



Al-Rajhi: The Saudi Arabia Kingdom's *Glocal* Bank

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Abstract: *Al-Rajhi as the name denotes belongs to the Al-Rajhi family, a Saudi Arabia's wealthiest non-royals and is considered as among the world's leading philanthropists. Think globally Act locally or "Glocal" is the idea behind creating a platform for local and Saudi Islamic banking and finance entities to compete in the global atmosphere. In fact local Islamic banking and finance industry in Saudi Arabia gave this inspiration to go "Glocal" and the AlRajhi got this inspiration to become both "Glocal" as well as the global Islamic bank. In the event of achieving this goal, AlRajhi through its foreign branches came across many challenges to buck up especially in serving the international Muslim market segments.*

Nevertheless, incrementally, the bank has kept adding feather to its cap. Al-Rajhi's successful story started way back in 1978 as a banking and trading establishment which merged into "Al-Rajhi Trading and Exchange Corporation". In 1987, it converted into a joint stock company under the royal decree No. 59. Later, the company renamed itself to Al-Rajhi Banking and Investment Corp under the ministerial decision No. 1398, and finally in 2006, it changed its name to Al-Rajhi Bank. Currently, globally Al-Rajhi bank can also be found in Kuwait, Jordan and Malaysia.

Keywords: *Glocal* Bank, Al-Rajhi bank, Saudi Arabia, Islamic banking

INTRODUCTION

Since the emergence of Islamic banking in the seventh decade of the last century, Islamic banks managed to achieve many distinct economic and social achievements in Muslim countries in which they operate. These banks tried to satisfy the demands of their Muslim customers through providing the *Shari'ah* compliant and *Shari'ah*-based products (Abd al-Hamid al-Mughrabi, 2004).

Al-Rajhi Bank is the first world's largest Islamic bank and one of the leading most progressive banks in Saudi Arabia (Thakerm H. 2009). Al-Rajhi Bank has never stopped to develop itself to be in the service of its customers. It was established in 1957 with a total asset of \$ 80 billion, a paid-up capital of \$ 4.33 billion and a wide base of employees of about over 9,600 staff. When the bank was originally set-up in 1957 it was only an exchange house. Then in 1987, it changed into a bank in the name of Al-Rajhi Banking Corporation. The bank has over 60 years of experience in the banking and commercial activities. Locally, the first branch of a males' bank was opened in Al-Dirah district in Riyadh in 1957 and the first female branch in 1979 in Al-Shumaysi neighborhood, Saudi Arabia.

By and large, Al-Rajhi Bank has an extensive network of more than 570 branches including those in Kuwait, Jordan and Malaysia. This includes more than 152 womens' branches, over 4,794 ATMs, 74,612 merchant-installed Point of Sales (POS) terminals and is Saudi Arabia's greatest customer-based bank.

Al-Rajhi's approach is customer-centric and their operations are under full *Shari'ah* rules. The bank is based on the Core Principles of Islamic Finance which comes from the holy Quran and the morals and ethics of Islam. At present with its more than sixty years banking and commercial experience, Al-Rajhi Bank is reputed to be the leader in *Shari'ah*-compliant Banking, and also it plays a major role in bridging the gap between modern banking requirements and the core values of Islamic law, instituting industry and development standards to follow suit. It earned Euromoney's prestigious award as the Best Islamic Bank in Saudi Arabia in 2014 and retained the award for another three (3) consecutive years of 2016, 2017 and 2018.

After 30 years of operation solely within Saudi Arabia, Al-Rajhi bank launched its international branch in Malaysia, signifying its first foray into international banking in October 2006 to qualify being a "Glocal" (a local bank becoming global). Following the Saudi business model which adheres closely to the deeply rooted Islamic banking principles, this *Shari'ah*-compliant banking group is planning to be instrumental in bridging the gap between modern financial demands and intrinsic Islamic values for the numerous industry standards and development of Malaysia.

Al-Rajhi Malaysia also extensively uses the latest banking technology to consistently provide customers with speed and convenience in banking. It opened its first and main branch at Jalan Ampang on the 16th October 2006. Today, it has 19 branches where 14 are in the Klang Valley, one each in Johor Bahru, Melaka, Penang, Kuching and Kota Bharu. As of February 2008, Al-Rajhi Malaysia had a customer base of approximately 100,000 and the numbers are steadily growing.

VISION, MISSION AND VALUES

Vision

A trusted leader delivering innovative financial solutions to enhance quality of life everywhere

Mission

To be the most successful bank admired for its innovative service, people, and technology-savvy banking system encompassing *Shari'ah* compliant products, both locally and internationally.

Values

Despite the growth over the last three decades Al-Rajhi's commitment in adhering to its core values remains the same. Everything Al-Rajhi did was built around its core values, based on a customer-centric approach which put the customer at the heart of its activities. These core values include:

- a) *Integrity and Transparency*: Openness and highest standards of corporate & personal ethics, in all of the bank's operations.

- b) *Passion to Serve Customers*: A strong commitment to anticipate and address customer needs beyond expectation.
- c) *Solution Oriented*: Helping customers achieve their objectives.
- d) *Modesty*: Humility in thought and deed in everything that the bank does.
- e) *Innovativeness*: Nurturing imagination and fostering creativity for better results.
- f) *Meritocracy*: Defining, differentiating and reinforcing excellence in people and finally
- g) *Care for Society*: Contributing towards a better tomorrow

Al-Rajhi Bank is considered as the first choice among the Saudi Arabia Kingdom's banks because it offers a range of quality services that includes *Shari'ah* compliant products, customer-centric approach, credibility among its customers, financial soundness etc. Furthermore, there are many principles that the bank adheres to such as:

- Islam orders one to do the best performance at work. That is why the bank passionately serves its customers and focuses on finding solutions and meeting what exceeds their expectations, as well as helping them to achieve their goals.
- Humility: The bank is distinguished by humility and urges its employees to do so, through thought and practice.
- Creativity: Ideas are supported and creativity is encouraged to get the best results.
- Merit: The bank identifies and provides for distinguished elements of human resources, support and appreciation.
- Community service: The bank seeks to contribute to building a better future.

“When we work with external partners, we focus on the “partnership aspect” of the relationship, looking for both technical knowhow and also engagement that facilitates knowledge transfer in an open and engaging manner. To this end, HYPE have ticked the boxes on both fronts, providing both the technical knowhow when it comes to developing an IT platform, including integration with our systems as well as providing practical consultative advice in helping us establish the foundation for our ideation program.” (Yusuf Jehangir, Head of Marketing & Public Relations)

STRATEGY OVERVIEW

Muslim societies have developed a variety of credit practices and financial techniques for decades. Islamic civilizations and societies in the past facilitated trade financing by offering credit methods to encourage trade and created a financial system as an investment means. Pursuant to this, nowadays management of Islamic banks emphasise more on innovations.

As Saleh Sulaiman AlSuwaiyel, Assistant Research Manager for Intelligence and Innovation said, “Innovation is crucial to our continued growth and success. We’ve a new creative forum for employees to bring forward new innovations that will make a material impact to the business. We can now connect employees around the world in Arabic as-well as English” (Al-Rajhi Bank, 2015)

Similarly, as regards the bank's global context Yusuf Jehangir, Head of Marketing & Public Relations expressed that, "When we work with external partners, we focus on the "partnership aspect" of the relationship, looking for both technical know-how and also engagement that facilitates knowledge transfer in an open and engaging manner." (Al-Rajhi, 2015). Hence, it is obvious that the statements by both Mr. AlSuwaiyel and Mr. Jehangir are in support for the strategy of Al-Rajhi bank which was launched in 2015.

The aim of the strategy of Al-Rajhi Bank was to build new capabilities for the bank and ensure its sustainable growth in the light of a rapidly changing banking environment as well as to contribute in achieving the goals of the Kingdom's Vision 2030 i.e. to build a prosperous financial sector. The bank's strategy aims to return to fundamentals. "- ABCDE Back to Basics and "to expand the product and customer portfolio, diversify funding sources, expand service delivery channels, enhance customer-employee interaction, convert customers to electronic channels, and facilitate internal operations".

AL-RAJHI MANAGEMENT AND BOARD OF DIRECTORS

The Board of Directors consists of 11 members who are elected by the ordinary General Assembly every three years. And any member can be re-elected in compliance with the Bank's regulations after completing his or her term. Mr. Abdullah bin Suleiman Al-Rajhi is the Chairman, Stefano Bertamini is the CEO till 2019 then he handed over the leadership of the Bank to Walid Al-Moqbel in 2020. They are practicing their jobs as stipulated in the regulations according to the Article 2 definitions of the Saudi Arabia Corporate Governance Regulations published by the Capital Market Authority.

The Board of Directors and their Functions

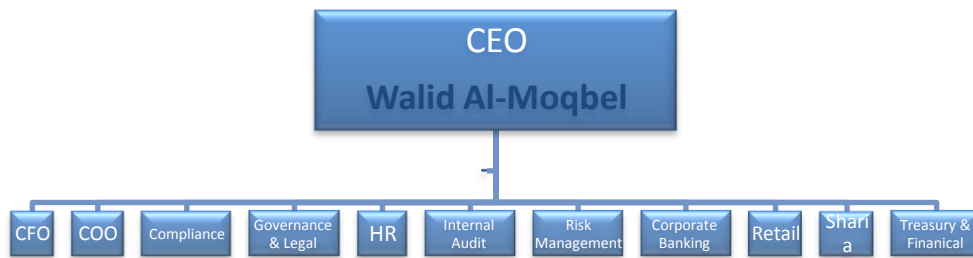
Basically, the structure of the Board of Directors and classification of its members are categorized as either Non-Executive Members or Independent Members as listed below:

No	Name	Function(s)	Membership Type
1	Mr. Abdullah bin Suleiman Al-Rajhi	Chairman of the Board of Directors	Non-Executive Member
2	Mr. Raed bin Abdullah Al-Tamimi	Board of Directors Member	Independent Member
3	Mr. Salah bin Ali AbalKhail	Board of Directors Member	Non-Executive Member
4	Mr. Hamza bin Othman Khushaim	Board of Directors Member	Non-Executive Member
5	Mr. Abdulaziz bin Khaled Al Ghefaily	Board of Directors Member	Non-Executive Member
6	Mr. Ibrahim Fahad Al Ghofaily	Board of Directors Member	Independent Member
7	Mr. Bader bin Mohammed Al-Rajhi	Board of Directors Member	Non-Executive Member
8	Mr. Ameen Fahad Al Shiddi	Board of Directors Member	Independent Member

9	Mr. Abdullatif Ali Al Seif	Board of Directors Member	Independent Member
10	Mr. Khaled bin Abdulrahman Al Qoaiz	Board of Directors Member	Non-Executive Member
11	Mr. Alaa bin Shakib Al Jabari	Board of Directors Member	Independent Member

I. The Executive Committee

The prime objective of the Executive Committee is to assume responsibility for operations related to Al-Rajhi Bank’s business and to make quick decisions regarding urgent issues and matters related to the Bank’s business. It is also responsible for reviewing, controlling, and authorizing fundamental financial, non-financial trade, investment, and bank-related operating decisions in the limits of the powers defined by the Board of Directors of the bank.



II. The Nomination and Remuneration Committee

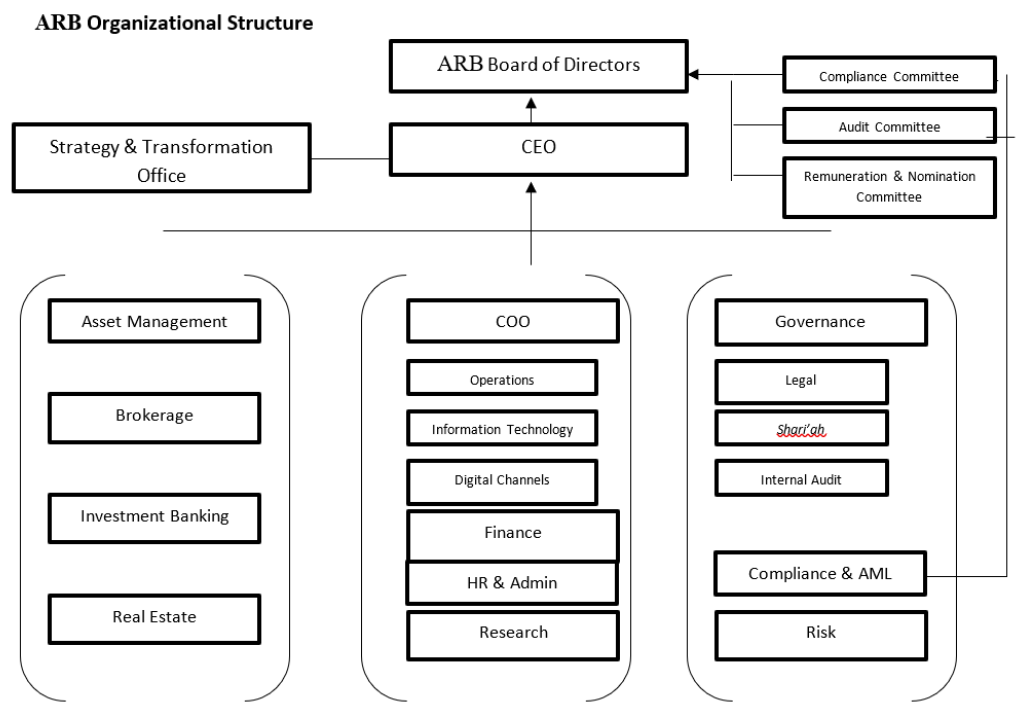
The Nomination and Remuneration Committee's main function is to provide recommendations to the Board of Directors for the nomination of Board members, committees, and senior executives. They also prepare a review of the capabilities, skills and qualifications needed for board membership, measuring the efficiency and effectiveness of the board and senior management, insure the Bank's compliance with SAMA's (Saudi Arabian Monetary Authority) internal incentive schemes and incentive policies, and criteria of compensation requirements in a way that best reaches the interests of depositors, shareholders and the strategic goals of the Bank.

III. The Governance Committee

The Governance Committee's basic goal is to facilitate and sustain the application of the highest standards of corporate governance. This is accomplished by many activities carried out by the Committee on behalf of the Board of Directors i.e. to guarantee that good governance practices are resulting through the Bank's activities. It involves annual reviews and evaluations of the Bank's governance and evaluating cases that show conflict of interest, insuring continual updating for the record of conflict of interest, and making coordinate with the bank's affiliates to ensure good, consistent corporate governance criteria and align with all Al-Rajhi Bank (ARB) activities.

Also, it seeks to improve the awareness of the significance of governance and its activities in the ARB between all its staffs, shareholders and external shareholders, carry out review of the Board of Directors’ performance and the performance of all Board members, Committees and Management Committees annually.

The Governance Committee has the responsibility to review and update the procedures regarding the Board of Directors and its members, the Bank's governance and the conflict of interests, also monitoring the execution of the bank's Manual of Governance and its appendices and authority matrix.



Sources: Adapted from the Al-Rajhi

IV. The Audit and Compliance Committee

The Audit and Compliance Committee's fundamental function is to monitor and control the financial reporting process, monitor internal and external auditors, make recommendations to the Board of Directors and stakeholders by authorizing, nominating and determining rewards and terminate external auditors, reviewing and approving the scope of audits and their execution, getting basic audit reports, assuring that senior management has taken the necessary corrective actions at the right time to deal with weak control or lack of compliance with policies, laws, regulations or any other problems.

The Organizational Structure and Hierarchy in relation to the Audit and Compliance Committee



V. The Board Risk Management Committee

The risk committee's key function is to advise the board of directors on risk-taking, risk management strategy and oversee the implementation of this strategy by the management. It involves management strategies for capital and liquidity, credit and market risk management, operational risks, compliance risks, reputation and reputation risks and all other risks that may affect the bank.

Financial data of Al-Rajhi bank for the last five years:

Year	2015	2016	2017	2018	2019
Net Income	7,130,075	8,125,960	9,120,726	10,296,867	11,326,358
Total Operating Expenses	6,615,700	7,157,651	6,784,128	7,022,651	8,158,106
Total Assets	325,619,648	339,711,817	343,116,528	365,003,830	384,086,576
Total Liabilities	268,980,594	287,764,945	287,365,610	316,449,812	332,894,919
Shareholders' Equity	46,6389,054	51,946,872	55,750,918	48,554,018	51,191,657

Source: Annual Reports

Islamic teachings carried out by Al-Rajhi Bank

One of the primary goals of Al-Rajhi Bank is to invest money for economic development under the guidance of the Islamic principle of freeing money and not hoarding it, and seeking to build the land and sincerity in exerting effort. Al-Rajhi Bank performs its job in the community service and considers resources of all kinds as gifts from Allah, and that it is a trust (*Amanah*) that they should use in a way that makes it more effective in order to fulfil Allah's orders by making the worldly life more prosperous. The bank also seeks to abide by Allah's approach and do good deeds such as philanthropic works and charity, to help Muslims and poor people to win Allah's approval (the rewards of the hereafter) like, exempting the families of the deceased from repayment of loans.

The supreme goal that the bank seeks and urges its employees is to worship Allah (*ibadah*) in all the activities by adhering to the provisions of Islamic *Shariah*, the Qur'an, and the Prophet's *sunnah*. The bank, like other banks, seeks to obtain partial

benefits (profits) by providing products and services that, truly do not conflict with Islamic law and Islamic banking, as it does not deal with interests (*Riba*) and rejects fraud and other practices that Islam prohibits. The bank also dutifully pays the annual zakat on time which is calculated at 1,167,831 thousand Saudi riyals. This abides to the regulations of the General Authority of *Zakat* and Income of Saudi Arabia.

As for social responsibility, the bank promotes noble values and loyalty among employees by organizing programs that serve the community in education, health and general social programs. This rendered the bank to achieve the first rank in the field of smart charity works in the Kingdom of Saudi Arabia. Other community programs include housing projects, charity work for orphans, support for small projects, and other volunteer works (where employees are encouraged to do so). The bank also takes into account the responsibility towards conserving the environment in terms of energy use, waste recycling and others.

Employee participation in incorporating Islamic concepts into the management practices:

- The bank seeks to provide advice and guidance to its employees through the establishment of several training courses related to Islamic financial transactions.
- The bank encourages its employees to work with sincerity, dedication, and honesty, and a feeling of responsibility to Allah before their subordinates, so the job is a trust (*Amanah*) from Allah.
- The bank encourages effective leadership and obedience (commitment) and builds it with Allah's piety, the good opinion and advice (*Shura*) in decision making.
- The performance and success of the company is attributed to the efficient performance of its employees. Among the characteristics of the people that the bank seeks to choose and employ is to be loyal and honest. Moreover, it is not enough for an individual to only complete his work, but his work must be in a perfect way (*Itqan*) as what Islam professes so the bank provides the appropriate environment with new technologies that help employees to work with *itqan*.
- The bank instructs its employees specifically the females to adhere to decent Islamic dress, as ordered by the Islamic faith.
- The bank performs fairness (*Adl*) among employees, as there is a system for evaluating performance, monitoring and directing them. The employees are then awarded with certificates of appreciation, promotions and prizes.
- The bank encourages employees to work in volunteer activities that call for social cohesion. These activities include distributing food baskets to the needy before entering the blessed month of Ramadan where male and female employees volunteer to fill, equip and distribute the baskets. In 2019, the bank undertook 94 social initiatives in 29 cities of the Saudi Arabia Kingdom. where 3191 male and female volunteer employees participated and their voluntary hours totaled 16,265 hours during the whole year.

- The bank assures its clients of its trustworthiness and fulfills promises to safeguard their interests. The bank orders its employees to do the same as it prevents embezzlement and fights terrorism i.e. following the example of the Prophet (peace be upon him).
- The bank adopts a "staff investment" policy that focuses on Saudi youths. The bank is distinguished by its trust in its employees as it encourages them to initiate and introduce their ideas. The bank applies the ideas and solutions proposed by employees in order to achieve high efficiency in performance.
- The bank provides training courses and continual development to each employee and considers it as part of its commitment to its employees. As at 2016, the bank provided more than 80,000 training days for each of the employees, whether they were in the head office or at the branches.

Islamic banking is the financial administrative method undertaken by Al-Rajhi Bank:

The bank performs all its activities in compliance with the provisions of the Islamic *Shari'ah* (the Qur'an and the *Sunnah* of the Prophet) by engaging a group of specialists or scholars in the Islamic *Shari'ah* discipline. The bank does not conduct any prohibited financial transactions such as usury (*riba*), injustice (*ghabn*), cheating, ambiguity (*gharar*), etc. It conducts its activities based on the teachings of the Islamic religion, as Islam is theology, guidance, regulation and a way of life and it perform several aspects:

- The statement of Islamic law on products by the lawful (*halal*) and forbidden (*haram*), and also finds suitable alternatives for religiously prohibited products and services. All the laws are sourced from the Qur'an and the *Sunnah* of the Prophet Mohammad and also the jurisprudence of jurists over the years.
- It cares a lot about the noble values and virtuous morals, and it considers fraud, injustice (*ghabn*) and ambiguity (*gharar*) among the unethical behaviours that Islam prohibits and should be avoided.
- Attaining a balance in life, as the bank underlies on maintains the rights of Allah and the people and the rights of the individual and the society, and of life and of the hereafter.

Essential factors for Al-Rajhi Bank's practices include:

1. **Reliance on *Shari'ah*:** Al-Rajhi Bank relies on the Islamic law for its administrative and financial practices and is governed by the *Shari'ah* Board. All products, services and business ethics of the bank are derived from the principles of the Islamic law.
2. **The prohibition of usury (*Riba*):** The bank's fundamental financial transactions are based on the prohibition of usury and *Riba* (taking, giving, assisting, or even the witnessing of it). All transactions that involve *Riba* are forbidden and the bank refuses to engage in it whether direct, explicit or implicitly disguised under any other name.
3. **Source of Money Growth is Effort and Work:** This implies that money is not the only source of money development and money does not generate money. In other words, the cycle of development has to be done by a

relationship between capital and workers. Exceptions are provided for people who are unable to perform because of their illness or disability.

4. Risk Sharing when the Bank enters into a partnership with its client: The risks are shared between the customer and the bank in any partnership contract or deal. The aim is to assure that there is no defined rate like in conventional banking where the contractor takes all the risk, no matter the outcome of the project. On the contrary, in Islamic banking there is no assured of profit or loss for either party.

The Shari'ah Group:

The *Shari'ah* Group in Al-Rajhi Capital is the most significant foundation since the Company depends on in for its operations. The Group comprises of a selection of members that perform in harmony with all the other groups and departments to fulfill the corporate strategy. It seeks to consolidate its role in pioneering and leading Islamic Banking by implementing the required plans and policies of its products. These products represent the commitment of the organization to comply with Islamic *Shari'ah* provisions.

- The objective and purpose of the existence of the *Shari'ah* Board is as follows:
 - Study the bank's transactions and activities.
 - Declare the *Shari'ah* rules in all transactions of the company.
 - Monitor and make sure that *Shari'ah* rules are applicable to the organization in all its dealings.
 - Design contracts and products in the light of the Islamic *Shari'ah* principles.
 - Provide advice and guidance to the company to achieve the purposes of Islamic *Shari'ah*.

The Shari'ah board of the bank

No	Name	Function
1	His Excellency Sheikh Abdullah Bin Mohammed bin Khonain	Chairman
2	His Excellency Sheikh Dr. Yousuf Bin Mohammed Al Ghafees	Vice-chairman
3	His Excellency Sheikh Dr. Abdullah Bin Nasser Al Salmi	Member
4	His Excellency Sheikh Dr. Abdulaziz Bin Hameen Al Hamain	Member
5	His Eminent Sheikh Dr. Saleh Bin Abdullah Al Lohaidan	Member & Secretary

The management of Al-Rajhi bank tries to follow the basic Islamic norms and moral values, i.e. honesty, integrity, hard work, righteousness, etc. However, among all of them, Al-Rajhi bank has given more preference to the servant-leadership and guardian-leadership concepts. In the following section this concept is discussed in detail.

Servant-leadership and Guardian-leadership concepts:

Islamic leadership has two main elements i.e. servant-leadership which is similar to the Greenleaf Theory (1998, 2002, 2008) and guardian-leadership which is similar to Burns Theory of Transformational Leadership (1978). These two elements are embedded and guided by other fundamental Islamic principles like justice (*adle*), consultation (*shura*), tolerance, integrity, kindness (*ihsan*), empathy, patience and compassion. So, Muslim leaders, while accomplishing the responsibilities of servant and guardian roles, must be motivated and directed by these basic principles (Kull & Kettunen, 2013).

The leader-guardian role (Beekun and Badawi 2009, 15) is to protect followers from injustice and tyranny, foster justice and God-consciousness by providing help to followers improve their spiritual level. Essentially, in Islam it comprises four pillars i.e. Islam (submission to God), *Iman* (faith), *Taqwa* (God consciousness) and *ihsan* (love for God) (Kull & Kettunen, 2013). The leader in this position is just like a shepherd or mentor who monitors the followers, protects, cares, improves and guides them. By preaching that, Prophet Mohammad (*s.a.w*) stressed the guardian dimension of Islamic leadership. The Prophet (*s.a.w*) said, "All of you are guardians and are responsible for your wards. The ruler is the guardian of the subjects and the man is the guardian of his family; the lady is the guardian and is responsible for her husband's house and his offspring; and so all of you are guardians and are responsible for your wards." (Sahih al-Bukhari 5200)

Servant-leadership is defined by scholars as behaviors or leading characteristics, which includes modesty, relational strength, and service orientation, creation of followers, encouraging the followers' autonomy, altruism, emotional healing, persuasive mapping, wisdom and organizational stewardship (Barbuto and Wheeler 2006).

The decision technique by *Shura* in Al-Rajhi bank:

There is no doubt that consulting and taking opinions has a great role in motivating individuals in the company. Islam promotes the involvement of superiors and subordinates in the decision-making process and that the responsibility and commitment are shared among them.

The bank has a periodical session in which the *Shari'ah* Board is attended by their Excellences the Sheikhs and Senior Scholars. In the session, the *Shari'ah* aspects of any banking transactions with the administrative and financial activities of the bank are reviewed before they are introduced and applied to the internal and external clients. The Board consults and takes the opinion of each of the members and then the decision reached is based on the opinion of the majority (consensus). So, the bank does not implement anything except by consulting them. Firstly, the Board must confirm and sign it, and then the application will take place.

Meanwhile, the bank adopts a "staff investment" policy that focuses on Saudi youths. The bank believes in its employees and encourages them to initiate and introduce their ideas. Consequently, the bank applies the ideas and solutions proposed by its employees in order to achieve high employee efficiency and performance.

In 2019, the bank achieved the highest levels of engagement, interaction and participation among its employees. The engagement rate of that year was 63% as compared to only 27% in 2015. This high level of positive engagement led to deliver the distinct and unique services of the bank.

As regards its ordinary and extraordinary general assemblies, the Bank always conforms to the relevant government regulations. All regulatory requirements are accompanied by details sufficient to encourage shareholders to make their decisions.

According to the Article 34 of the bank i.e. relating to the legal part of the Extraordinary General Assembly meeting of the bank, shareholders representing at least 50% of the capital must attend to vote on the report of the Board of Directors, financial statements and the auditor's report as well as absolve the members of the Board of Directors for the terminating financial year and to appoint the bank auditors and others. Each shareholder has the right to attend the General Assembly meeting or to appoint a proxy except members of the Board of Directors or the bank's employees or who are permanently assigned to the technical or administrative work to attend the meeting and to vote.

According to the Article 33 of the bank the legal part of the Ordinary General Assembly meeting of the bank, shareholders who are representing 25% of the capital must attend to vote. Also, every shareholder has the right to attend the General Assembly meeting or to appoint a proxy except members of the Board of Directors or the bank's employees or who are permanently assigned to technical or administrative work to attend the meeting and to vote.

Human Talent Management

The *hadith* of the Prophet stated that, "Allah will be pleased with those who do their work in a perfect way". Islam does not want Muslims to work in carelessness or laziness. Work is a worship of Allah (*ibadat*). They have to work hard, be disciplined and responsible to gain more efficient performance.

Adhering religion affects an employee's performance

Islam presents an ideological basis of different individual attributes that foster economic development (Ali, 1992). However, Ali (2005) states that till the fourteenth century, the introduction of Islamic ethics and principles brought Muslim people on to the golden ages of the eighth century. In addition, Ahmad (1976, in Yousef, 2001) indicates that Islamic work ethics reflect not life denial but life success and consider business motivations to be one of life's priorities. McDaniel and Burnett (1990) conclude that those who have strong religious convictions attach greater value to guidance, friendship and support provided by employees in the company. From an Islamic viewpoint, all business-related to vocations, both domestically and internationally, are a form of worship of Allah. Business, in fact, is viewed in itself as a communion with Allah (Quran 107:1-7). As a consequence, staffs that believe in Islam and practice Islamic principles appear to be much more pleased and happy with their jobs and more committed to their company. Ali and Al Owaihan (2008) are of the opinion that Islamic ethics has economic-social and moral aspects to increase the performance of employees.

Facilities for Al-Rajhi bank's employees:

- The bank seeks to raise the level of physical and mental health and awareness in the field of health and safety by providing gyms, in addition to providing the latest fitness center at the main headquarters of the Al-Rajhi Bank and the operations center, as well as organizing informal social

- events to enhance team spirit, including activities during the month of Ramadhan, and support childhood activities.
- The bank provides places to perform the prayer and clean WC facilities for ablution for employees so that they can perform their prayers on time.
 - The bank gives employees enough time to break the fast during Ramadhan.
 - The bank has established a humanitarian committee to provide assistance and help employees in emergency situations.
 - The bank created a special fund for employees that provide them with various financing solutions without any profit margins.
 - The bank provides all its employees with an integrated set of benefits such as education allowances, travel allowances and the best levels of medical insurance. It also gives free shares to its senior personnel, those whom the bank considers as valuable human assets, which helps to ensure long-term commitment.

CONCLUSION

To summarize, the banks fundamental (pillars) principles of Islamic Finance, comes from the Holy Quran and assert life-styles by Islamic morals and ethics. Al-Rajhi bank is prohibited to deal in interests (*riba*) so all its transactions are guided by the "*Mudarabah*" concept. This means it guarantees the sharing of loss and profit. Generally, Islamic banks do not promise a fixed Rate of Return as it operates on the basis of profit and loss sharing whereas conventional banks do guarantee both capital and Rate of Return on deposits, and the obligation to support any financial transaction with assets.

The bank blocks and prohibits any dealing that is associated with gambling, alcohol, "*gharar*" (uncertainty), "*maysir*" (speculation) and anything considered as "*haram*" by the Islamic *Shari'ah*.

Throughout the years, Al-Rajhi Bank has proven itself to be effective and efficient in its services by declaring openly its profits by the end of each financial year. Its entire operations are fully monitored by its own *Shari'ah* Board which comprises of Islamic scholars and experts. It does not only inculcate Islamic values in its products and services but also stresses on its members of management teams, the people behind its many successes and accomplishments, to be wary of the image of Islam. Being 'just', 'honored' and 'respected' are the three key elements instilled in its management teams as it sees them as their most reliable asset in providing good services to their present and potential customers.

The management elements are carefully guided by the company's Vision, Mission and Values which must be abided by its respective employees. "Al-Rajhi will definitely continue its historical legacy in global endeavor such as in Malaysia as it is pioneering Islamic banking in Saudi Arabia" says Director of Operation of Al-Rajhi Bank which is located at Jalan Ampang, Kuala Lumpur.

QUESTIONS

1. Given a new international business environment with international banking operations, in comparison to its home, what are the future challenges for Al- Rajhi bank?

2. How will Al-Rajhi shift away from the home business environment to operate in a Muslim nation which has different legal maxims?
3. Evaluate past financial performance and suggest future growth strategies for Al-Rajhi in Malaysia which has a different socio-cultural context and is a high income society of workers and customers

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