risks and attract responsible investments.
- **Hypothesis 2:** The Principles for Responsible Banking (PRB) act as an executive bridge that connects the strategic objectives of ESG criteria with daily banking operations, ensuring the transformation of commitments into tangible practices and effectively aligning the bank's business model with the Sustainable Development Goals (SDGs).
- **Hypothesis 3:** Utilizing the ISO 26000 guidance standard as a foundational reference framework facilitates the adoption and integration of both ESG criteria and the PRB for banks, by providing a common language and universal principles for social responsibility.

- **Significance and Objectives of the Research:**

The significance of this research stems from its endeavor to address a genuine gap in current banking literature and practice, offering a forward-looking vision that transcends the traditional analysis of social responsibility. This significance is manifested in three key dimensions: academic, practical, and strategic.

a. The Significance of the Research:

❖ **Academic Significance:**

- Updating the Theoretical Framework: This research contributes to the advancement of academic literature by proposing an integrated theoretical framework that connects three key concepts (ISO 26000, ESG, and PRB) that have not been systematically integrated before. Instead of treating them as separate frameworks, the research clarifies their complementary relationships, positioning ISO 26000 as the philosophical foundation, ESG as the measurement tool, and the PRB as the executive roadmap for the banking sector.
- Shifting from Description to Measurement: The research introduces a paradigm shift in the methodology for studying corporate responsibility, moving from qualitative maturity assessments (as seen in the original study) to a focus on frameworks based on the quantitative measurement of impact (ESG). This aligns with modern trends in management and sustainability research.

❖ **Practical Significance:**

- Providing a Guideline for Banks: The research offers a clear roadmap for banking institutions, particularly in emerging economies, seeking to develop their sustainability strategies. It answers the questions of "Where do we start?" and "How do we move from theoretical commitment to effective implementation?".
- Enhancing Competitiveness: In a world with increasing demand for sustainable finance, this research helps banks understand how to adopt global standards (ESG and PRB) to enhance their reputation, attract responsible investments, access new markets, and effectively manage non-financial risks.

b. The Objectives of the Research

The research aims to achieve the following objectives:

- To analyze and critique the limitations of the traditional Corporate Social Responsibility (CSR) framework in the banking context, drawing on the findings of previous empirical studies (such as Belgoumene et al., 2022) that revealed the gap between policies and implementation.
- To demonstrate how ESG criteria contribute to moving beyond qualitative assessment to the quantitative measurement of banks' environmental, social, and governance performance, highlighting the impact on risk management and financial valuation.

- To define the executive role of the Principles for Responsible Banking (PRB) as a tool for translating sustainability strategies into daily banking practices and aligning them with the Sustainable Development Goals.
- To redefine the role of the ISO 26000 guidance standard as a foundational reference framework that facilitates banks' understanding and adoption of more specialized frameworks (ESG and PRB), rather than viewing it as a final assessment tool.

- **Previous studies:**

The literature on corporate responsibility in the banking sector has evolved through several streams, which can be organized in the context of this research as follows:

First: Diagnostic and Reality-Based Studies in the Regional Context: The study by Belgoumene et al. (2022) serves as the diagnostic cornerstone for this research. Through its practical application of the ISO 26000 framework to an Algerian bank, the study provided empirical evidence that reaching a "Maturity" level (at 64%) does not necessarily imply effective integration or genuine impact measurement. Its empirical findings revealed substantial gaps, most notably the weak performance in the environmental domain (54%) and the need for greater "operational depth" across various subjects. The study by Serbouk & Noui (2025) reinforces this diagnosis on a broader scale, confirming that Algerian banks, in general, "are still in their early stages" of adopting sustainable finance. Together, these two studies provide tangible evidence of a real and persistent problem in the local context: the difficulty of transitioning from theoretical policies to impactful practices.

Second: Studies on the Emerging Shift Towards Advanced Frameworks: Despite these challenges, regional studies have begun to detect signs of a shift. The study by Mekni et al. (2025) linked the presence of CSR governance structures (CSR committees) to improved ESG disclosure in the MENA region. This connection is crucial as it indicates that ESG is being viewed as the next logical step in the evolution of existing CSR practices.

Third: Studies on Global Advanced Models and Application Mechanisms: Globally, the literature focuses on more mature frameworks. Studies by (IRIS Business, 2023) and (Simply Sustainable, 2022) have demonstrated the direct link between strong ESG performance and the financial valuation of banks. The literature has also begun to explore the Principles for Responsible Banking (PRB) as an executive roadmap specifically designed for the banking sector (UNEP FI, n.d.-a). Furthermore, studies on Islamic finance (2024-2025) offer a comparative dimension, highlighting the existence of different application mechanisms (such as Zakat and Waqf), which helps to define the scope of the model proposed in this research and orient it towards conventional banks.

The Research Gap: The local diagnostic studies show that banks in the region are stuck in the "early stages" and face a gap between policy and practice. In contrast, the global literature offers advanced solutions (ESG and PRB) that often remain theoretical and generic. The gap this research aims to bridge is the construction of a theoretical bridge connecting the documented local problem with the available global solutions. Accordingly, this research aims to build an integrated theoretical model (combining ISO 26000, ESG, and the PRB) to serve as a clear, targeted roadmap for banks in the Algerian and regional

context, enabling them to move from a stage of "formal maturity" to one of "effective implementation and impact measurement."

5. Research Methodology:

To address the research problem and achieve its objectives, a Composite Descriptive-Analytical Method will be employed. This method does not aim to conduct a new field survey but rather to construct a robust theoretical model by analyzing and synthesizing existing literature and the results of a prior empirical study. The methodology consists of three integrated steps:

- **Step One: Analysis and Diagnosis of the Reference Case:** The methodology begins with a deep critical analysis of the empirical findings of the (Belgoumene et al., 2022) study. This study will be used as a field-based "diagnostic report" that reveals real symptoms and problems (e.g., weak measurement of environmental impact, the gap between strong governance and weak operational implementation). This step ensures that the theoretical model to be built subsequently is not merely an abstract intellectual construct but a direct response to documented and measured problems in the field.
- **Step Two: Comparative Analysis of Theoretical Frameworks:** After precisely defining the problem, a comparative content analysis of the literature and official documents related to the three proposed solution frameworks will be conducted:

ISO 26000: Will be analyzed to define its role as a "foundational and principled framework."

ESG Criteria: Will be analyzed as a "framework for performance measurement and risk management."

The PRB: Will be analyzed as a "banking-specific executive framework." The objective of this comparison is to identify areas of integration and synergy, and to clarify how each framework complements the others to address the shortcomings identified in the first step.

- **Step Three: Construction and Synthesis of the Theoretical Model:** This is the final stage where the "treatment plan" is prescribed. Based on the precise diagnosis (Step 1) and the comparative analysis of the therapeutic tools (Step 2), the research will construct and synthesize an integrated theoretical model. This model will logically and sequentially explain how a bank can transition from one stage to the next: starting with ISO 26000 to understand the principles, then adopting ESG to measure performance, and finally applying the PRB to embed it all into its core operations.

In this way, the research's contribution lies not in empirically testing the model, but in theoretically building and justifying it as a solution specifically designed to address the problems revealed by empirical reality.

II. The Theoretical Framework: From CSR to an Integrated Sustainability Model

1. Sustainable Development and Corporate Social Responsibility (CSR):

In recent decades, the convergence between sustainable development and Corporate Social Responsibility (CSR) has become a central concern for both public authorities and private companies. Sustainable development provides the overarching vision, while CSR offers a concrete framework for companies to integrate environmental, social, and economic considerations into their operations (Loukil, 2009, pp. 35–55). This section explores the foundations of sustainable development, the historical emergence of CSR, the structuring role of ISO standards, and the alignment with the United Nations Sustainable Development Goals (SDGs).

1.1. Sustainable Development: Foundations and Implications for Businesses

The concept of sustainable development is famously defined by the Brundtland Report as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). This vision, calling for an integrated approach to economic, social, and environmental dimensions (Loukil, 2009, pp. 35–55), has profoundly reshaped the business landscape. In the business context, it introduces not only new requirements but also significant strategic opportunities.

The "new requirements" manifest as increasing pressure from a wide array of actors. This includes regulatory pressure from governments, normative pressure from international institutions (such as the European Commission through its 2001 Green Paper (European Commission, 2001)), and stakeholder pressure from non-governmental organizations (NGOs), consumers, and public authorities. While some early management studies argued that these constraints primarily act as a drag on profitability by increasing operational costs (e.g., Friedman, 1970), a more contemporary and dominant view, known as the "Porter Hypothesis," suggests the opposite. This hypothesis posits that well-designed environmental and social regulations can stimulate innovation, leading to efficiency gains that may offset the costs of compliance (Porter & van der Linde, 1995). This creates "strategic opportunities" for companies to achieve a "double bottom line" of financial performance and social/environmental impact through responsible management, turning sustainability from a cost center into a competitive advantage.

1.2. Corporate Social Responsibility (CSR): Origins and Evolution

The idea that companies have social responsibilities beyond profit maximization dates back to the work of Clark (1916, pp. 209–229), and was later popularized by Bowen (1953), who advocated for the inclusion of societal values in managerial decision-making. This foundational vision has since expanded significantly to include a wide spectrum of social, environmental, and economic concerns within corporate strategy (Kheroua, 2015; Meier and Shier, 2005).

A pivotal moment in its modern conceptualization was the definition provided by the European Commission, describing CSR as "the voluntary integration by companies of social and environmental concerns into their business operations and their interactions with

stakeholders" (European Commission, 2001). It is thus seen as a voluntary and ethical approach aligned with the principles of sustainable development (Loukil, 2009, pp. 35–55). The international examples cited in the original text, such as discounts on eco-friendly products in Japan or incentives for public transport in Germany, demonstrate its cross-cutting and adaptable nature. However, this very adaptability and voluntarism, while allowing for context-specific implementation, also became a source of weakness, leading to accusations of "greenwashing" and a lack of comparable metrics, which ultimately fueled the demand for more structured frameworks like ESG (Laufer, 2003).

2. ISO Standards and the Structuring of Responsible Approaches

Standardization is a key lever for operationalizing sustainable development commitments. The fact that in 2018, more than 22,000 ISO standards were in force across various fields highlights the power of standardization in creating a common global language (International Organization for Standardization, 2018). These standards are classified into three types: mandatory, certifiable (such as the environmental management standard ISO 14001), and non-certifiable guidance standards (such as ISO 26000).

ISO 26000, published in 2010, provides a comprehensive guiding framework for CSR initiatives. It is based on seven principles (e.g., transparency, ethical behavior, accountability) and seven core subjects (governance, human rights, environment, etc.) (Cadet, 2010, pp. 401–421). Although it is not certifiable, its value is widely recognized as an international reference for structuring voluntary CSR commitments (Dimbi Ramonjy et al., 2013, pp. 59–72). Its primary contribution lies in providing a holistic checklist for organizations to self-assess their social responsibility performance. However, its non-certifiable nature means it lacks the "teeth" of mandatory reporting or the market signal of a formal certification, positioning it as a foundational, educational tool rather than a performance-enforcement mechanism (Hahn, 2013).

3. Sustainable Development Goals (SDGs) and Local Integration:

Adopted in 2015 by the United Nations, the 17 Sustainable Development Goals (SDGs) aim to eradicate poverty, protect the environment, and promote inclusive prosperity, all within a framework of global equity and ecological balance. These goals serve as a universal roadmap for sustainable development to be achieved by 2030. For businesses, the SDGs represented a crucial shift from internal process-orientation (what ISO 26000 encourages) to external impact-orientation. They provided a clear, globally endorsed set of priorities that companies could align their core business strategies with (Scheyvens, Banks, & Hughes, 2016).

To support their implementation, many countries and organizations have aligned their national strategies around key pillars, such as economic diversification, social development, environmental protection, and good governance. These pillars are often reinforced by cross-cutting priorities like youth inclusion, climate resilience, and international cooperation, all in line with the principles of the 2030 Agenda (United Nations, 2015). This created a powerful incentive for companies to demonstrate how their products,

services, and operations contribute to achieving these national and global goals, laying the final piece of groundwork for the widespread adoption of ESG as the primary framework for measuring and reporting this contribution.

III. CSR Maturity Assessment Methodology:

In the context of its sustainable development strategy, a bank is increasingly committed to integrating the principles of Corporate Social Responsibility (CSR) into the core of its strategy and operations. This commitment is not merely a response to regulatory or societal pressures; it is a strategic imperative aimed at enhancing operational resilience, managing non-financial risks, and building trust with stakeholders (Sethi et al., 2017). To effectively steer this integration, it is essential to assess the maturity level of the CSR actions already implemented. This section presents a comprehensive methodology adopted to assess the bank's CSR maturity level, based on the ISO 26000 Guidance on Social Responsibility, while considering the specific characteristics of the banking context. This structured approach relies on the design of an analytical tool based on a thematic checklist, the definition of clear scoring criteria, and aggregate calculations that provide a comprehensive and cross-cutting view of CSR maturity within the organization.

1. General Evaluation Approach: Analysis and Deepening of Steps:

The assessment of the organization's CSR maturity level is based on a structured approach inspired by the ISO 26000 standard. As ISO 26000 is a guidance standard and not a certifiable one, it offers the necessary flexibility to be adapted across different sectors (ISO, 2010). The approach consists of three main steps, each requiring methodological precision to ensure the reliability of the results.

1st step: Design of an analytical tool. This step goes beyond merely creating a checklist to collect information on each CSR theme. It must begin with a Materiality Assessment to identify the issues that have the most significant impact on the bank and its stakeholders. The detailed checklist should include specific Key Performance Indicators (KPIs) that are both quantitatively and qualitatively measurable, aligning them with the seven core subjects of ISO 26000 (Piwowar-Sulej et al., 2022).

2nd step: Definition of evaluation criteria. Instead of a simple measure of application, a precise rating scale must be defined to translate the actual level of maturity. It is suggested to use a five-level Maturity Model (e.g., Initial, Developing, Defined, Managed, Optimized) to determine the extent to which practices are embedded and integrated into the bank's culture and operations (Belesioti & Glykas, 2022). This detailed scale aims to quantify the level of implementation of CSR practices, providing an objective basis for comparison and continuous improvement.

3rd step: Calculation of maturity levels. This involves using mathematical formulas to aggregate scores and determine maturity levels for each theme, area of action, and the organization as a whole. It is crucial at this stage to apply relative weights; for instance, "Organizational Governance" and "Fair Operating Practices" may be assigned a greater weight in the banking sector due to their direct impact on compliance and financial transparency (Sethi et al., 2017). This aggregation ensures a comprehensive and cross-cutting view that reflects the bank's strategic priorities.

The main strength of this approach lies in its ability to simplify a complex reality. It provides the organization with a "snapshot" of its current position on a predetermined evolutionary path (from lack of practice to excellence). This helps management understand weaknesses and prioritize improvement in an organized manner, transforming qualitative concepts (such as "commitment" or "awareness") into semi-quantitative levels (such as Level 2 or 50%), facilitating internal communication and setting interim goals.

However, maturity models face significant criticism in the context of sustainability. Researchers such as Asif et al. (2013) argue that these models often focus excessively on internal processes and procedures (Internal Processes and Procedures) rather than on external influence and performance (External Impact and Performance). An organization may achieve a high degree of maturity because it has well-documented policies and procedures, but this does not guarantee that these policies actually reduce carbon emissions or improve community well-being. This is the fundamental limitation revealed by the original study results, which the modern ESG framework seeks to overcome by focusing on concrete performance measures.

2. The Evaluation Tool: The Checklist

To systematically assess CSR performance, a series of thematic tables was developed based on a national framework (such as the Algerian CSR evaluation guide) and aligned with the ISO 26000 standard. Each table corresponds to one of the seven core subjects of the standard (e.g., Human Rights, Environment, Consumer Issues).

The structure of each table is composed of integrated elements, starting with the Core Subject from ISO 26000, followed by the Guideline which represents a specific sub-topic, and then the Objective which defines the intended purpose of applying the guideline. Next, the practical Question / Answer section assesses the application of CSR principles, which must be specific and verifiable. The Score per question is determined based on the maturity scale defined in the second step, and these scores are aggregated to obtain the Score per guideline, providing a synthetic assessment of the level of mastery.

The element of Possible Evidence is critical for ensuring transparency and auditability (Tănase, 2025). Evidence is categorized into Regulatory documents, which are required by current legislation (e.g., compliance reports), and Non-regulatory elements, which are voluntary or internal (e.g., sustainability reports, codes of conduct, ISO certifications).

Finally, the Good Practices section focuses on evaluating practices that exceed the minimum threshold of compliance. This section identifies the underlying Principle or value (e.g., Accountability, Transparency) and provides a detailed Explanation of the good practice. The deployment of this practice is assessed via the Score for good practice, which incentivizes the organization to move from a stage of mere compliance to one of leadership and innovation in social responsibility.

This tool is comprehensive and covers all aspects of ISO 26000, ensuring systematic evaluation. However, its reliance on "evidence" (such as reports and charters) and "good

practices" (such as holding training courses) reveals a clear bias towards evaluating inputs (Inputs) and activities (Activities). In the program and impact evaluation literature, several levels are clearly distinguished:

Inputs: Allocated resources (e.g., budget, staff).

Activities: Actions performed (e.g., training, report writing).

Outputs (Outputs): Direct results of activities (e.g. number of employees trained, number of reports published).

Results (Outcomes): Short- and medium-term changes (e.g., increased employee awareness, improved ethical behavior).

Impact (Impacts): Long-term changes at the societal or environmental level (such as reduced incidents of corruption, reduced an organization's carbon footprint) (Frey & Stutzer, 2007).

3. Scoring Criteria and Maturity Scale:

This measure represents a structured attempt to convert qualitative assessments into quasi-quantitative data, a process known in research methodologies as "quantitative conversion" (Quantiting), with the aim of facilitating aggregation and comparison (Sandelowski, Vuels, & Knafl, 2009).

Each practice or action is qualitatively evaluated according to four main axes: factual observations, identifying good practices, defining paths to improvement, and assigning a quantitative score. Registration is based on a specific maturity scale (Algerian Institute of Standardization, 2019, p. X). This ladder is designed to differentiate between basic compliance and deep integration of social responsibility principles. A score of 0% indicates that no practices were applied. A score of 25% indicates that the practices have begun to be implemented in a minority of activities or sites. The 50% level means that practices are applied in the majority of activities or sites, but have not yet been evaluated or monitored over time, while achieving regulatory compliance with the specified pair (field of work / principle) (Algerian Institute of Standardization, 2019, p. Y). The 75% level is achieved when practices have been in place for three years or more across all relevant locations, supported by well-established governance and operational management tools, clear and representative trend analysis, and strict regulatory compliance. The highest score, 100%, is allocated to practices that meet all 75% criteria, in addition to the absence of disputes with stakeholders for three years or more, combined with an active feedback process that has clearly led to improved practice (Algerian Institute of Standardization, 2019, p. Z).

Tab (01): Maturity Scoring Scale

Score (%)	Description
0	No practices implemented.
25	Practices have begun to be implemented in a minority of activities or sites.
50	Practices implemented in the majority of activities or sites; Not yet evaluated or monitored over time; Regulatory compliance on the Action Area / Principle pair.
75	Practices in place for ≥3 years across all relevant sites; Operational governance and management tools in place; Clear and representative trend analysis; Strict regulatory compliance.
100	Practices in place for ≥3 years across all sites; Operational governance and management tools in place; Clear and representative trend analysis; Strict regulatory compliance; No disputes with stakeholders for ≥3 years; Active feedback process that has led to practice improvement.

Source: (Algerian Institute for Standardization, 2019)

Focus on Process over Performance: As the analysis shows, the scale heavily focuses on the presence, scope, and duration of practices. These are all measures of internal processes. It fails to answer the most important question: "What are the results of these practices?". For example, instead of asking, "Do you have a policy to reduce energy consumption?", a performance-based framework (like ESG) would ask: "What was the reduction in your energy intensity (kWh per employee) this year compared to last year?" (GRI, n.d.).

- ✓ Excessive Linearity and Large Jumps Between Levels: The scale assumes a linear progression, with large 25-point jumps between each level. This oversimplification may not reflect reality, where an organization might be very strong in some aspects of the 75-point level but still weak in other aspects of the 50-point level. More sophisticated maturity models use more granular assessments for each component rather than jumping between predefined levels (Pöppelbuß & Röglinger, 2011).
- ✓ Absence of Materiality: The scale treats all practices as equally important. In reality, for a bank, a practice related to "customer data security" (under the consumer issues subject) is likely many times more materially significant than a practice related to "employee volunteer programs" (under community involvement). This methodology fails to give more weight to the issues that are most significant to the bank and its stakeholders, a core concept in modern reporting standards like SASB.

This maturity scale represents a valuable tool for initial self-assessment, providing a common language and structure for evaluating practices. However, its critical analysis reveals fundamental limitations related to its process-focus, assumption of linearity, and disregard for the concept of materiality. These limitations render it insufficient as a tool for true performance management or for disclosure to investors, and they strongly justify the need to transition to frameworks based on tangible performance metrics, such as ESG.

4. Calculation Method for Maturity Levels:

The final assessment of CSR maturity is obtained through progressive aggregation of scores, from the most detailed to the most global level.

4.1. Maturity Level of a Guideline (GL): The compliance level of a guideline C_{ij} is determined by the average score of the good practices it contains.

4.2. Maturity Level of a Core Subject (CS): This is obtained by the arithmetic mean of the compliance levels of its guidelines (Algerian Institute for Standardization, 2019).

$$M_{CS_i} = \frac{1}{n_j} * \sum_{j=1}^{n_j} C_{ij} \qquad (1)$$

M_{CS_i} : Maturity level of the *i-th* Core Subject (CS).

n_j : Number of guidelines (GLs) in the *i-th* core subject.

C_{ij} : Compliance level (maturity level) of the *j-th* guideline in the *i-th* core subject.

4.3. Global CSR Maturity Level: This corresponds to the average maturity levels of the 7 core subjects (Algerian Institute for Standardization, 2019).

$$M_{CSR} = \frac{1}{7} * \sum_{i=1}^{7} M_{CS_i} \qquad (2)$$

M_{CSR} : Global CSR maturity level of the organization.

7 : The total number of ISO 26000 core subjects (e.g. Governance, Human Rights, etc.).

M_{CS_i} : Maturity level of the *i-th* core subject, as calculated in Equation (1).

4.4. Cross-sectional Analysis by Action Area (AA) : The maturity level of an action area k is calculated as (Algerian Institute for Standardization, 2019):

$$M_{AA_k} = \frac{1}{m_k} * \sum_{i=1}^{m_k} B_{kl} \qquad (3)$$

M_{AA_k} : Maturity level of the *k-th* Action Area.

m_k : Number of good practices (or criteria) evaluated within the *k-th* action area.

B_{kl} : Score or maturity level of the *l-th* good practice within the *k-th* action area.

The primary strength of this calculation method lies in its simplicity and ease of understanding. The use of arithmetic means makes the process transparent and replicable.

Most importantly, it produces concise headline figures (e.g., "Global Maturity Level of 64%" or "Environment Maturity of 54%") that are easily communicable to senior management and non-specialist stakeholders. These numbers act as "heuristics," mental shortcuts that help decision-makers quickly grasp the overall situation without delving into complex details (Tversky & Kahneman, 1974).

Despite its simplicity, the exclusive reliance on simple arithmetic means entails significant methodological risks and obscures crucial insights.

The Problem of Non-Substitutability: The implicit assumption of an arithmetic mean is that all its components are substitutable; that is, good performance in one area can "compensate" for poor performance in another. In the context of sustainability, this assumption is flawed and dangerous. For instance, as the original study's results showed, an excellent score in "Governance" (80%) could mask a critically low performance in "The Environment" (54%). The concept of "Strong Sustainability" argues that critical natural capital (like a stable climate or clean water) cannot be substituted by man-made or financial capital (Ekins et al., 2008). Applying this logic, excellent corporate governance cannot compensate for causing an environmental disaster. Arithmetic means completely fail to capture this principle, potentially giving a false sense of security.

Ignoring Materiality: This method gives equal weight to all seven core subjects (each contributes 1/7th to the total score). This ignores the fundamental concept of materiality, which states that some sustainability issues have a much greater impact on an organization's value and its stakeholders than others. For a bank, issues like "anti-money laundering" (under Fair Operating Practices) and "customer data security" (under Consumer Issues) are arguably far more materially significant than "office paper consumption" (under The Environment). Standards like SASB require companies to identify and focus their reporting on industry-specific material issues. The current methodology, by treating all subjects equally, fails to reflect the true strategic priorities and key risks faced by the bank (SASB, n.d.).

Loss of Granular Insight: The process of aggregating data into a single number (like 64%) inevitably leads to a loss of detail. There can be immense variance in performance within a single core subject. For example, within the "Human Rights" subject, a bank might be very strong on "preventing child labor" but extremely weak on "indigenous peoples' rights" in the projects it finances. The arithmetic mean would hide this variance and present a misleadingly average picture.

The calculation method based on progressive aggregation is useful for providing high-level summaries. However, its reliance on simple arithmetic means represents an oversimplification that masks risks, ignores materiality, and undermines the principle of non-substitutability. It perfectly illustrates why modern assessment frameworks have moved away from seeking a "single sustainability score" and towards presenting dashboards of multiple, material metrics, allowing stakeholders to form their own judgment based on transparent and disaggregated data.

IV. Results and Discussion:

This section presents the key findings of the CSR maturity assessment, conducted in alignment with the ISO 26000 standard. The results are analyzed across the seven core subjects and associated good practices, providing a structured overview of the organization's commitment and performance in CSR. Through both quantitative scores and qualitative interpretation, the analysis helps identify strengths, areas for improvement, and alignment with sustainable development priorities (Cadet, 2010, pp. 401–421; Dimbi Ramonjy et al., 2013, pp. 59–72).

1. Results by Core Subject:

The CSR maturity assessment was conducted based on the seven core subjects of the ISO 26000 standard. Each theme was scored out of 100%, and positioned according to four maturity levels: Awareness (0–25%), Commitment (25–50%), Maturity (50–75%), and Excellence (>75%) .

Tab (02): Summary of Results by Core Subject

Core Subject	Score (%)	Maturity Level
Organizational Governance	80	Level 4
Human Rights	68	Level 3
Labour Practices	61	Level 3
Environment	54	Level 3
Fair Operating Practices	60	Level 3
Consumer Issues	59	Level 3
Community Involvement and Development	68	Level 3

At first glance, the results appear positive, as all seven subjects exceed the 50% threshold and reach the "Maturity" level (Level 3). This suggests that CSR has been procedurally integrated across various departments. However, a critical analysis of these numbers reveals a more complex and profound story, filled with contradictory signals.

The Mask of Strong Governance: The exceptional score in "Organizational Governance" (80% - Excellence Level) is the most prominent feature, but it must be analyzed with caution. It is natural for banking institutions to excel in this area, as they operate in a highly regulated sector that imposes sophisticated compliance and control structures. This result primarily reflects the bank's ability to manage its internal processes and comply with rules, rewarding its procedural efficiency.

However, this strength can act as a misleading "mask," concealing weak performance in other areas that have a more significant external impact. It supports the critical argument made by researchers such as Asif et al. (2013), who contend that maturity models inherently tend to reward the existence of well-documented internal processes and procedures, regardless of their actual effectiveness or external impact.

The Red Flag of Weak Environmental Performance: The relatively low score in "The Environment" (54%) should not be viewed as just another "area for improvement" but must be treated as a "red flag" in the entire assessment. In the era of climate change, environmental issues are no longer a "soft" or reputational matter; they have become a material issue with direct and critical financial implications for banks.

According to global frameworks like the Task Force on Climate-related Financial Disclosures (TCFD, 2017), banks face two types of climate-related risks: Physical Risks (e.g., the impact of extreme weather events on the value of mortgaged assets) and Transition Risks (e.g., the devaluation of loans to carbon-intensive sectors as the global economy shifts). The fact that this crucial subject is the weakest performer, while its weakness is "hidden" in the global average score, perfectly illustrates the fundamental flaw of an assessment methodology that gives equal weight to all subjects.

Analyzing the Proposed Recommendations as a Bridge to ESG: The recommendations typically proposed based on such findings (e.g., "strengthening formal procedures," "integrating Key Performance Indicators (KPIs)," and "enhancing reporting") are logical. However, when analyzed more deeply, they are, in essence, an implicit call to abandon the current maturity model and adopt an ESG framework. Concepts like measurable KPIs and systematic, transparent reporting are the very tools that form the core of modern ESG frameworks like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Therefore, the results of this assessment not only reveal the bank's weaknesses but also expose the weaknesses of the assessment model itself, justifying the need to transition

2. Results by Good Practice:

Good practice analysis provides deeper insight into the values the organization has internalized. The table below confirms that many basic social responsibility principles are known and applied to some extent, but the variation in scores reveals a worrying structural gap between different types of principles.

Tab (03): Maturity Levels by Good Practice

Good Practice	Score (%)
Accountability	74
Transparency	75
Ethical Behavior	54
Respect for Stakeholder Interests	52
Respect for the Rule of Law	55
Consideration of International Norms of Behavior	63
Respect for Human Rights	60

Upon scrutinizing the results, we observe:

- **Strength in Procedural Principles:** The organization scores high on "Transparency" (75%) and "Accountability" (74%). This is expected and logical. These principles are, at their core, procedural; they relate to the existence of clear structures, control systems, and reporting processes. These are aspects in which regulated banking institutions excel, as compliance can be demonstrated through published reports and defined organizational structures.

- **Weakness in Behavioral and Cultural Principles:** In contrast, we find alarmingly low scores in "Ethical Behavior" (54%) and "Respect for Stakeholder Interests" (52%). These principles are not as much procedural as they are cultural and behavioral. They are not just about having a "code of ethics" (which is a procedure), but about whether employees actually make ethical decisions in their daily work, and whether the interests of customers and the community are genuinely prioritized.

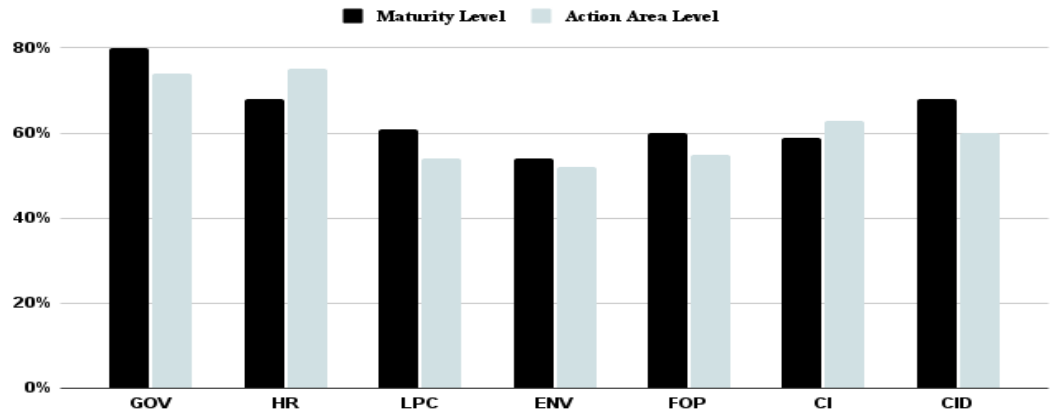
This significant gap strongly indicates a disconnect between "saying" (the ability to produce transparent reports) and "doing" (the actual ethical behavior in daily practice). The bank may have all the right structures for accountability, but this does not guarantee that its internal culture supports making decisions that put stakeholder interests first.

This weakness in behavioral and cultural aspects is not just a low score; it translates directly into immense reputational risk. Reputation, as explained by (Fombrun & van Riel, 2004), is a vital yet intangible strategic asset, built on the trust that stakeholders place in the organization. Any perception that the bank lacks genuine ethical behavior can rapidly erode this trust, with severe consequences for customer loyalty, employee morale, and, ultimately, financial performance.

3. Graphical Visualization:

Figure 2 illustrates the maturity levels for each core subject and action area.

Fig (01): Maturity Levels by Core Subject and Action Area



This cross-sectional analysis between **Core Subject Maturity** and **Action Area Levels** provides a more granular view of how CSR principles are not only adopted but operationalized in practice across the organization. Here's a detailed interpretation:

3.1. Governance (GOV) :

- Maturity Level: 80% – Excellence
- Action Area Level: 74% – High Maturity
  The organization shows a robust CSR structure at the strategic level, with policies, leadership commitment, and ethical oversight mechanisms in place. The action area score confirms this is also reflected operationally, although slightly less advanced than the governance framework itself. Minor improvements in cross-departmental CSR coordination or performance monitoring may close the gap to full excellence.

3.2. Human Rights (HR):

- Maturity Level: 68% – Maturity
- Action Area Level: 75% – Near Excellence
  Here, implementation appears stronger than strategic commitment. The organization actively applies human rights principles in daily operations, supplier relations, and HR management. However, this may not yet be fully supported by formalized governance tools such as a dedicated human rights policy, risk mapping, or internal audits. Strengthening the formal structure would align strategic and operational maturity.

3.3. Labour Practices (LPC):

- Maturity Level: 61% – Maturity
- Action Area Level: 54% – Basic Maturity
  The maturity level suggests that formal labor policies are in place, but the operational translation (training, ergonomic improvement, internal dialogue mechanisms) may still be limited. The gap points to a need for stronger execution: improving workplace conditions, professional development programs, and participatory management processes.

3.4. Environment (ENV):

- Maturity Level: 54% – Maturity (lower bound)
- Action Area Level: 52% – Low Maturity
  Environmental considerations are present but not yet embedded into the company's culture or core operations. This low alignment may indicate the absence of environmental performance indicators, lack of regular impact assessments, or underdeveloped initiatives related to energy, emissions, or waste. Both scores point to a need for formalization and proactive management of environmental risks.

3.5. Fair Operating Practices (FOP):

- Maturity Level: 60% – Maturity
- Action Area Level: 55% – Moderate Maturity
  While ethical standards are part of strategic policies, operational measures (like supplier evaluations, corruption risk management, or procurement integrity) may be

inconsistently applied. Training, internal controls, and supplier codes of conduct could reinforce this domain.

3.6. Consumer Issues (CI):

- Maturity Level: 59% – Maturity
- Action Area Level: 63% – Maturity (higher)
  The organization seems to respond well to client expectations through product/service responsibility, complaint handling, and transparency in customer communication. The higher action area level suggests that employees and departments are actively engaged in these practices, even if strategic alignment or formal guidelines are slightly lagging behind.

3.7. Community Involvement and Development (CID):

- Maturity Level: 68% – Maturity
- Action Area Level: 60% – Moderate Maturity
  There is a solid strategic orientation toward community investment and social value creation. However, practical implementation (e.g., project monitoring, partnerships, volunteer programs) might need reinforcement or better alignment with community needs to maximize impact and reach excellence.

4. Global Interpretation:

- **Strategic vs. Operational Balance**:
  Most domains show a **coherent relationship** between strategic maturity and operational execution, especially in **governance** and **human rights**. However, discrepancies (e.g., LPC, ENV) indicate that some CSR themes are understood in principle but lack full operational depth.
- **Priority Areas for Improvement**:
  - **Environment** and **Labour Practices** need both strategic strengthening and operational reinforcement.
  - **Fair Operating Practices** and **Community Involvement** would benefit from better integration of strategy and on-the-ground action.
- **Strengths**:
  - Governance is clearly the organization's strongest pillar, supported by a strong ethical and transparent culture.
  - Consumer and stakeholder-oriented practices are also well-embedded in daily operations.

V. Hypothesis Testing :

Based on the critical analysis of the data extracted from the applied case study, we can now test the hypotheses formulated at the beginning of this research.

1. Result of Testing Hypothesis 1:

The existence of a significant gap between declared maturity and actual performance has been strongly demonstrated.

- The Governance-Environment Gap: The results showed an excellent maturity score in "Governance" (80%), reflecting strong internal policies and procedures. In stark contrast, they revealed a very weak maturity score in "The Environment" (54%), an issue of high materiality and real external impact. This discrepancy is the most prominent evidence of the gap between procedural (internal) maturity and impactful (external) performance.
- The "Saying" vs. "Doing" Gap: The analysis of good practices revealed high scores in procedural principles like "Transparency" (75%) versus low scores in behavioral principles like "Ethical Behavior" (54%). This proves a disconnect between the ability to "say" (produce reports) and the ability to "do" (act ethically).
- The Strategy-Execution Gap: The cross-sectional analysis showed significant gaps between strategic maturity and operational execution in vital areas like "Labour Practices" and "The Environment," confirming that the existence of policies does not guarantee their effective implementation.

These findings strongly support the first hypothesis. The maturity assessment model has successfully revealed the "symptoms" of the problem, showing that the bank is adept at building internal structures but weak at delivering positive external impact, especially in material areas.

2. Result of Testing Hypothesis 2 :

The results strongly support the need for an integrated model (ESG and PRB), thereby indirectly supporting the hypothesis.

- Shortcomings of the ISO 26000-Only Model: The critical analysis of the methodology showed that relying solely on ISO 26000 led to ignoring "materiality" (through the use of simple averages) and focusing on "inputs" rather than "impact." It was this shortcoming that produced the misleading results (such as masking weak environmental performance).
- The Need for Performance Metrics: The natural recommendations drawn from the results (such as "integrating KPIs") are, in essence, a call to adopt the very tools provided by the ESG framework.
- The Need for a Banking-Specific Focus: The weak performance in areas like "The Environment" and "Fair Operating Practices" highlights the need for a framework specifically designed for the banking sector. This is precisely what the "Principles for Responsible Banking" (PRB) provide, linking sustainability directly to the bank's core strategy (lending and investment).

Although the applied study did not directly test an ESG and PRB model, its failure to provide an accurate and complete picture of performance serves as the strongest

argument in favor of the second hypothesis. The results show not only what the bank is doing, but what it should be doing, which is to adopt an integrated model.

3. Result of Testing Hypothesis 3 :

The results support the idea that ISO 26000 functions best as a foundational framework, not as a final assessment tool.

- Success in Building a Common Language: The ISO 26000-based assessment methodology succeeded in structuring the problem, defining the seven core subjects, and providing a common language and principles (transparency, accountability, etc.) used throughout the evaluation. It served as an excellent "dictionary" for social responsibility.
- Failure as a Performance Assessment Tool: In contrast, the standard failed when used as a final performance assessment tool, as it produced misleading scores (as demonstrated in the testing of Hypothesis 1).
- Natural Integration: The structure of ISO 26000 (the seven core subjects) aligns well with the dimensions of ESG. For example, the "Environment" subject in ISO 26000 is the "E" in ESG; the "Human Rights," "Labour Practices," "Consumer Issues," and "Community Involvement" subjects form a large part of the "S" dimension; and the "Governance" subject is the "G" dimension.

The results strongly support this hypothesis. The applied study proved that ISO 26000 is invaluable in the first stage: the stage of understanding the dimensions of social responsibility and defining core principles. But it also proved that it must then hand over the baton to more specialized, performance-based frameworks (ESG and PRB) to conduct the actual assessment and performance management. Its role is to be the foundation, not the ceiling.

Conclusion and Recommendations:

This research began by addressing the pivotal problem of how the banking sector can move beyond the traditional concept of corporate social responsibility toward an integrated sustainability model. By using a CSR maturity assessment based on the ISO 26000 standard as a diagnostic case study, this research did not merely present findings but dissected them to reveal the inherent shortcomings of maturity-based evaluation models. The critical analysis demonstrated a dangerous gap between declared procedural maturity, exemplified by strong governance, and weak actual performance in areas of critical materiality, such as the environment, thus strongly supporting the first hypothesis.

The primary contribution of this research, therefore, is to provide an answer to this problem by proposing an integrated theoretical model that redefines the role of each framework. This model argues that ISO 26000 should serve as a foundational starting point providing the common language and principles. Subsequently, ESG standards must be adopted as the primary tool for measuring material performance and managing risk, while the Principles for Responsible Banking (PRB) should be used to embed all of this into the core strategy and operations of the bank. This integrated approach directly addresses the

weaknesses identified, moving from a process-focused view to a performance- and impact-oriented one.

Based on these findings, the final recommendation for banking institutions is not merely to make incremental improvements but to undertake a fundamental strategic transformation toward this integrated model. For future research, the path is now clear to empirically test this proposed framework and measure whether its adoption leads to demonstrably superior and more resilient sustainability outcomes.

Ultimately, this study concludes that the shift from measuring maturity to measuring impact is not just an enhancement; it is a strategic imperative for the survival and prosperity of banks in a 21st-century economy that has sustainability at its heart

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