

MASTER THESIS IN RELIGION AND SOCIETY

CSR in Saudi Arabia

The University of Oslo
Faculty of Theology

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CSR in Saudi Arabia

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Abstract

This study is exploring how Corporate Social Responsibility (CSR) is understood in Saudi Arabia, and comparing this to the international discourse of the same field. The author is using four international standards, several theories, and core characteristics of CSR to define the international discourse, and comparing this to the Saudi understanding of the very same concept.

To investigate the understanding of CSR by Saudis, a fieldwork in Saudi Arabia was done. During this fieldwork the author got access to a variety of leaders in the spheres of business, charity organizations, as well as private and public organizations. This has given information from a variety of sources within the Saudi field of CSR.

The main findings are that development of human and social capital is the emphasis of CSR efforts in Saudi Arabia, while human rights, labor rights and anti-corruption are elements that are not focused upon in this field. These findings are further explained within different social problems, political goals and important values in Saudi society.

CSR is in the Kingdom considered an important tool to make the private sector contribute to the development of the Saudi society through the officially stated goals of *Saudification* of the workforce and *diversification* of the economy.

List of Abbreviations

ALJ Co.	-	Abdul Latif Jameel Company
ALJCSP	-	Abdul Latif Jameel Community Service Program
CSR	-	Corporate Social Responsibility
GCC	-	Gulf Cooperation Council
IMF	-	International Monetary Fund
ILO	-	International Labor Organization
ISO	-	International Organization for Standardization
JCCI	-	Jeddah Chamber of Commerce and Industry
JSRC	-	Jeddah Social Responsibility Center
Jotun Paints	-	Jotun Paints Company Saudi Arabia
Jotun Powder Coatings	-	Jotun Powder Coatings Saudi Arabia Company
KFF	-	King Faisal Foundation
KKF	-	King Khalid Foundation
OECD	-	Organisation for Economic Co-operation and Development
Rezayat	-	Rezayat Protective Coating Company
Saudi Aramco	-	Saudi Arabian Oil Company
SARCI	-	Saudi Arabian Responsible Competitiveness Index
SAGIA	-	Saudi Arabian General Investment Authority
The Guidelines	-	The OECD Guidelines for Multinational Companies
The World Bank	-	International Bank for Reconstruction and Development
UAE	-	United Arab Emirates
UN	-	United Nations
WTO	-	World Trade Organization

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“Give a man a fish; you have fed him for today.

Teach a man to fish; and you have fed him for a lifetime”

- Author unknown, widely quoted in Saudi Arabia to explain CSR.

Chapter 1: Introduction

April 12th 2009 Qatalum aluminum plant opened in Qatar. This is the world's biggest aluminum plant and a 50/50 joint venture between the Qatari company Qatar Petroleum and the Norwegian company Hydro. 5.7 millions USD has been invested in this project, and over 56,000 laborers from 86 different countries have been directly involved in the construction of this plant.¹

The opening of this plant led to some discussion about the lack of labor rights in Qatar, a critique that also applies to other countries in the Middle East, including Saudi Arabia. Labor rights is one of the cornerstones of Norwegian business ethics. The President and CEO of Hydro, Svein Richard Brandsvæg, has indicated that the company was not fully satisfied with the situation for the labor force that built this plant, and Norwegian minister of industry and trade, Trond Giske, had discussions with Qatari political leaders to improve the situation of the expatriates in the country, according to the Media.

This example is raising some interesting questions in the fields of labor rights, globalization and different cultures.

1.1 CSR, Globalization and Different Cultures

The governments around the world are losing power and influence in the era of globalization, and the multinational companies are incrementally gaining more. This development has led to an increased focus on what kind of responsibilities companies now have and should have in a global society. How can the welfare of people all over the world be ensured in this situation? One answer to this question could be wide-spread adoption of Corporate Social Responsibility (CSR) principles, a phenomenon which is a hot topic in the world today.

The concept of CSR raises some questions however: Should companies should contribute to societies, and if so, how can they do it? If companies are not willing to contribute to the societies, how can governments or supranational organizations influence companies to act socially responsible?

¹ <http://hydro.com/en/Press-room/News/Archive/2010/04/Royal-inauguration-of-Qatalum/>

If companies accept some level of social responsibility, there are also some cultural issues to debate: Which values should be the core of acting socially responsible? In other words, what is social responsibility? The building of the Qatalum aluminum plant is a valid example of this.

Caused by the changing power structures in the globalization era, there have lately been several initiatives for ensuring some kind of global standard of CSR. The aim of these initiatives is to promote similarity in the different markets around the world, and avoid making some markets that lack CSR initiatives more competitive.

1.2 CSR in Saudi Arabia: An Introduction

As in the global sphere, the discussion of CSR has also become very important in The Kingdom of Saudi Arabia lately. There are major organizations, governmental, semi-private and non-governmental, working to increase the importance of this phenomenon in this country. There are also companies that are now relying on being the best contributors to society as one of their major ways to maintain and gain markets shares.

There has been a significant development of the concept of CSR in the Kingdom during the last five years, especially increasing in the last two. The Saudi Arabian Responsible Competitiveness Index (SARCI) is an initiative taken by two Saudi² organizations, one governmental and one semi-private, and one international non-governmental organization. The collaboration between these organizations might be one of the best examples of how important this concept has become in Saudi Arabia. That these important, but very different, actors in the field of CSR are collaborating to make the impact of the concept as powerful as possible could indicate that Saudi companies are considered to have an important role in the development of Saudi society.

Then, finally, one question is of major importance regarding these discussions of CSR as a global and a Saudi phenomenon: *Is the concept of corporate social responsibility understood the same way in Saudi Arabia as in the international community?* And, if there are any differences, *what might these differences be?* These questions are the theme of this thesis.

² 'Saudi' equals 'Saudi Arabian'. This is commonly used in literature.

1.3 Why Write this Thesis?

My motivation for writing this thesis is three-pronged. Firstly, I have a bachelor's degree in Religion with focus on interreligious interaction, with emphasis on relationships between Christians and Muslims. My interest in this field was the major influence for my wanting to write a thesis with a theme that encompasses intercultural relations between the Western world and the Muslim world. My aim of writing a thesis with this theme is to contribute to developing more understanding between these two parts of the world.

Secondly, I am interested in Saudi Arabia because of the many differences, but also many similarities, with Norway. The most important differences include political systems and the significance of religion in politics and the daily life. Similar oil based economies, official state religions, and the important government ownership of companies are among the similarities between Saudi Arabia and Norway.

Thirdly, the theme of CSR has also interested me for some years. I find the idea of ethics in business very interesting, and in a capitalist economic system I believe CSR is one of the keys to ensure some degree of ethical business. The concept of CSR and the economic idea of "free markets" seem to be diametrically opposed; however, as indicated in this thesis, this does not have to be true.

These interests prompted me to do some research regarding CSR in countries in the Middle East. After I discussed this with the former Norwegian Ambassador in Saudi Arabia, Jan Bugge-Mahrt, he wrote to me, indicating that CSR was a field that could be considered problematic in the business relations between Norway and Saudi Arabia. After doing some more research in this field I found that CSR has increased in importance in Saudi Arabia in the last years, and that there were new things happening within this field almost every week. Because of this significant development, I found it to be of high interest to find out if the Saudi community understands CSR as it is understood in the international discourse. These are my personal motivations for writing a thesis with this theme.

There is not much literature written on the subject of CSR in Saudi Arabia. There are Saudi companies writing about their social responsibilities on their homepage and in their own books, and organizations that have written booklets and reports about different CSR initiatives in the Kingdom. In collaboration with the CSR Initiative at Harvard Kennedy School and the King Khalid Foundation (KKF) Saudi Arabian General Investment Authority (SAGIA) has

released a report named “Corporate Social Responsibility (CSR) in Saudi Arabia and Globally. Key Challenges, Opportunities and Best Practices”. This is a report from the First Leadership Dialogue in Saudi Arabia, which is reproduction of the arguments and ideas from this forum.

I have not found any literature that consists of more general descriptions of CSR in the country, about different understandings of the phenomenon, or how different companies are acting socially responsible. Neither have I found any academic literature on this issue. The annual SARCI reports give some sort of general findings about the focus on responsible competitiveness by some Saudi companies. Responsible competitiveness is another term for “corporate social responsibility.”

Thus, since there is no academic approach towards CSR in Saudi Arabia, this research will be pioneering work in this field.

1.4 Research Question

Saudi understandings and practices of CSR are the core elements of research in this paper. I will focus on elements that both differentiate and unite these understandings of Saudi companies and international standards and theories. I will also give an explanation of possible reasons for why the Saudis understand their social responsibilities in these ways.

Since, as it will be clear in the next chapter, CSR is mainly about practices of business ethics, I will also focus on how CSR is actually carried out in the Kingdom. Again, the emphasis in the thesis will be on the CSR efforts by Saudi companies, and I will explain them according to the understanding of social responsibility by Saudi companies linked to the political goals in the Kingdom.

To be able to find what elements that differ and unite the aspects of CSR in Saudi Arabia, I will have to compare my findings to understandings and practices of CSR outside the Kingdom. To do this, I will use some international standards as a benchmark to the Saudi views of CSR. I will focus on the UN Global Compact, the OECD Guidelines for Multinational Companies, the ISO 26000 and AccountAbility AA1000 Series of Standards. Why these are chosen will be explained later in the thesis.

All of these ideas of CSR in the Kingdom indicate the way I will approach these problems.
Hence, the research question is: *Is the term CSR understood the same way in Saudi Arabia as in the international discourse of CSR?*

Chapter 2: Explaining Corporate Social Responsibility

Corporate Social Responsibility (CSR) is known by many names:³ Corporate Responsibility, Responsible Business, Sustainable Responsible Business, Responsible Competitiveness and Strategic Philanthropy. Even though the names differ, the meanings of the different terms are the same. I will prefer the term "Corporate Social Responsibility" because this seems to be the most common term globally, because it does not seem to exclude any of the others terms, and because it is a “dynamic and contestable concept that is embedded in each social, political, economic and institutional context.”⁴

2.1 The History of CSR

There are three periods which are important in the development of CSR through history. These periods are the industrial revolution, the mid-twentieth-century welfare state and the more recent globalization era, and they have all contributed significant changes to the relationship between businesses and society.⁵ Although many of the issues that were important in the first periods remained important in the latter, each period also raised new issues about what responsibilities businesses have within society.

The industrial revolution, which began during the last decades of the 18th century, was a time of great changes in the world.⁶ Urbanization, partly caused by the need for workers in factories, led to social problems such as overcrowding and disease.⁷ Industrialization also provoked civil unrest such as protests aimed at resisting industrialization or improving the lives of those affected by it. This led to both governmental intervention against certain outcomes of industrialization and the creation of trade unions and workers' movements. This again led to thoughts regarding the responsibilities of a company towards their employees. Some concluded that the character of a man was formed by his surroundings and under the conditions he worked and lived. These ideas led into the creation of supportive communities, with some benefits for employees, at a few companies. There were also discussions of how

³ Michael Blowfield and Alan Murray, *Corporate Responsibility – A Critical Introduction* (Oxford and New York: Oxford University Press, 2008), 55, cf. Andrew Crane, Dirk Matten and Laura J. Spence *Corporate Social Responsibility – Readings and Cases in a Global Context* (Oxon and New York: Routledge, 2008), 4-7

⁴ Matten and Moon (2004) cited in Crane, Matten and Spence, 5.

⁵ Blowfield and Murray, 43.

⁶ http://europeanhistory.about.com/od/theindustrialrevolution/The_Industrial_Revolution.htm

⁷ Blowfield and Murray, 44.

companies should be structured, and the idea of separation between owners and direct control of the companies was one of the most debated. Besides these new ideas, there were also philanthropic activities during this period.

During the mid-twentieth-century the International Labor Organization (ILO), founded in 1919, brought together governments, businesses and trade unions in recognizing the dangers of an unjust political or economic order.⁸ Thus, business leaders were forced to consider impacts their business had on society. This led to a movement called "New Capitalism". The main idea of this movement was that a company "should voluntarily take steps to portray itself and its activities as beneficial to society at large."⁹ Later, the Great Depression led into the "New Deal" by the US president Roosevelt, which basically was designed to limit the power of corporations.¹⁰ After the Second World War, a nationalization of major industries and the idea that business best served the public good if it was controlled by the state, became the major tendency in Europe (both in the western parts, and of course in the communist eastern parts). The primary concern of the welfare state was to make sure that prosperity would lead into a more equitable distribution of the benefits this created, but other concerns such as health care, living wages and education were important as well. All of these areas can be recognized in the scope of CSR today.¹¹ In 1948 different national governments cooperated to create the United Nations' Universal Declaration of Human Rights in 1948,¹² which is one of the most important factors of CSR in the Western countries today. During the 1950's environmental issues also became important as an element of corporate responsibility. Various non-governmental organizations created to address issues such as interests of workers, indigenous people, animals, children and bonded labor, pressed for the responsibility of corporations in the 1970's. Women's rights movements also became important in raising issues of equality in the work place. Beside the importance of promoting equality between the sexes, this also impacted the idea of equality of non-discrimination in the companies. Later, this would again affect the principles of non-discrimination of people in relation to age, ethnicity, race, disability and sexual orientation. These all have become significant aspects of corporate responsibility agendas in the Western countries.¹³

⁸ Blowfield and Murray, 46.

⁹ Blowfield and Murray, 47.

¹⁰ Blowfield and Murray, 47.

¹¹ Blowfield and Murray, 48.

¹² <http://www.caplex.no/Web/ArticleView.aspx?id=9322858>

¹³ Blowfield and Murray, 48-49.

The last of the three periods is the age of globalization. It is difficult to point out what it is that makes globalization a distinct period, but wealth, poverty and equity, global common concerns, climate change and sustainability, and universalization of norms, values and cultures are mentioned as the core of this era by Blowfield and Murray.¹⁴ This raised a question of who should take the responsibility formerly taken by the states. The UN Global Compact later identified companies as the primary agent driving globalization in 2000,¹⁵ and this indicates that companies also should take more social responsibility.

The development of the International Bank for Reconstruction and Development (the World Bank), the International Monetary Fund (IMF) and the World Trade Organization (WTO) are also important elements of CSR in the era of globalization as promoters of free trade. WTO also promotes the responsibility of companies.¹⁶ The unexpected economic situation in the 1970s, where high unemployment was accompanied by inflation, led the World Bank and the IMF to implement policies such as more private enterprise, less labor power, freer markets, government control of currencies, and more incentives for private investment, and these became the definition of "good government". This encouraged countries looking for assistance from these major international institutions to adopt these political ideas in order to receive their support.¹⁷ Thus, these policies were widely adopted by borrowing countries in Latin America, Africa and South-East Asia, which helped create the conditions for overseas companies to do business in low-cost countries.¹⁸ The impact of these ideas led to a major change in the view of the relationship between business and society, mainly making the companies important factors in economic development as foreign investors, global traders and leaders in removing tariff barriers. These ideas have been expanded to include issues such as corporate governance, combating corruption, transparency and poverty reduction, but have been, and still are, roundly criticized for being an orthodox economic policy.¹⁹

¹⁴ Blowfield and Murray, 76.

¹⁵ http://www.unglobalcompact.org/docs/news_events/8.1/GC_brochure_FINAL.pdf , 2.

¹⁶ Blowfield and Murray, 49.

¹⁷ Blowfield and Murray, 50.

¹⁸ Blowfield and Murray, 50.

¹⁹ Blowfield and Murray, 50.

2.2 Theories of CSR

There are many explicit theories of CSR, but most of them need to be placed in a historical context of other theories of broader societal explanations to be clearly understood. Even though, as we have seen, there were socially responsible efforts by companies before the 1970s, it was not until this decade that the term “Corporate Social Responsibility” was commonly used. It was also at this time the first attacks on CSR as a concept evolved, and there were also some significant changes in the theoretic field of CSR at this time.²⁰ These changes have continually altered the concept of CSR, and that is why I choose not to focus on earlier theories. Keith Davis and Milton Friedman arguments are both from the beginning of the 1970s, while Henry Mintzberg’s defense of CSR came in the middle of the 1980s.

2.2.1 Keith Davis

Keith Davis, an American academic, brought about a major shift of the concept and theories of CSR. He claimed that CSR was the responsibility of the entire company, and not only of its business manager. This meant that the company, as an institution, should reflect CSR policies.

Davis also claimed that companies should be open to public input and scrutiny and that social costs and benefits should be factored into their business decisions. His ideas also included that companies, which have the necessary competencies, should be involved in social affairs and that companies should also demonstrate their contribution to social goals such as economic justice, stability, and freedom.²¹

The most notable change in the field of CSR however, was that Davis claimed that it had to involve every aspect of the company and not just the leaders at the top.²² This was a major change in CSR theories, and as we can see in the core characteristics of CSR defined by Crane, Matten and Spence, still valid today.

²⁰ Blowfield and Murray, 57.

²¹ Blowfield and Murray, 57.

²² Blowfield and Murray, 56.

2.2.2 Milton Friedman

American Milton Friedman criticized the concept of CSR, and stated: "The business of business is business." This idea behind his theory is that a private enterprise has one task, and only one: To make as much money as possible for the people who have invested in the company. For Friedman the social responsibility of a company is strictly limited to this simple concept. The only considerations in a decision making process in a company should be the economic considerations, which means that all other sides, including the ethical, should be of no interest to the company management. He especially attacks three sides of CSR, firstly that CSR involves business managers spending the money of others, secondly that CSR is undemocratic, and lastly that business leaders have no competence to consider what will do good in a society, and what will not.²³

In my opinion, it seems like Friedman's view of CSR has forced business leaders into now considering CSR more seriously. The first point of critique from Friedman is that CSR spends other people's money wrongfully. Today one important side of CSR is that this should not only benefit society, but also the company itself. The second point criticized by Friedman is regarding the undemocratic aspects he sees in CSR. Today CSR is more a cooperation between different organizations, international and national, global and local governmental and non-governmental, and public and private, making the concept of CSR more of a holistic system within the societies. The last point of critique from Friedman is regarding the business leaders' lack of competence in the area of social enhancement. I will argue that there is a tendency for more focus on CSR in business related education programs around the world these days. It is possible to take a masters degree in CSR in some universities,²⁴ and it also seems more common to incorporate CSR in business related degrees. Thus, Friedman's critique of CSR has helpfully resulted in the development of CSR as we know it today.

2.2.3 Henry Mintzberg

The Canadian scholar Henry Mintzberg specifically recognizes three important reasons for a company to take some sort of social responsibility, other than the purely ethical side of this. The first of these reasons is what he calls "enlightened self-interest". This argument is based

²³ Milton Friedman, "A Friedman Doctrine – The Social Responsibility of Business is to Increase its Profits", in Crane, Matten and Spence, 27-30.

²⁴ <http://www.londonmet.ac.uk/pgprospectus/courses/corporate-social-responsibility.cfm> ,

on the concept that a better society produces a better environment for business so a business community will profit from acting socially responsibly.²⁵

In his second argument Mintzberg emphasizes what he calls sound investment theory. This argument indicates that the market price of the company's stock will be affected by its social behavior, when doing so might increase the numbers of possible stockholders. Examples of possible stockholders that focus on the social behavior of the company might be churches and universities according to Mintzberg;²⁶ but there are, of course, also private investors that care about the social responsibilities of companies and also governmental organizations that emphasize these sides of a company. An example of the last could be the Government Pension Fund of Norway that focuses on their ethical guidelines in the decision of whether or not they should invest in a company.²⁷

His third major argument in the case for CSR is that companies should avoid interference. This is more of a political argument, and here it is emphasized that if companies do not behave socially responsible, then the government might force them to behave in a socially responsible way. Such governmental interference is strictly against the ideas of an independent business society, and seems to be a global trend that is understood as one of the better ways to create welfare and development.²⁸

For Mintzberg CSR is an important factor to implement in societies consisting of free individuals, especially to prevent the society from becoming too regulated and controlled, and to prevent extra regulation by more laws. This is why such a society could not survive without CSR according to him, and no matter how naïve this concept is, it still represents the best, and perhaps the only, hope to preserve the free society.²⁹

2.3 Definitions of CSR

CSR is defined in many different ways. According to Andrew Crane, Dick Matten and Laura J. Spence there are as many definitions of CSR as there are different views of what kind of

²⁵ Henry Mintzberg, "The Case for Corporate Social Responsibility" in Crane, Matten and Spence, 33.

²⁶ Mintzberg in Crane, Matten and Spence, 34.

²⁷ http://www.regjeringen.no/nb/dep/fin/tema/statens_pensjonsfond/etiske-retningslinjer.html?id=446948

²⁸ Mintzberg in Crane, Matten and Spence, 34-35.

²⁹ Mintzberg in Crane, Matten and Spence, 46-50.

role a company should have in a society.³⁰ Michael Blowfield and Alan Murray claim that there has never been a single universal definition of CSR and that the increased focus on CSR in the society has created even more definitions of this phenomenon.³¹ It is possible to find academic definitions, definitions by different companies and corporations, definitions by the media, by non-governmental organizations and by governmental departments. These views on CSR can differ a lot and there are different reasons why they are defined like they are. The audience for whom they are written and what kind of company, institution or organization has defined it are just some of the factors that could influence the definition. Still, according to Crane, Matten and Spence, there are some core characteristics of CSR that tend to be reproduced in some way in most definitions.³² These core characteristics are suggested to be the main thrust of CSR globally, though the meaning and relevance of the term will be different according to different contexts of organizations or nations.³³

2.3.1 Core Characteristics of CSR

The first core characteristic is, according to Crane, Matten and Spence, *voluntarism*. This means that any act which is mandatory by law will not be seen as an act of CSR. An example of this could be paying taxes, which might be for the better of the society, but still will not be seen as CSR according to this principle.

The second point that tends to be in many definitions of CSR is to *internalize or manage externals*. The externals are the side effects of actions done by a company that are borne by others. These effects could be positive or negative. To internalize these effects means that a company will take these effects into account in the process of making a decision. Some of the externals could be regulated by law, but to also internalize the externals that are not regulated this way is a part of many CSR definitions. An example of this could be a company investing in technologies that prevent pollution.

A stakeholder is anyone who is affected by the action of a company. This could be the shareholders, the management, the employees, the customers, the local community or many other groups or individuals depending of what kind of company this is. To consider the range of interests and impacts among a variety of different stakeholders is the third core

³⁰ Crane, Matten and Spence, 5.

³¹ Blowfield and Murray, 12.

³² Crane, Matten and Spence, 7.

³³ Crane, Matten and Spence, 9.

characteristic of CSR defined by Crane, Matten and Spence. They call this point *multiple stakeholder orientation*. Some theorists has argued that companies only have responsibility towards the shareholders,³⁴ but the principle of multiple stakeholder orientation claims that a company also has responsibility towards other humans being affected by the actions of the company. How much emphasis a company should put on different stakeholders will always be a dilemma, and this is a dynamic process that will differ from case to case, and from company to company. Still, it could seem like stakeholder orientation tends to be more towards other stakeholders than the shareholders, and that this is an essential character in many definitions of CSR.

The multiple stakeholder orientation leads to the fourth core characteristic of CSR: *Alignment of social and economic responsibilities*. This core characteristic claims that social responsibilities should not conflict with economic profitability and that companies also should benefit economically by implementing CSR. The most common thing to mention about ways that companies can benefit economically by implementing CSR, is improving the reputation of the company, but there are many other possible ways to do this. A company that educates people in different professions might have an advantage in recruiting the most talented candidates for positions in their company. A company changing their production line to a more environmentally friendly approach could do this when they have to renew their production line anyway, and not when the laws or regulations will make them do so. In this way the company might have to renew their production line one time instead of two times, thus, saving the company a lot of money.

However, this approach to CSR is seen as something more than the business practices and strategies that deal with social issues. Basically, it could be argued that *CSR is also about a philosophy or set of values that underpins these practices and strategies*, and this is the fifth core characteristic of CSR defined by Crane, Matten and Spence. This changes the focus from what a company has done in the social arena, to why they have done so. The value based concept is one of the big controversies of CSR, and might be one of the most interesting points in this research.

The sixth and last core characteristic definition of CSR by Crane, Matten and Spence makes a *differentiation between philanthropy and CSR*. They claim that CSR is something more than traditional philanthropy; basically, it is about how the entire operation of the firm impacts

³⁴ Friedman in Crane, Matten and Spence, 27.

society. This includes all of the core business functions like production, marketing, procurement, human resource, management, logistics, finance and more. This discussion is based on the idea that CSR should be integrated into the whole company, built in, and not just a "side project" bolted onto the company.³⁵

2.4 International standards of Corporate Social Responsibility

There are some international standards of CSR, contributed by international organizations like United Nations, Organization for Economic Cooperation and Development and the International Organization for Standardization. There are many similarities between these standardization charts, but also some differences.

2.4.1 UN Global Compact

The United Nations (UN) Global Compact was launched in July 2000 and is "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption."³⁶ There are ten principles of UN Global Compact, each meant to be embraced, supported and enacted by companies in their spheres of influence. The principles are meant to be universal, and because of this, applicable for companies all over the world.

The principles are:

From the Universal Declaration of Human Rights:

- "(1) Businesses should support and respect the protection of internationally proclaimed human rights;
- (2) and make sure that they are not complicit in human rights abuses."

From the International Labor Organization's Declaration on Fundamental Principles and Rights at Work :

³⁵ Crane, Matten and Spence, 7-9.

³⁶ <http://www.unglobalcompact.org/>

- "(3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- (4) the elimination of all forms of forced and compulsory labor;
- (5) the effective abolition of child labor; and
- (6) the elimination of discrimination in respect of employment and occupation.”

From the Rio Declaration on Environment and Development:

- "(7) Businesses are asked to support a precautionary approach to environmental challenges;
- (8) undertake initiatives to promote greater environmental responsibility;
- and (9) encourage the development and diffusion of environmentally friendly technologies.”

From the United Nations Convention Against Corruption:

- “(10) Businesses should work against corruption in all its forms, including extortion and bribery.”³⁷

2.4.2 The OECD Guidelines for Multinational Companies

The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises is one part of the OECD Declaration and Decisions on International Investment and Multinational Enterprises, written in 1976,³⁸ which is subscribed to by all 30 OECD member countries and 12 non-member countries. The Guidelines, which was reviewed in June 2000,³⁹ is a set of volunteer recommendations to multinational enterprises in all areas of business ethics. These areas include employment, industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition and taxation. These guidelines are supposed to be implemented by the operations of National Contact Points (NCP), which are government offices promoting the Guidelines and handling enquiries in the national context.⁴⁰

Corporate Responsibility is one part of the OECD Guidelines for Multinational Enterprises, and is understood as the contribution of the business community towards achieving the goal

³⁷ <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

³⁸ http://www.oecd.org/document/24/0,3343,en_2649_34887_1875736_1_1_1_1,00.html

³⁹ http://www.oecd.org/document/24/0,3343,en_2649_34887_1875736_1_1_1_1,00.html

⁴⁰ http://www.oecd.org/about/0,3347,en_2649_34889_1_1_1_1_1,00.html

of sustainable development. The Investment Committee of OECD defines Corporate Responsibility as: "The actions taken by businesses to nurture their relationships with the society in which they operate."⁴¹

The OECD Guidelines has nine areas of focus which are of major importance in this declaration. These areas are:

- Concepts and Principles of the Guidelines,
- General policies,
- Disclosure,
- Employment and Industrial relations,
- Environmental issues,
- the Combat of Bribery,
- Consumer interest,
- Science,
- Technology and Competition.

These areas of focus emphasize voluntarism, CSR as a global concept, transparency, human rights, labor rights, fair business, marketing and advertising and development of local human capital as some of the most important factors.⁴²

2.4.3 ISO 26000 – Standardization on Social Responsibility

The International Organization for Standardization (ISO) will later this year release a standardization on Social Responsibility. Named ISO 26000, this is an international standardization of social responsibility aimed at organizations in the private, public and non-profit sectors.⁴³ The intention of this guidance is to assist organizations in contributing to sustainable development.⁴⁴ The voting for this paper terminated February 2010, and the

⁴¹ http://www.oecd.org/about/0,3347,en_2649_33765_1_1_1_1_1,00.html

⁴² *OECD Guidelines for Multinational Enterprises*, 2008, 12-25.

⁴³ *ISO Guidance on Social Responsibility, Draft, English version*, 2009, foreword vi.

⁴⁴ *Ibid.*, 1.

finished version of this standardization is due in November the same year.⁴⁵ There is a circulation on a draft of the ISO 26000, and it is suggested that this version will be very similar to the final one. I will use the draft as my source in this part.

The core subjects and issues of social responsibility are identified by ISO as:

- Accountability,
- Transparency,
- Ethical behavior at all times,
- Respect for stakeholder interest,
- Respect the rule of law,
- Respect international norms of behavior
- Respect human rights.⁴⁶

The idea of respecting international norms is to ensure a minimum of environmental or social safeguards if the national law does not provide this. As a Saudi example, trade unions are illegal in the Kingdom. This clearly conflicts with the fourth area of focus in the OECD Guidelines for Multinational Enterprise in which it is emphasized that companies should let trade unions represent their employees in collective bargaining and other issues of discussion between employer and employees. This could be seen as a major source of ethical conflict for companies involved in the country. It is literally impossible for a company to respect the rule of law while still respecting the international norms of behavior. To respect the rule of law in Saudi Arabia will mean, in some situations and contexts, that companies accept to not respect the international norms of behavior. On the other hand, if the goal is to contribute to a sustainable development and influence the society to respect the international standards, it could be argued that this is easier done by interacting and talking to the authorities than to simply boycott them.

⁴⁵ Email from Jessica (last name unknown) at sis.se received January 12th 2010

⁴⁶ *ISO Guidance on Social Responsibility, Draft, English version*, foreword viii – ix.

2.4.4 AccountAbility's AA1000 Series of Standards

AccountAbility is an international organization that works to promote accountability innovations for sustainable development. Stakeholder engagement, responsible competitiveness and collaborative governance are key areas of focus in the organization. Their AA1000 Series of Standards has three core principles:

- Inclusivity
- Materiality
- Transparency

By inclusivity, it is meant that people should have a say in the definitions that impact on them. Materiality means that decision makers should identify and clarify the issues that matter, and is also an important principle. Lastly, transparency about the actions of the organization, responsiveness, is another core principle of AccountAbility.⁴⁷

2.4.5 Core values of the International Standards of CSR

There are definitely some common denominators among three of these international standards of CSR. They all have four core values which seem to be the main approach to CSR internationally. These values are:

- Human rights,
- Labor rights,
- the Environment
- Anti-corruption.

Another common thing among these standards is that they all seem to be recognized as globally acceptable. AccountAbility is not as concrete in their promotion of these values, and differs from the three other international standards of CSR mentioned in this chapter in these fields.

⁴⁷ <http://www.accountability21.net/default2.aspx?id=54>

2.5 Summary of CSR

The ideas that companies have some sort of responsibility to society have been developing since businesses first became significant because of the industrial revolution. The focus has changed from being an individual's responsibility to the companies' responsibilities as institutions. The validation of this responsibility has gone from a purely ethical reason of acting socially responsible, to Friedman's premise that companies are absent of every responsibility except doing business, and to Mintzberg's idea that maximizing the profit of a company's CSR is necessary.

Even though the definitions of CSR range widely, there are six core characteristics defined by Crane, Matten and Spence. These are:

- Voluntarism
- Internalize or manage externals
- Multiple stakeholder orientation
- Alignment of social and economic responsibilities
- CSR as a philosophy or set of values that underpins the business practices and strategies
- CSR is beyond philanthropy

Within the international standards of CSR, there are four core elements that are emphasized in all these different standards, and in the international discourse of CSR. These elements are:

- Human rights
- Labor rights
- The environment
- Anti-corruption

Chapter 3: Saudi Arabia

Saudi Arabia is a country that is distinct from Western countries in many ways. Religion, culture and politics, and the relationship between these, are among the important elements of its society that make the Kingdom different from most other countries. I will, in this chapter, present and discuss some aspects of the country that, in my view are both distinctive, and also might influence the understandings and practices of CSR there.

3.1 Politics in Saudi Arabia

As the previous paragraph indicates, religion and politics within Saudi Arabia are to some extent linked together. There is clearly a synergy between the religious and political leaders in the country, and the conservative nature of Saudi society is often used to explain the absence of meaningful political reform.⁴⁸

Even though there have been some political reforms during the last years, there are still basically two families that hold the key posts in the country. The descendants of Ibn Saud, the Saud family, hold most of the key government posts. While the Sauds govern the state, the descendants of Ibn Abd al-Wahhab hold most of the key positions in the religious establishment.⁴⁹

There have been partial elections for municipal-level consultation councils. However, there were strict punishments for criticizing state policies or any governmental program, and women were not allowed to participate in any way.⁵⁰ Thus, the Saudi state is still primarily governed by the Saud-family today, and the small efforts made to let the people of Saudi Arabia have more of a say in political matters, are, at the best, highly and strictly controlled. Saudi Arabia is not a democratic state.

⁴⁸ Gwenn Okruhlik, "State Power, Religious Privilege, and Myths about Political Reform" in *Religion and Politics in Saudi Arabia – Wahhabism and the State*, (ed.) Mohammed Ayoob and Hasan Kosebalaban , 91 (Colorado and London: Lynne Rienner Publishers, 2009).

⁴⁹ John R. Bradley, *Saudi Arabia Exposed. Inside a Kingdom in Crisis* (New York: Palgrave Macmillian, 2005), 10.

⁵⁰ Okruhlik in Ayoob and Kosebalaban, 98.

3.1.1 Political Goals of Saudi Government Related to CSR

In a governmental development plan (the Eighth National Development Plan 2005-2009) in Saudi Arabia, it is stated some objectives of priority.⁵¹ These are related to the development of the national workforce, increasing competitiveness in the Saudi economy, modifying towards global economic developments and making the most out of the resources in the country. I will focus on some of these objectives that I consider important for the CSR efforts in Saudi Arabia: Saudification, diversification and the “ten-by-ten” goal.

The development of the human resources in the national workforce is aimed at becoming less dependent on expatriates. This policy is named “Saudification”, and besides becoming less dependent on foreigners, it is also aimed at increasing job opportunities for the Saudis themselves.

Table of population in Saudi Arabia 2008 (all numbers in millions).⁵²

	Saudis:	Non-Saudis:	Total:
Total population:	18,12	6,69	24,81
Male population:	9,09	4,60	13,69
Female population:	9,03	2,09	11,12

⁵¹ Eighth National Development Plan 2005-2009, 2004, 2-3.

⁵² Saudi Arabia: Economic Indicators 2001-2008, 2009.

Table of population by age structure in Saudi Arabia 2008 (all numbers in millions):⁵³

Age:	Saudis:	Non-Saudis:	Total:
0 - 14	6,67	1,33	8,00
15 - 39	7,85	3,53	11,38
40 - 64	2,97	1,76	4,73
65 - above	0,63	0,07	0,70

Table of employment in Saudi Arabia 2008 (all numbers in millions):⁵⁴

	Saudis:	Non-Saudis:	Total:
Total Employment:	3,76	4,26	8,02

It is notable that 3,76 million out of a total number of 18,12 million Saudis participated in the workforce in 2008. The number of expatriates in the workforce were at the same time about 4,26 million,⁵⁵ more than half the workforce. These numbers are all official numbers from the Saudi authorities, and I have seen estimated numbers from elsewhere⁵⁶ that indicate a lot higher percentage of expatriates in the workforce. The low number of Saudis can partly be explained with the high number of people aged below 18 (9,80 million in 2008)⁵⁷, but also that women are highly underrepresented in the workforce. However, the goal of developing the human resources in the Kingdom is meant to ensure that more Saudis in the future will get

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>

⁵⁷ http://www.unicef.org/infobycountry/saudiarabia_statistics.html#68

some of the jobs occupied by expatriates today. There also seems to be an emphasis on enhancing the participation of women in the workforce.⁵⁸

Another main objective in the Eighth National Development Plan is to achieve a “diversified and prosperous economy.”⁵⁹ This goal indicates that there is a need to diversify the economy in the country to an economy that is not fully based on oil-production, but also provides other ways of ensuring a specific income to the Kingdom. This could be technological solutions, industry, etc.

Finally there is also a goal to create an economy that will make the Kingdom among the top ten competitive nations. It is not specified as to which ranking they are supposed to become within the ten best nations, but to reach this goal there are some elements that have to improve. Included in these elements we find poor work ethics in the national force, corruption and especially restrictive labour regulations. These are all related to elements of CSR.

3.2 Religion in Saudi Arabia

Adherence to Islam is one of the most important factors easy to identify in the Saudi society. This is a state religion, and the King of the country is titled *khadim al-haramain al-sharifain*, meaning *the Custodian of the Two Holy Mosques*.⁶⁰ This title seems to be as commonly used as his non-religious title. With the establishment of the third Saudi state in 1932 *Shari'a* was declared the supreme law of the country, and the Quran declared the constitution.⁶¹ Some other tribal and customary laws also entered the legal system then, but only laws that were compatible with *Shari'a* and the Quran.

In 1744, the minor prince Muhammad ibn Saud and the revivalist preacher Muhammad ibn Abd al-Wahhab joined forces. Ibn Abd al-Wahhab's idea was to restore the purity of Islamic doctrine to the nomadic and sedentary populations of Arabia, and to focus on the oneness of God. His followers came to be known as *muwahhidin*, meaning unitarians. The religious doctrines were in the hands of ibn Abd al-Wahhab, and all the religious, moral and

⁵⁸ Eighth National Development Plan, 35.

⁵⁹ Ibid, 24.

⁶⁰ Madawi Al-Rasheed, *Contesting the Saudi State* (Cambridge and New York: Cambridge University Press, 2007), 11.

⁶¹ John S. Habib, “Wahhabi Origins of the Contemporary Saudi State” in (ed.) Ayoob and Kosebalaban, 67.

educational authority followed these doctrines. This position was called "the Book" (literally "the Quran"). However, "The Sword", i.e. the political power, was in the realm of Ibn Saud. This alliance has continued since then within all the three Saudi states, and can still be argued to be a cornerstone of the governance in the Kingdom today.⁶²

This background indicates a certain importance of Islam in the foundation of the state, in the political educational, ethical and judicial spheres.

3.2.1 Definition of "Islam"

It is common in the Western countries to label the Islamic tradition in Saudi Arabia "*Wahhabism*". I will not do that. Firstly, the term "Wahhabism" has a strong connection to ibn Abd al-Wahhab, mentioned above.⁶³ To name a religious movement with such a strong focus on monotheism after one person seems like a misleading name for this religious tradition. Secondly, my experience and interaction with people in Saudi Arabia does not indicate at all that they would call themselves "wahhabies". When discussing this with some of my informants, they were, or at least acted, surprised. They told me that ibn Abd al-Wahhab was just one man, and had nothing to do with their religious life. They rather tend to think of themselves as simply Muslims, without any other specifications. Thirdly, as Pascal Ménoret points out, the term "wahhabism" is a term that comes from outside the movement itself.⁶⁴ Fourthly, as with many Western labels of groups claiming belonging to Islam, the same label is used for many very different groups. Terms as "Salafi-wahhabism" gives direct association to groups using terror to exceed their political goals. It would seem improper to use a term associated with terror to define the religious views of the Saudis.

However, there is definitely a distinct religious tradition based on the ideas of ibn Abd al-Wahhab. Otherwise noted, I will by "Islam" refer to this specific Islamic tradition. By "Islam" I mean Sunni-Islam following the "hanbali-law" tradition, and the tradition after ibn Abd al-Wahhab. This seems to be the best definition of the majority-religion in Saudi Arabia, though there are also Sunni-Muslims following the "shafi'i-law" tradition, and a major minority of Shi'a-Muslims in the country.⁶⁵

⁶² Ibid, 57-58.

⁶³ Al-Rasheed, 2.

⁶⁴ Pascal Ménoret, *The Saudi Enigma. A History* (London and New York: Zed Books, 2005), 53.

⁶⁵ Per Kværne and Kari Vogt (ed.), *Religionsleksikon* (Oslo: Cappelen akademisk forlag, 2002), 325.

3.2.2 Charitable and Social Religious Traditions in Saudi Arabia

Zakat is one of the pillars of Islam, and it is impossible to imagine or explain Islam without this form of charity.⁶⁶ This could be understood as a religious taxation or alms. The amount of *Zakat* differs from location to location, and there are also differences between how *Zakat* is paid. In Saudi Arabia, Muslims are supposed to pay 2.5% of their annual profits to the needy. *Zakat* for companies is paid to the government,⁶⁷ which distributes the money in ways they consider the best for the needy. As far as I understand, this could be for anything from building better infrastructure to giving economical support to the ones who need it. Since these obligated and ritual alms are done through the government, it is only the religious element that differentiates this religious taxation from ordinary taxation. It is claimed that no one actually controls whether people pay the right amount; this being a case of trust between the believer and God.⁶⁸

Besides *Zakat*, there are also other forms of religious charity in Islam: *Sadaqa* is voluntary charity. This seems to be an important factor of Islam, though this is not something a giver is supposed to talk about. The intention behind giving *Sadaqa* must not be to get benefits, like a good reputation, for the giver. The intention must purely be to help people who need it.

Infaq is spending money in God's way. CSR could possibly be argued to be some kind of *infaq*. There are also special alms for agricultural production and supplementary alms for extraordinary circumstances.⁶⁹ These are all elements within Islam that indicate an ideal of generosity and spending wealth in a moral way.

Umma is an important factor of the Islamic faith. Though the term in the Quran is used for many things, the commonality is that unity is willed by God, and that it is a goal to realize one *Umma* of all people. Lately, the idea of *Umma* has been used by Islamic thinkers and in different kinds of political ideologies in the Muslim world. In the modern Muslim world, the idea of *Umma*, understood as a communion or nation, is an important idea.⁷⁰ In my understanding, which also was claimed by some of my informants during my field trip in Saudi Arabia, the society as a whole is important for the Saudis.

⁶⁶ Ömer Faruk Sentürk, *Charity in Islam: A Comprehensive Guide to Zakat* (New Jersey: The Light, 2007), 18.

⁶⁷ <http://www.the-saudi.net/saudi-arabia/taxation.htm>, Email from Abduhrahman T. Habib received April 25th 2010.

⁶⁸ Interview with Riyadh Saleh al-Homoud in al-Khobar October 20th 2009.

⁶⁹ Sentürk, 3-7.

⁷⁰ Kværne and Vogt, 378.

Islam also seems to be the main reference for how Saudis explain their own morality. The moral codes in the culture seem based in religion, and if someone would say that they are not a religious person in this milieu, it would be understood as they have no morals by many Saudis.

3.2.3 Islam and CSR

I will argue that there are especially three points which are based in Islam that are important to the understanding and practice of CSR in Saudi Arabia. Firstly there are the pillar of Zakat and other traditions and practices of Islamic charity. Secondly, the importance of Umma could also be argued to be important in this understanding. Lastly, I will also argue that since CSR could be understood as ethics in practice, and my understanding is that Islam is the main reference of ethical behavior in the Kingdom, that also makes Islam an important factor in the understanding and practices of CSR in Saudi Arabia.

Chapter 4: The Investigation

Chapter 4 will describe and discuss the methods used in this research. First, I will present the methodological approach. In seeking to answer the main research question I need to explore answers to a number of secondary questions, which will be done next. Thirdly, there will a discussion of the data collection; and then I will discuss the importance of rhetoric in the field of CSR. Fifthly, there will be a discussion whether certain values purporting to be 'global'⁷¹ actually are. Finally, I will also describe some of my limitations encountered in working with and writing this thesis.

4.1 Methodological Approach to the Thesis

I will research this with an inductive approach. This means that I am open to different understandings of CSR in Saudi Arabia, and that I do not seek to confirm any theories of my own. Because I choose this inductive approach, I will not present any hypothesis of my own, but rather utilize some secondary questions to answer the research question: *“Is the term CSR understood the same way in Saudi Arabia as in the international discourse of CSR?”*

4.2 Secondary Questions

The two first questions are regarding the actual CSR efforts in Saudi Arabia. The first deals with the organizations in Saudi Arabia, and their influence and efforts in implementing more CSR in the country: *How are Saudi organizations trying to impact Saudi companies to act more socially responsible?* The other is focused on how companies actually are doing CSR efforts. *What elements are emphasized in CSR efforts by Saudi companies?*

To define “the international discourse”, I will use the theories, the core characteristics and international standards of CSR, all discussed and described in chapter 2. This is done to have clearly defined elements to compare with understandings and efforts of CSR in Saudi Arabia. The two next inquiries deal with this: *How do the CSR efforts in Saudi Arabia correlate with*

⁷¹ I have used the words "global" and "universal" interchangeably in this thesis.

international standards of CSR? And: How do the views of CSR in the Kingdom correlate with the core characteristics of CSR identified by Crane, Matten and Spence?

My last inquiry is based on chapter 3 and deals with the relationship between religion and society in Saudi Arabia, and the influence this has on CSR efforts in the Kingdom: *How does Islam impact views, understandings and practices of CSR in Saudi Arabia?*

These five questions will all contribute to answering the research question in this thesis.

4.3 Data Collection

To be able to answer these questions I will use information from different sources: Academic literature, company literature and different organizations' reports and interviews with well informed persons within the field of CSR in Saudi Arabia which includes representatives from governmental, semi-private and private organizations, as well as companies. I will also reproduce ideas and themes from discussions with other persons with knowledge of CSR in Saudi Arabia and Norway.

4.3.1 Literature

I have used academic literature in the fields of both CSR and Saudi Arabia. For describing CSR, I have used mainly two books: "*Corporate Social Responsibility – Readings and cases in a global context*" (2008) by Andrew Crane, Dirk Matten and Laura J. Spence, and "*Corporate Responsibility – A critical introduction*" (2008) by Michael Blowfield and Alan Murray. The academic literature used to describe Saudi Arabia is extensive. Among the books I have used, I find "*Religion and Politics in Saudi Arabia – Wahhabism and the State*" (2009) edited by Mohammed Ayoob and Hasan Kosebalaban, and Pascal Ménoret's "*The Saudi Enigma – A History*" (2005) the most prominent. To discuss the charitable traditions in Islam, I have used some academic papers, but mostly the book "*Charity in Islam – A Comprehensive Guide to Zakat*" (2007) by Ömer Faruk Şentürk. However, when it comes to the explicit field of CSR and Saudi Arabia, I have not been able to find any academic texts.

Because of this, I have used primary sources in my investigation. I have read several reports that are released by different organizations in the Kingdom. The SARCI reports (2009 and 2010) by SAGIA, KKF and AccountAbility, and other reports related to SARCI and the King

Khalid Award for Responsible Competitiveness are examples of this. To be able to place my findings in a broader political sphere in the Kingdom, I have also drawn on several governmental reports such as “*Eighth National Development Plan*” and “*Saudi Arabia – Economic Indicators 2001-2008*”.

Homepages and other company literature from the different informant companies are other forms of primary sources in this field. There are great varieties in the amount available written information from the different companies, and while some companies have several books and booklets in addition to their homepages, some have only their homepages with no specification of their CSR efforts.

To be able to complete the information available, I saw the need for doing fieldwork in Saudi Arabia. This fieldwork was done in October and November 2009.

4.3.2 Fieldwork

Before I left for Saudi Arabia, I had some appointments with the managers in the two Jotun companies, as well as the Norwegian embassy in Riyadh. Through Shafique Siddiqui in Jotun Powder Coatings Saudi Arabia Company (Jotun Powder Coatings), I got several interviews with the employees at his company, as well as himself, and another company who were their customer. Gunnar Thoresen at Jotun Paints Company Saudi Arabia (Jotun Paints) arranged for me to discuss their CSR efforts with several of the employees, himself and Dr. Abdullah M. Bin Mahfouz who is vice chairman in the Board of Directors of Jeddah Chamber of Commerce and Industry (JCCI). Through him I got appointments with several people working in JCCI. Through the embassy, I was directed to central individuals in Saudi Arabian General Investment Authority (SAGIA).

The first day in Saudi Arabia I had an appointment with Abdulaziz alGasim, who spent a whole afternoon with me discussing my thesis and Saudi Arabia in general. He arranged meetings for me with Saudi Arabian Oil Company (Saudi Aramco), King Khalid Foundation (KKF), King Faisal Foundation (KFF), Abdul Latif Jameel Company (ALJ Co.), and several other central actors of CSR in Saudi Arabia. I soon recognized the importance of personal contacts in the Kingdom.

The organizations with which I discussed CSR include JCCI, an organization in the private sector, KKF and KFF two “semi-private” organizations. I choose to label these two

organizations “semi-private” because of their close connections, at least in the name and visions further described in chapter 5, with the ruling Saud family, and also because they are run by branches of the same family. It could be argued that both organizations should be labeled as NGOs, but because of the mentioned connection, and to distinguish these welfare organizations from JCCI, I choose to call them “semi-private”. However, all of these organizations were chosen as informants because of their self-identified focus on CSR, and because they were emphasized as important within the field by other informants.

I also chose five companies to be my informants in the fieldwork in Saudi Arabia. These companies differ in size, country of origin, structure and field of business. These differences make these companies more interesting as informants and helpful to my thesis than if the companies were more similar to each other.

The companies I visited during my fieldwork were Saudi Aramco, ALJ Co., Jotun Paints, Jotun Powder Coatings, and Rezayat Protective Coating (Rezayat). These companies were chosen for different reasons: Some companies were chosen because of their emphasis on CSR, some because of their status and position among Saudi companies, some because of their international ownership, while some companies were chosen simply because they have Norwegians working in their companies who were willing to discuss CSR with me, or because they were associates of other contacts I have in the Kingdom.

Because some companies are chosen because of their emphasis on CSR, this will presumably affect my thesis by describing CSR efforts in the Kingdom as more active than they actually are. The same could be argued of the selection of companies with a certain status and position in the Saudi and the international society. Maintaining a status and reputation of some level could definitely be done through a focus on CSR efforts. The joint venture of the Jotun companies could also affect the CSR efforts of the companies when they are partly owned by Norwegians. Even though these are all elements that could increase or change the CSR efforts in some way, the companies are also parts of the Saudi business society. Because of this they are valid as a selection of companies to describe some CSR efforts within the Kingdom, but not as a general selection.

The representatives of the companies I visited and discussed CSR with were mainly CEOs, managers, or head of PR- or CSR-departments. This could indicate an interest to control the

communication of their CSR efforts in the best possible way, but could also be due to fear of contradicting the rhetoric on homepages or other company forums.

Beside these different private and public organizations, I have, as mentioned above, also spoken to the lawyer Abdulaziz M. al-Gasim. He has a background as a *Sahwi*, which is an Islamic revivalist movement striving “to re-enchant a politically dis-encharmed world”⁷², and he is an active discussor about the development of Saudi society advocating more democratic rights. Many label him a “modernist Sheikh” or “islamo-liberal”.⁷³ I also talked to Mahmoud Mattar, the CEO of Dimension Management Consulting, Jarl Jacobsen, a Norwegian who has been working in Saudi Arabia as a consultant for several years, as well as other persons with knowledge about CSR in the Kingdom.

After my fieldwork in Saudi Arabia, I have also participated in a “Norwegian Business Workshop” in UAE December 2009 with the theme of CSR in the GCC-countries. The participations at this workshop included representatives from the Norwegian Ministry of Foreign Affairs, Innovation Norway, Norwegian businesses in the GCC-countries, local CSR experts and others. I have also attended a seminar regarding doing business in the GCC-countries in Norway arranged by Vipe and Innovation Norway, and discussed this field with relevant persons in the Norwegian Ministry of Foreign Affairs, Innovation Norway and other organizations.

In addition, I have exchanged emails with questions and answers to the governmental organization SAGIA, and maintained contact with many of my informants through email, which has enabled me to ask for clarifications in areas that were unclear.

4.3.3 Methods in the Fieldwork

The interviews for this fieldwork were based on a qualitative method. I asked open questions, and let my informants answer them freely. When I needed more specific answers, I asked more specific questions. The form of the interviews was more in the form of a conversation, than just an interview, of course with some differences from interview to interview. In my opinion, I got more interesting information using this method, than using other methods. When my goal was not to judge any forms of CSR, just to understand and explain differences and similarities, this form of interview gave me the information I needed. In the analysis, I

⁷² Al-Rasheed, 67.

⁷³ Ibid., 89.

also mention elements that were not spoken of by my informants, indicating the lack of importance of these fields in the understandings and practices of CSR in the Kingdom.

4.3.4 Methodical Problems

Firstly, the companies used as informants are not a representative selection. However, considering the approach towards CSR of the different organizations, especially SAGIA, this can indicate some of the impact on companies. Thus, the similarities and differences between CSR efforts of the companies and the CSR initiatives of SAGIA will indicate some of the possible impact SAGIA has on the CSR efforts of Saudi companies. The goal with this research is not to present a representative selection of all CSR efforts in Saudi Arabia, but rather to use some companies and organizations to indicate certain tendencies.

Secondly, the homepages of the informant companies, as well as other material they provided me with during my fieldwork are all the subject to one problem: This information is written and edited by the companies themselves, and thus this information might tend to focus on and emphasize the brighter sides of the companies' CSR efforts, more than a neutral report with the same theme would.

Because of this, and the impossibility for me to observe the actual CSR efforts by the companies, I have tried to remain a critical distance to the information provided to me.

4.4 Company Rhetoric and CSR efforts

Even though rhetoric alone is not CSR, rhetoric is still important because it can indicate certain expectations of the society towards the companies that operate in it. Firstly, governmental reports about how the private sector can contribute to develop the society give indications of what the authorities expect from the companies, and how the authorities consider the companies role within the society.

The rhetoric of non-governmental organizations is also interesting in the very same consideration. This can signify what these elements of society expect from the companies.

The information from company sources might be considered as a way to legitimize their business within the society. This information is interesting for two reasons: Firstly, the

connection with the governmental rhetoric might indicate how important the relationship between the company and the authorities is for the company. Secondly, this might indicate what companies believe the society expects from them.

However, rhetoric *only* is not CSR. A discussion with representatives of a company, an analysis of material published by the company in books, on a homepage or in other forums, and email conversations are all actually about company rhetoric. To measure the CSR efforts of the informant companies directly was not possible for me during this fieldwork, and this is a possible source of error in this research. However, it still is important and revealing to consider how the companies describe their CSR efforts, as this indicates the companies' view about their own role in the society.

I also recognize two kinds of company rhetoric: First, it is the ethical principles of which the company claims to follow, and is thus an abstract level. Second, it is the description of the actual CSR efforts, which actually say something about what the company has done. As there are none or little independent sources about this, I recon the description of the actual efforts as an indication of more activity in the field of CSR, than just the guiding principles alone.

This means that I will use the rhetoric of the different companies to explain their own view their role in the society. I will also consider this as a legitimization of the business towards the Saudi society. Where relevant, I will discuss whether or not this rhetoric is just rhetoric.

4.5 Discussion of “Universal Values”

As we have seen in chapter 2, one of the typical aspects of the international standards of CSR is an intention of being universally acceptable. The standards are based on certain values, such as the UN International Bill of Human Rights, which also purports to be universal. However, critiques of these human rights include that this exclusively expresses distinct Western values, and that calling for universal human rights means supporting Western civilizational hegemony. This critique however, has been identified as containing “distortions and gross oversimplifications.”⁷⁴

⁷⁴ Ann Elizabeth Mayer, *Islam and Human Rights. Tradition and Politics*, (Colorado and Oxford: Westview Press, 2007), 13.

Both this discussion and this critique are important. However, whether or not these values are universal, is not the theme in this study. It is a fact that the UN Human Rights, and other values that claim to be universal, are among the key elements within the international discourse of CSR. This means that Saudi Arabia, and the Saudi discourse of CSR, has to relate to these values, at least in some degree even if these values are not promoted or considered important in the Saudi society.

4.6 Personal Limitations

My personal limitations are firstly an obvious cultural starting point. Since I have lived in Norway my whole life, most of my preferences, understandings, attitudes and bias are shaped by living in the Norwegian society. However, traveling to different destinations always challenges these elements, and traveling to Saudi Arabia is no exception. Even though I try to have an open mind and be objective, it is never possible to be fully objective.

Another limitation of my fieldwork is that I do not read or speak Arabic. If I had, it would have made my fieldwork easier in many ways, and some misunderstandings might have been avoided. However, most of my informants were highly educated people who master English well, making this problem less a hindrance than it could have been. The possibility to clarify certain points of my informants after the fieldwork via email has also made this limitation less problematic.

The possibility that some of the informants had certain expectations of me as a European student cannot be disregarded either. This might have led to them give somewhat different explanations of aspects of this field than they may have for a student from another place or a non-student. In other words, my persona might have influenced the information I gathered.

“I heard Allah's Apostle (p.b.u.h) while he was on the pulpit speaking about charity, to abstain from asking others for some financial help and about begging others, saying:

‘The upper hand is better than the lower hand. The upper hand is that of the giver and the lower (hand) is that of the beggar.’”

Volume 2, Book 24, Number 509 – Hadith literature.

Narrated by Ibn ‘Umar, translated by Sahih Bukhari.

Chapter 5: Organizations

"The government of Saudi Arabia is committed to the goal of creating the economic conditions that will make Saudi Arabia one of the top-ten competitive nations in 2010."⁷⁵ This "ten-by-ten" goal was launched in 2004, and after this declaration Saudi Arabia has climbed significantly higher on both the World Bank's Doing Business Report and the World Economic Forum's Global Competitiveness Index. In the first of these indexes, Saudi Arabia is ranked 13th out of 183 countries (the 2010 report),⁷⁶ compared to the 67th in the 2005 report.⁷⁷ In the latter index Saudi Arabia is currently (2009-2010) ranked 28th out of 133 countries, which is one place lower than in the same index of 2008-2009, but significantly better than the 35th rank in the 2007-2008 index.⁷⁸ The 2007-2008 index was the first index assessing and ranking Saudi Arabia. According to this index, poor work ethics in the national force, corruption and especially restrictive labor regulations are some of the most problematic factors for doing business in Saudi Arabia.⁷⁹

There are some organizations in Saudi Arabia working to implement more CSR practices in the Kingdom. I will, in this part of the thesis, focus on four organizations that are very different, both structurally and in the way they aim to increase the CSR activities in Saudi Arabia. The governmental SAGIA, the semi-private KKF and KFF, and the non-governmental JCCI are the organizations that I will use to exemplify the different organizations that are working for increased focus on CSR in the Kingdom.

5.1 Saudi Arabian General Investment Authority

The Saudi Arabian General Investment Authority (SAGIA) is meant to be a gateway for foreign investors to Saudi Arabia, in order to achieve economic growth in the country and to promote Saudi Arabia as the major hub between the East and the West. This is to be done by creating a "pro-business environment, a knowledge-based society and developing new world-

⁷⁵ SARCI report 2008, 2009, Foreword.

⁷⁶ <http://www.doingbusiness.org/ExploreEconomies/?economyid=163>

⁷⁷ <http://www.sagia.gov.sa/en/Success-stories/Board-of-directors/Amr-Abdullah-Al-Dabbagh/>

⁷⁸ <http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf> , 283

⁷⁹ Ibid.

class 'economic cities'." SAGIA is the governmental organization whose task is to ensure the Kingdom's reaching of the "ten-by-ten" goal.⁸⁰

To reach these goals, SAGIA has six core roles to maximize its impact on Saudi economic and investor interests. These roles are:

- Investor services,
- Marketing and Promotion,
- Regional development,
- Start-up stimulation,
- Sectorial focus,
- Energy.

5.1.1 The need for CSR in Saudi Arabia

The links between competitiveness and Corporate Social Responsibility (CSR) are many and strong according to the SAGIA homepage. They use a model in which CSR, human and social capital and competitiveness are all linked together in order to create a sustainable development:



According to this model, feedback occurs in two ways. The first is the role of the corporations: They have to be "smart" in their CSR activities in order to address the areas that, in the medium to long term, will improve the human and social capital of the country while

⁸⁰ <http://sagia.gov.sa/en/Success-stories/Vision-and-Mission/>

also preserving the natural capital. This will, according to this model, also benefit the corporations in the long term as the human and social capital is closely linked to competitiveness of the companies.

The second feedback-loop is that the society recognizes and internalizes the practices of CSR into market mechanism. This means that the different members of the society will prefer to use companies that are doing business in a responsible way. With these two markers of competitiveness, CSR becomes a major part of gaining competitiveness along with creating a sustainable development in the country. This might also lead to more innovations at both regional and national levels, creating more advantages for the corporations.⁸¹

5.2 King Khalid Foundation

King Khalid Foundation (KKF) is a charity organization based in Riyadh and was, according to the homepage of the organization, founded to achieve “the noble objectives, principles and values” that the late King Khalid bin Abdulaziz sought in service to the Saudis.⁸² The mission of the foundation is to make a positive impact in people’s lives. This is to be done by working in partnerships to provide innovative solutions to critical social and economic challenges in Saudi Arabia. To strengthen the non-profit sector in the country by knowledge transfer, to improve community development efforts by providing funding, and to provide ongoing support for poor and disadvantaged communities in the Kingdom by funding emergency assistance projects are among the areas in which the foundation works.⁸³

The social development of the Saudi society is important for KKF. The Kingdom is ranked as “High Human Development” in the UN Human Development Index (number 59 out of 182).⁸⁴ On the Gender Empowerment Measure however, Saudi Arabia ranks poorly. This index ranks the country as number 106 out of 109.⁸⁵

According to an internal report for creating a national plan for social development in Saudi Arabia, KKF is focusing on how the private sector can contribute to this development. Among the advantages private companies have in contributing to social developments, KKF argues

⁸¹ <http://sagia.gov.sa/en/Success-stories/Corporate-Social-Responsibility-/>

⁸² *Press release*, 2010.

⁸³ *Ibid.*

⁸⁴ <http://hdr.undp.org/en/statistics/>

⁸⁵ http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_SAU.html

that this is linked directly to the workplace and that the leaders in the private sector tend to have a large network and strong voice in the local and international communities.⁸⁶

The same report also identifies some objectives that are important for the social development in the Kingdom. Two of these objectives are directly linked to the private sector, while one is partly linked to this as well as other sectors in Saudi Arabia. Diversifying the economy through industry and encouraging expansion of the private sector are the two objectives linked directly to the private sector. To rapidly build human resources is partly linked to the private sector.⁸⁷

When meeting the Executive Deputy of the Director General in the organization, Riyadh Mohd. al-Abdulkarim, his focus also seemed to be on social development in Saudi Arabia. He explained to me that there definitely is a tradition of charity in Saudi Arabia as well as in Islam. One of the initiatives of the foundation is to influence the royal family, the ministers and religious leaders to change their view on charity to be more open towards what they call “strategic philanthropy”.⁸⁸ The term “strategic philanthropy” is the same concept as CSR.

5.2.1 Saudi Arabian Responsible Competitiveness Index (SARCI)

SAGIA, KKF and AccountAbility took the initiative to create the Saudi Arabian Responsible Competitiveness Index (SARCI) in mid-2008. This is an index that is meant to mobilize a critical mass of companies to promote social development in the Kingdom.⁸⁹ It is voluntary for companies to participate in this index; and during the first year 40 companies chose to participate.⁹⁰ In the 2010 index the number of companies were doubled, which means that 80 companies participated in the index. This increased number of companies indicates that the interest and the knowledge of SARCI has increased significantly.⁹¹

The index looks at how Saudi companies are building competitive advantage by managing their social and environmental impacts. How companies are aligning their core operations to

⁸⁶ King Khalid Foundation, *Internal Report*, 2009, 15. Cited with permission.

⁸⁷ Ibid., 38. Cited with permission.

⁸⁸ Interview with Riyadh Mohd. al-Abdulkarim in Riyadh October 14th 2009.

⁸⁹ Begley, P., MacGillivray M., Gallen C., and al-Angari N.: *The Saudi Responsible Competitiveness Index and the King Khalid Responsible Competitiveness Awards 2010*, 2010, 4.

⁹⁰ SARCI- report 2008, 2009.

⁹¹ Email from Nora al-Angari, received February 20th 2010.

the biggest challenges in the society is also analyzed in the SARCI-reports. Key issues are efficient use of water, creating efficient public services and developing local talent.⁹²

Other key findings of the 2010 SARCI report are the recognition by Saudi brands emerging on the domestic and international stage that they need to comply with international expectations for responsible business practices, and that the Saudi offices of international brands often tend to be “more entrepreneurial” than the headquarters. I suppose this term could be understood as “more creative” or “more aggressive”, but I am not sure what exactly they mean by “more entrepreneurial”.

Another key finding is an emerging competition among Saudi companies in attracting local talents, which results in many Saudi “companies offering scholarships, sponsoring students and setting up academies of excellence.”⁹³ There is also a finding that small businesses in the Kingdom are expanding and helping to diversify the Saudi economy, where the fields of healthcare, transportation and electronics are mentioned.⁹⁴

There are also indications of “good progress” at building responsible business among the participants who are most notable in their efforts to develop the social capital. Companies seem to be moving from planning to implementation. The environment was emphasized more this year than last among the companies. There is also a wide range of sectors participating in SARCI, from agriculture to petrochemicals to finance.⁹⁵

5.2.2 King Khalid Award for Responsible Competitiveness

The King Khalid Award for Responsible Competitiveness is also a cooperative effort between SAGIA, King Khalid Foundation and AccountAbility. This is an annual award aimed at acknowledging the top three performing companies of the SARCI. The companies that are awarded this prize are ones that adopt efficient programs meant to support sustainable social, economic and environmental development in Saudi Arabia.⁹⁶ The idea of this initiative is to help businesses and policy makers strengthen the regulatory framework, build sustainable chains of supply, identify innovative products and services, promote responsible communications and enhance good governance.

⁹² <http://www.accountability21.net/>

⁹³ *Press release*, 2010.

⁹⁴ *Ibid.*

⁹⁵ *The Winners of the 2010 King Khalid Responsible Competitiveness Awards*, 2010, 8, Cited with permission.

⁹⁶ Email from Nora al-Angari, received October 26th 2009.

The first year of the King Khalid Award for Responsible Competitiveness was in 2008. The main focus on this award is to raise the responsible competitiveness in the private sector, and it is meant to inspire more companies to take social responsibility. The interest of SAGIA in this award builds upon a national discussion on the role of the private sector in enhancing the competitiveness of Saudi Arabia. This is to be done through contribution to human and social capital development and environmental innovation, give overall support and endorsement to SARCI and to have a lead role in the launch of this, and ensure effective communications. Thus, the goal of this initiative is to: "*...build social and environmental innovation into the core of competitiveness strategies, identifying the opportunities and building strategies to drive national competitiveness.*"⁹⁷

The criteria to win this prize are the same criteria that rank a company in SARCI. This is an assessment of performance of drivers of responsible competitiveness; and there are 28 different areas that are assessed. These areas to be assessed include making “smart” philanthropic investments, creating policies to attract, develop and retain a talented and diverse workforce, and managing their chain of supply to support local businesses and better environmental and social conditions.

Thus, it seems that to meet the criteria to win this prize a company needs to spend its philanthropic money to best serve and develop the Saudi community.

The winners of the King Khalid Award of 2008 were the National Commercial Bank, Zamil Group and al-Fanar Company. The National Commercial Bank won the first prize, and did this partly because they have integrated the concept of CSR in the whole company and they were the first Saudi company to issue a world-class sustainability report. Beside this, they also have strong staff and supplier development programs that educate and affect other companies and individuals in Saudi Arabia.⁹⁸

Ranked second was the Zamil Group. Its main differences from the other companies scoring high on the SARCI include environmental management systems, proactive staff development and product quality. Al-Fanar Company took the third place of the King Khalid Award for Responsible Competitiveness 2008. This was partly because of their work with partners to

⁹⁷ Ibid.

⁹⁸ Ibid.

improve health and safety, the efforts of the company to combat counterfeiting, and focus on consumer satisfaction.⁹⁹

In 2010, the National Commercial Bank once again won the King Khalid Award for Responsible Competitiveness. The reasons for the selection of this bank as the winner in the second year includes continuous improvement since last year, promotion of corporate sustainability, environmental efforts and a high rate of female employment.¹⁰⁰

Ranked second was the National Petrochemical Industrial Company. They came in second partly because of their safety record, the reach of various international standards, resource efficiency, emphasis on local suppliers, developing the Saudi human and social capital and programs for road safety in Jeddah.¹⁰¹

In third place we find Marafiq, which is the power and utility company for Jubail and Yanbu. The reasons for this rank include: Good employee welfare, environmental efforts, reach of international standards, development of Saudi human and social capital, customer service, being a strong voice on water conservation and making the public aware of energy efficiency.¹⁰²

The SARCI is one of the key parts of the official strategy to reach the “ten-by-ten” goal of the Government. According to Nora al-Angari, who is in charge of the CSR initiative within SAGIA, in addition to becoming one of the top ten most *competitive* economies in the world, this goal also includes becoming one of the top ten most responsible economies at the same time.¹⁰³ One of the ways to reach this goal is to encourage and reward leadership in companies, sectors, cities, and in regional and national levels. Thus, the King Khalid Award for Responsible Competitiveness is one way of awarding responsible leadership in Saudi companies.

⁹⁹ Ibid.

¹⁰⁰ *The Winners of the 2010 King Khalid Responsible Competitiveness Awards*, 10. Cited with permission.

¹⁰¹ Ibid., 11. Cited with permission.

¹⁰² Ibid., 12. Cited with permission.

¹⁰³ Email from al-Angari, received October 26th 2009.

5.3 King Faisal Foundation

The King Faisal Foundation (KFF) is, according to the homepage of the organization, trying to give substance to King Faisal's "vision of making the world a better place."¹⁰⁴ The organization has an extensive program of activities, including King Faisal International Prize, King Faisal Center for Research and Islamic Studies, King Faisal School and Alfaisal University.¹⁰⁵ Part of the income of the foundation comes from private contributions,¹⁰⁶ both individuals and organizations.

Among the most important tasks of KFF is to involve the society in self-development. With this task, companies are one of the key factors. With the Alfaisal University, KFF tries to develop the people and society in Saudi Arabia through research. This could be supported by the private sector in the Kingdom by funding of the University. The Chief Operating Officer in the organization, Abdulaziz al-Habib, told me about some of their experience with this work. There are two main questions that managers who are requested to fund research at the University ask. Firstly, "why should they fund a university that asks their students to pay money?" Secondly, "what connection does this have to their religion?" Al-Habib told me that there is an absence of people who would like to pay for scientists to find cures for diseases, creating engineers that could innovate, and other elements that would develop the society in the country. This is why al-Habib and KFF are pointing out to possible economical supporters that it is a good thing to contribute to the Saudi society. Support like this, will benefit everyone in the Kingdom, including the company itself.

Al-Habib emphasized what he recognizes as different layers of values. He talked about a *human* value layer, which is the most fundamental and common for all human beings, and a *religious* value layer that is specific for every religion, even though it does not necessarily differ from one religion to another. The human values are something all humans share and are more developmental in nature, while the religious values are more like traditional philanthropy. While the religious values in his view are aimed at helping the poor, the human values could prevent people from becoming poor.¹⁰⁷

¹⁰⁴ <http://www.kff.com/EN01/KFF/KFFIndex.html>

¹⁰⁵ <http://www.kff.com/>

¹⁰⁶ <http://www.kff.com/EN01/KFF/KFFIndex.html>

¹⁰⁷ Interview with Abdulaziz al-Habib in Riyadh, October 17th 2009.

In his view, there is a major confusion in the Saudi society regarding these layers. He claims that the religious values are built upon the human values, and because of this, support of human values also has a religious element. This means that supporting human values is consistent with supporting religious values, and thus that there are some possible religious benefits in supporting human values.¹⁰⁸

This point is, according to al-Habib, a difficult task to get the average Saudi person or even wealthy people or CEOs to understand. By this I understand him to mean that there is more willingness to give money to support the “religious values” in the Kingdom, rather than to support the human values.

Al-Habib claimed there was a difference between the internationally exposed companies, and the smaller companies in their view of the relationship between CSR and traditional philanthropy. The smaller companies definitely believe that CSR is the same as philanthropy. Internationally exposed companies, banks and other companies, do not. In al-Habib’s view, the smaller companies tend to think that social responsibility is something that individuals like the manager or the stockholders have. This is instead of the understanding that the company is a part of the society, and thus should contribute to the society, meaning that companies should make efforts through human values as something “even more fundamental” than the religious values. Since the middle size and smaller companies tend to rather focus on individual social responsibility and religious values, one of the key tasks of KFF is to educate these companies to understand the importance of human values.¹⁰⁹

Al-Habib also talked about the foundational values of CSR in the Kingdom. He claimed that the internationally exposed companies had more or less the same foundational values as internationally exposed companies from the West. Again, since most of the companies are not internationally exposed, most companies have more of a religious than a human foundation of values. This means that they are more likely to support religious charity, like funding the building of a mosque, than to support human values such as human rights organizations. This is mostly because these kinds of charity are associated with religion. Even though there is a tendency towards a stronger focus on the human values, the religious values still seem to be more commonly supported in the Kingdom.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

There are a few factors that can explain this focus on the religious values. Firstly, there is a tradition of charity in Islam. People know what this is, and know the benefits they and others might gain from performing that charity. Besides helping other humans, this action will also contribute to a good after-life according to Islamic ethics. There is a habit, tradition and culture of doing religious charity in Saudi Arabia. Secondly the results of religious charity are visible without much delay. If someone contributes money to building a mosque, it is something everyone can see the next day (or at the latest when the mosque is finished). On the contrary, contributing to the educational system will not attain the same kind of visible results for many years. Focusing on elementary levels could mean that the results are not visible for another 20 years for the society.¹¹⁰

KFF is focusing on encouraging corporations and individuals to fund different kinds of education, and there are some results already. According to al-Habib, there were no companies doing social work based on human values in the Kingdom 5 years ago. Today there are some. The number is obviously too low, but it is an increase that will continue. According to KFF, charity is also important. Considering that encouraging an emphasis on human values could decrease the need of religious charity, charity and CSR are complimentary.¹¹¹

Another aspect of the focus of CSR at KFF is development of a model for companies to implement in the field of CSR. Al-Habib said that there are many people in Saudi Arabia with good intentions and wealth who would like to contribute money to good causes, but there has been a lack of a model to do this in the best way. That is why KFF is developing a management model meant for companies to use for their CSR activities. Al-Habib also emphasized that Zakat is not social responsibility, but a tax. In his view, social responsibilities are, in the end, about our own beliefs as human beings.¹¹²

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Ibid.

5.4 Jeddah Chamber of Commerce and Industry

Jeddah Chamber of Commerce and Industry (JCCI) is one out of over 20 local chambers of commerce and industry in the Kingdom.¹¹³ The organization aims at supporting private companies and helps solve their problems. Established May 1946, the mission and vision of JCCI is to: *“Be the major driver and motivator for economic growth and business sector development in Jeddah Governorate and make it the gateway to business and culture in the Muslim World.”*¹¹⁴ There are also some goals that are more directly aimed at issues related to CSR. Firstly, there is a goal of raising the standard of living of its (Jeddah Governorate) inhabitants and making it a better place to live. Secondly there is a focus on learning and human resources.¹¹⁵ JCCI established the first Social Responsibility Center in the Kingdom.¹¹⁶

5.4.1 Jeddah Social Responsibility Center

The idea behind the Jeddah Social Responsibility Center (JSRC) is to achieve the best for the economical and social sectors in the region. This is to be done through communication with internal and external parties with responsibility and transparency, and through the creation of awareness within the public and private sectors of how to run their business in a way that would yield positive outcomes to the community.¹¹⁷ Especially the focus on transparency seem like an approach to CSR that is more based on the international standards than the CSR approach of the other Saudi organizations.

There are four goals of JSRC. The first is to be a reliable resource offering advice and technical support to enable their clients to apply the social responsibility. The second is to look for local standards and systems to test and implement social security program in Jeddah. Thirdly, they would like to urge companies to do non-financial reporting as written in international standards, meaning *“a practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance towards the goal of*

¹¹³ <http://www.saudia-online.com/chamber.htm>

¹¹⁴ <http://www.jcci.org.sa/JCCI/EN/About+Chamber/Management+Board/Mission+and+Vision/?cnName={6AB425BB-B1F6-4B20-AD5F-5F876E866990}>

¹¹⁵ Ibid.

¹¹⁶ Interview with Saud M. Sultan and Dr. Faisal A. Abdullgader in Jeddah October 27th 2009.

¹¹⁷ <http://www.jcci.org.sa/JCCI/EN/Specialized+Centers/Jeddah+Social+Responsibility+Center/About+The+Center/?cnName={E1D8D162-9D90-4109-9744-FEFFF2C54285}>

sustainable development.”¹¹⁸ Lastly, JSRC also has a goal of launching and developing “*economical and social programs that would realize the contemporary concept of the social responsibility of the companies.*”¹¹⁹ This last point I understand as a development of modern programs of CSR meant to be used by the companies.

To be able to reach these goals, JSRC has six missions:

- Supporting companies that adopt the social responsibility program.
- Urging companies to adopt developing programs in the Jeddah Community.
- Cooperation between JSRC, the private sector and the public sector to decide what is important to the social responsibility program.
- Helping the companies make their social responsibility programs even better.
- Being a communication channel between the consumers and related authorities.
- Conducting workshops and forums to introduce the concepts of social responsibility is the sixth and last mission of JSRC.¹²⁰

The website of JSRC has not been updated for some time. They have written about “future activities” for the year 2008; these seem to be more concrete tasks of the center. Issuing the instructional manuals for companies and holding workshops inside the private sector’s departments to introduce them to the concept are two instructional ways to reach their goals. To create strategic agreements with the banking sector and participating in developing projects to benefit the community are other ways to create social benefits by JSRC. Some projects that the center will participate in are also mentioned, as well as cooperation with the Department of Education and Culture in training students on skills and behaviors required for the labor market. Finally, JSRC also focuses on launching projects with the private sector to preserve and help the environment.¹²¹

¹¹⁸ [http://www.ey.com/Publication/vwLUAssets/Non-financial_reporting/\\$FILE/Climate%20change_Non%20financial%20reporting.pdf](http://www.ey.com/Publication/vwLUAssets/Non-financial_reporting/$FILE/Climate%20change_Non%20financial%20reporting.pdf)

¹¹⁹ <http://www.jcci.org.sa/JCCI/EN/Specialized+Centers/Jeddah+Social+Responsibility+Center/About+The+Center/?cnName={E1D8D162-9D90-4109-9744-FEFFF2C54285}>

¹²⁰ Ibid.

¹²¹ Ibid.

The different aspects of CSR efforts of JCCI were discussed with the Executive Director of Jeddah Social Responsibility Board, Saud M. Sultan and the Dept. Manager of Corporate Social Responsibility at JCCI, Dr. Faisal A. Abdullgader. They told me about JCCI's efforts concerning CSR. Firstly, they have implemented the concept within their organization. Secondly, they try to affect other organizations, mostly their members, to implement CSR as well. They also try to teach the companies about CSR. Finally, they try to implement CSR in their member organizations by being a good example.¹²²

When questioned about the difference between Saudi CSR and international standards on the subject, they claimed that there were not many differences. Islam is an important value of CSR in Saudi Arabia, but this is more on the foundational level. They did not recognize the Saudi culture as an important foundational value of CSR in the Kingdom. According to Sultan and Abdullgader, the difference between Saudi CSR and international standards is mainly that Islam is the foundational value in the first of these. This is not manifested in the practice of CSR, but only in the foundational values. There is also a major difference between Sadaqa and CSR according to Sultan and Abdullgader. While Sadaqa is charity in the traditional form, CSR is a way of minimizing the need of charity. Once again, there are differences between religious charity and other forms of social development.

JCCI was one of several places where people illustrated the difference between CSR and other forms of charity with the “fish metaphor” mentioned on page XI. This metaphor is about two possible ways to help someone who needs help. Firstly, you can give him a fish every day, an act that will make sure he will stay alive. Secondly, you can teach him how to fish. This will make the person independent of the giver, and he will be able to take care of himself even after you die. To give a fish is associated with traditional charity, while teaching the needy how to fish is associated with social responsibility.¹²³

Thus, according to these representatives of JCCI, CSR is practiced in the same way in the Kingdom as elsewhere, even though the foundational values differ. Still, at the JCCI there seems to be a focus on educational CSR, though there seems to be a more international approach towards CSR in JCCI than in the other organizations mentioned in this chapter. The focus on accountability and non-financial reports, the emphasis on applying CSR in accordance with international standards, and their view that Saudi CSR and the international

¹²² Interview with Sultan and Abdullgader.

¹²³ Ibid.

standards are not essentially different, are all elements that indicate an international approach towards CSR.

5.5 Summary of Organizations

The governmental organization SAGIA is focusing strongly on the implementation of CSR in Saudi Arabia because they are responsible for ensuring the reach of the “ten-by-ten” goal. SAGIA focuses on strong links between development of human and social capital, CSR and competitiveness.

The charity organization KKF is focused on social development and emphasizes the role of the private sector in this development. They have, together with AccountAbility and SAGIA, taken the initiative for SARCI. SARCI emphasizes the social and environmental impacts of the companies in the Kingdom, international expectations and “the hunt of local talent.” The top three performers on the SARCI each win the King Khalid Award for Responsible Competitiveness.

KKF is trying to involve the Saudi society in self-development, and the private sector is needed to help the foundation fund different projects, including educational projects on all levels. This kind of sponsoring includes not only the funding, but also some knowledge-sponsoring from the companies involved. In addition to the organization’s attempt to raise funds for their own projects, they also are developing a model for CSR management meant for companies to implement.

JCCI is an organization for the private sector, and has a stronger emphasis on international standards of CSR than the other organizations discussed in this chapter. The role of JCCI appears to be based on three main ways of achieving CSR: Communication, education and information. The organization practices CSR itself, trying to be an example of CSR for other private and public organizations, and implementing a stronger focus on CSR in their member organizations.

All these organizations have a focus on CSR. They all seem to be concerned with developing the Saudi society through a general increase in human and social capital in the country. The cooperation between governmental and nongovernmental organizations, and the interest JCCI

has for CSR, also indicates a willingness to create a business environment with a strong focus on CSR in the public sector, as well as in the non-profit and profit-based private sectors.

Chapter 6: Saudi Arabian Oil Company (Saudi Aramco)

The Saudi Arabian Oil Company, better known as Saudi Aramco, is by far the biggest company in Saudi Arabia. Saudi Aramco is fully owned by the Saudi government and has the profile of a multinational corporation. By December 31th the company had a working force of 54,441, wherein 47,502 were of Saudi nationality.¹²⁴ Saudi Aramco is also frequently identified as “the world’s biggest oil company”, and is considered to produce more oil in the world than any other company. It is also the company which is in control of the world’s largest oil reserves.¹²⁵ I have not found any official source that discloses the revenue of Saudi Aramco, but several other sources claim this to be over 1 billion US dollars yearly. I have not received any answers on questions about these issues from the company. Their main operations are in Saudi Arabia, but they also have company branches or affiliates in the America, Europe, and Asia.

The history of the company, from the first findings of oil in commercial quantities in 1938¹²⁶ has, according to Saleh Assabti, Domestic PR Manager of the company, shown steady support of the local communities in which they operate, and the development of infrastructure in whole regions of Saudi Arabia. The company is most certainly aware of the importance of CSR, and in early 2009 they developed a specific department of CSR under the PR division. This does not mean that Saudi Aramco did not have any focus on CSR before this, but it emphasizes that CSR might be more important now than ever before in this company.¹²⁷

According to book, “The Energy Within - A photo History of the People of Saudi Aramco”, Saudi Aramco was engaged in community development long before the term “CSR” entered the vocabulary of business. As we will see below, their early years were focused on basic health and education, but this has, according to the same book, changed towards a stronger “emphasis to providing social assistance activities.”¹²⁸

¹²⁴ http://www.saudiaramco.com/irj/go/km/docs/SaudiAramcoPublic/FactsAndFigures/F%26F2008/SA_by_Numbers.pdf, 27.

¹²⁵ <http://www.dn.no/energi/article1676255.ece>

¹²⁶ Kyle L. Pakka (Ed.): *The Energy Within. A Photo History of the People of Saudi Aramco* (Dammam: Afkar Promoseven, 2006), 9, cf. Arthur P. Clark and Muhammad A. Thalawi (Ed.): *A Land Transformed. The Arabian Peninsula, Saudi Arabia and Saudi Aramco* (Houston: Aramco Services Company, 2007), 229.

¹²⁷ Email from Saleh Assabti, received January 31th 2010.

¹²⁸ Pakka (Ed.), 146.

6.1 CSR at Saudi Aramco

Saudi Aramco is the most internationally famous company based in Saudi Arabia. When questioned about the company's definition of CSR, the company representatives answered that they have adopted the ISO definition of CSR. Transparent and ethical behavior that is sustainable, stakeholder driven and integrated is the core of this standardization and thus also the view of CSR at Saudi Aramco. Contribution to sustainable development, taking the consequences of the stakeholders into account, being in compliance with national and international laws, and integration of CSR throughout the company are important values for the company according to Assabti.¹²⁹ Another important point of the adoption of the ISO standardization of CSR, even though this standardization is readymade, is that the responsibility to ensure the quality of the CSR initiatives should lay within the top management in the organization. In Saudi Aramco, a senior vice president has this responsibility.¹³⁰ Even though the vice president is responsible for the quality of the CSR initiatives, there is a newly adopted strategy for implementing CSR throughout the entire organization.¹³¹ As I understand, this means that the vice president is responsible for the implementation of CSR in all of the business lines of the company.

The company approach towards CSR seems international because of their definition of CSR. Still, the main focus of their CSR efforts is aimed at the local and national levels. It is written on the company homepage that Saudi Aramco is using "tremendous efforts and resources" to service the communities they are operating in, as well as Saudi Arabia as a whole. Examples of these efforts are the development of the Eastern Province electrical power grid, other major infrastructure projects, the building of 135 schools and numerous community programs involving donations and fund raising events, developing health campaigns and participating in different awareness programs on traffic and fire safety. They have also written a few sentences about their environmental efforts, which will be more specifically covered later in this chapter.

Assabti also recognized the importance of certain values in the company. Citizenship, human resources, fairness and integrity, safety, responsiveness, trust, accountability, and stewardship are essential components of Saudi Aramco's values, according to him. Assabti said that since

¹²⁹ Email from Assabti, received January 31th 2010.

¹³⁰ Ibid.

¹³¹ Ibid.

the early days of the company, they had assumed full responsibility for any impact on local communities, employees, customers and the environment. The involvement of the company in developing the infrastructure of the Kingdom has, according to Assabti, shaped the image of Saudi Aramco as a key player in the overall development of Saudi Arabia.¹³²

6.1.1 CSR Emphasis on Saudis

Assabti recognizes local communities, the government, and the company's employees and their dependents as the main stakeholder groups. According to him, Saudi Aramco *“has understood the importance of giving back to the local communities and maintained a positive and friendly relationship with them.”*¹³³

The national social responsibility of Saudi Aramco is partly based on it being a major employer in the Kingdom. The company is actually the second largest employer in Saudi Arabia; only the government hires more employees. As a part of the local and national CSR of the company, Saudi Aramco also seems to be using local and Saudi companies in their supply chain. This, of course, boosts the economy at these levels. Saudi Aramco also provides mobile libraries throughout the kingdom, and sponsors a children's art festival.¹³⁴

A common element of the different social programs supported by the company seems to be that the social responsibility of Saudi Aramco is aimed at supporting nationals: Most of the educational programs seem to exclude non-Saudis, and the contractor program is for Saudi companies only. Also the environmental responsibilities of the company seem to be more focused on the local and national level, and it could even be argued that they are taking both some regional and some global environmental responsibility as well. Assabti explains that even though they focus their CSR initiatives on the local community needs, they also take into consideration community involvement initiatives in the countries and regions in which they operate.¹³⁵

¹³² Ibid.

¹³³ Ibid.

¹³⁴ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=/SaudiAramcoPublic/docsnav/Community&ln=en>

¹³⁵ Email from Assabti, received January 31th 2010.

6.1.2 Saudi Aramco Corporate Social Responsibility Division

Saudi Aramco established the Saudi Aramco Corporate Social Responsibility Division in early 2009. This currently falls under the Public Relations Operations Department. The main objectives of this division are to:

- “Streamline and enhance the current CSR activities,
- Align them with business priorities and stakeholder needs,
- Increase their impact and visibility, and
- Ensure their impact sustainability.”

Within the CSR division, Saudi Aramco has identified four clusters of CSR. These areas of focus are:

- the Economy,
- the Community,
- Knowledge,
- the Environment.

Before the establishment of the CSR division, the company conducted their CSR activities through the Community Outreach Programs Unit. This unit had the responsibility of reaching out to the community through various initiatives and programs, including philanthropic, educational and awareness programs.¹³⁶

The establishment of this division might imply that there was a need in the company to modernize their view of CSR. The definition of CSR Saudi Aramco has adopted from ISO26000, at least a year before the final version is finished, implies a focus on legitimizing their business towards the international community.

Saudi Aramco also does some activities that are more like religious charity. For the *Id al-Fitr*, the end of Ramadan, the company conducts a “Gifts for Orphans Campaign”, and on *Id al-*

¹³⁶ Ibid.

Adha, the end of hajj, volunteers from the company stage special events for the handicapped and elderly members of local communities.¹³⁷

6.1.3 Educational CSR at Saudi Aramco

In 1987, the company opened an exhibit at the Saudi Aramco head quarters in Dhahran. This is named after the company itself, and is dedicated to energy education, showing the history of oil extraction in Saudi Arabia. The Saudi Aramco Exhibit displays all aspects of the company's work from exploration, drilling and producing to refining and shipping. Each year the exhibit has over 200,000 guests from all over the world.¹³⁸

The mobile libraries of Saudi Aramco originated in 1982 and aim at helping children develop a love of reading, and help students choose material for reading and research. Today the "fleet" of mobile libraries consists of eight libraries, each holding approximately 10,000 books covering a wide range of subjects such as social sciences, arts, history, Islamic sciences, stories, geography and biology. The different libraries have, all together, visited 3000 schools, and have loaned 1.5 million books. The library is based at the Saudi Aramco Exhibit, which has a library of 50,000 Arabic volumes.¹³⁹

6.1.4 Education for Employees

Saudi Aramco also has training programs for their employees and entry level trainees. Company employees are encouraged to upgrade their professional skills through courses, either web-based or held at a company training facility. Some employees also get the opportunity to study at top ranked training institutes throughout the world, or are given the possibility to join short term learning assignments at other companies all over the globe. Saudi Aramco has been training Saudis for nearly 60 years. In the beginning the schools focused on teaching the skills of reading, writing and mathematics. In 1953 the company issued their first policy statement on training that had a clear vision of prioritizing Saudis in all levels of the

¹³⁷ Pakka (Ed.), 146.

¹³⁸ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FSaudi+Aramco+Exhibit&ln=en>

¹³⁹ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FMobile+Libraries&ln=en>

company; It stated that it was the duty of all personnel to cooperate in the training of Saudi personnel, so they could be prepared to perform company work of all forms on all levels.¹⁴⁰

In addition to these programs, the company also offers different kinds of advanced training for Saudi employees: A four week training program for gifted students and a program aimed at their Saudi contractors. The last program is meant to assist the Saudi workforce of their Saudi contractors in upgrading both the quality and quantity of their work. The Saudi contractor's program includes a variety of English courses, workshops in writing, communication and presentation skills, job skills programs, different rig pass programs, skills courses with different themes, specialty courses, safety and loss prevention programs, different types of certification, and leadership programs and courses.¹⁴¹ These extensive programs are apparently exclusively aimed at Saudi companies and Saudi employees, and exclude the high number of expatriates in the country.

The Saudi Aramco schools have existed since 1940, and today are aimed at being excellent world-class schools for employees and their families, meant to attract the most skilled employees and their families.¹⁴² The mission of these schools is "to provide each student with an excellent education in support of attracting and retaining an international workforce," while the vision is to be "a pre-eminent school system where student achieve their maximum potential in a culture of continuous improvement."¹⁴³ The mission of attracting an international workforce is a contradiction to the goal of Saudifying the workforce. It is possible that some of the competence Saudi Aramco needs, is not possible to find within the Saudi population.

6.1.5 Education for Non-Employees

Today, Saudi Aramco has several training programs for non-employees. These are aimed at attracting promising Saudis to the company and developing a highly skilled Saudi workforce. These programs include apprenticeships, college degrees, summer and cooperative programs. The College Degree Program for Non-Employees is a program in which Saudi Aramco sponsors highly talented students after a completion of their College Preparatory Program.

¹⁴⁰ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FLearning&ln=en>

¹⁴¹ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FLearning%2FSaudi+Aramco+Contractor+Training%2FTraining+Programs&ln=en>

¹⁴² <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FSaudi+Aramco+Schools&ln=en>

¹⁴³ http://www.saudiaramco.com/irj/go/km/docs/SaudiAramcoPublic/docsnav/Community/Saudi%20Aramco%20Schools/images/mission_vision_values.pdf

The cooperative programs are aimed at giving college students knowledge and skills about real-life problems, as a part of their graduation requirements. During the summer holiday, Saudi students may obtain temporary employment in the company, supplemented with courses like English, mathematics, technical skills, computer training and special safety programs. The Apprenticeship Program is a two year program aimed at getting the contestants to become regular employees.¹⁴⁴

The Community Education program of the company aims at giving members of the Saudi community the opportunities to both teach and learn. The idea behind these courses is to foster cultural and community awareness, increase proficiency, develop existing skills, and explore new areas of interest in a multinational environment. The different courses offer a wide range of subjects – from languages, history and technology to self awareness, physical exercise and desert driving.¹⁴⁵

The educational CSR efforts for non-employees of Saudi Aramco are exclusively for Saudis, and will thus develop only the Saudi human capital. Considering the high number of expatriates in the workforce this is truly a strong indicator of whom the company recognizes as their main responsibility. Considering their aims with these programs, to attract promising Saudis to the company and to develop a highly skilled Saudi workforce, this also indicates that the national community is considered Saudi Aramco’s main social responsibility.

6.2 Environment and Saudi Aramco

The president and CEO of Saudi Aramco, Khalid A. al-Falih, has written an environmental statement on their homepage. He writes:

“Today, we not only work to minimize the environmental impact of our operations, but are also pursuing research related to the desulfurization of crude oils, carbon capture and storage, and cleaner burning fuel formulations designed for the next generation of engine technologies, all of which will help to lighten the environmental footprint of petroleum

¹⁴⁴ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FLearning%2FNon+Employee+Training&ln=en>

¹⁴⁵ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocsnav%2FCommunity%2FSaudi+Aramco+Schools%2FCommunity+Ed&ln=en>

consumption.”¹⁴⁶

Reading this statement gives an impression that Saudi Aramco is focusing their environmental approach in basically two ways: Minimizing the environmental impact of the operations of the company, and doing research aimed at reducing the pollution generated by petroleum consumption.

Assabti pointed out the environmental history of Saudi Aramco, which according to him, started in the early 1930s. The exploratory prospectors of this time had to protect their food and water from contamination, which meant that they had to dispose of their waste properly. This task was given to the exploration team’s physician, who was, in effect, the company’s first Environmental Health Advisor. More interesting, however, Saudi Aramco issued its first formal Company Policy Statement regarding protection of the environment in 1963, and established the Environmental Engineering Division about the same time. The 1960s were the years when the first environmental issues programs were developed and experts were hired in different environmental areas. In July 1991, the CEO of the company, Ali I. al-Naimi, signed a company-wide environmental awareness policy. The INT-5, as this policy paper is named, defined the mandate for environmental protection of the company. This was reissued in 1999, and it is this version that is the present environmental mandate of Saudi Aramco.¹⁴⁷

The company established the Environmental Protection Department in 1998. This department is “responsible for providing comprehensive environmental leadership throughout the company, ensures that company operations are conducted in an environmentally safe and cost-effective manner, and acts as the focal point of contact with outside industrial, national, government and professional organizations.”¹⁴⁸ The Environmental Protection Department has also developed operational requirements, engineering standards and performance guidelines to direct the company commitment. Sanitary codes, project environmental assessments, air and water quality standards, occupational health and hazardous materials regulations, communication guidelines and waste management procedures are among the areas included in these requirements, standards and guidelines.¹⁴⁹ The company also regularly

¹⁴⁶ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FPresident%27s+Statement&ln=en>

¹⁴⁷ Email from Assabti, received January 31th 2010.

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

sponsors volunteer clean-up campaigns of local desert areas and beaches, and cooperates with local schools to plant thousands of mangrove trees along the shores.¹⁵⁰

According to Assabti, Saudi Aramco has nothing to hide regarding their environmental standards. He writes: "A tour through any Saudi Aramco facility will soon evidence the concern the Company places on the environment, as well as environmental protection of its employees and their families."¹⁵¹

Saudi Aramco is also a member of the International Petroleum Industry Environmental Conservation Association. The purpose of this organization is to inform their members of environmental developments and to facilitate a channel of communication between the petroleum industry and international organizations of environmental issues. The company also participates in other international organizations, within the oil business linked to environmental causes.¹⁵²

Since it is a major oil company, it can be argued that the company still is responsible for a high percentage of the pollution in the world and that the company should be doing a lot more regarding this highly current topic. Still, in a Saudi context, this is the most ambitious environmental plan I have been able to find on the different homepages of the companies in the Kingdom.

6.2.1 Air and Water Quality and Saudi Aramco

Saudi Aramco is also assessing air quality in the kingdom. They have what is called "sophisticated air monitoring stations" which are used for ensuring that the quality of the air is in accordance with the national or company standards. The data collected supports routine operations and is taken into consideration before building new company facilities. According to the homepage of Saudi Aramco, the Eastern Province's air quality has improved a lot after the construction of the "Master Gas System", a system which both reduces the need for flaring and also daily recovers several thousand tons of elemental sulfur from gas produced in association with crude oil.¹⁵³

¹⁵⁰ Pakka (Ed.), 146.

¹⁵¹ Email from Assabti, received January 31th 2010.

¹⁵² <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FOil+Spill+Preparedness&ln=en>

¹⁵³ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FAir+Quality&ln=en>

The traditional essential underground water supplies of Saudi Arabia are also a major issue on the Saudi Aramco homepage. It states that the protection of these supplies is an important responsibility, and one of the major priorities of the company. Their efforts in this matter seem to be focused on assessing the quality of the water to ensure that this water is safe for use. The Saudi Aramco Protection Program collects samples of the ground water from 400 different locations under the facilities of Saudi Aramco in Saudi Arabia. The results of the analyzed data from these samples are assessed, and are a part of risk analysis studies to determine whether or not a site remediation is required. Saudi Aramco also monitors their industrial and community wastewater and recycles some of this to use as landscape irrigation at company communities.¹⁵⁴

Saudi Aramco also emphasizes their marine studies on their homepage. These programs include monitoring both the Gulf and the Red Sea shorelines of the country, focusing on the facilities of the company. They also provides sole support for a research institution at a local university, and use modern satellite techniques to monitor and determinate alterations in mangrove distributions in the major bay areas of the Arabian/Persian¹⁵⁵ Gulf.¹⁵⁶ The mangrove trees have a major impact on marine life in the area, partly because the trees stabilize the shorelines and prevent erosion of the shore,¹⁵⁷ and therefore are a vital resource to protect from environmental damages caused by industrialization.

6.2.2 Waste Management by Saudi Aramco

Saudi Aramco has an Industrial Waste Management Plan, which strives to ensure that company wastes are properly handled to protect the environment. This plan provides solutions for the special industrial waste management needs of each of the company's operation plants. According to the Saudi Aramco homepage, this plan includes several "environmentally acceptable methods" to treat the industrial waste. Besides plants to treat the waste in the right way, the company also tries to minimize the production of waste in order to save money and

¹⁵⁴ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FClean+Water&ln=en>

¹⁵⁵ This is the Persian Gulf in Western terms, but during my fieldwork in Saudi Arabia everyone referred to it as the "Arabian Gulf".

¹⁵⁶ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FMarine+Studies&ln=en>

¹⁵⁷ http://www.envfor.nic.in/news/aprjun05/ecological_mang.htm

help the environment. This plan has, according to the company's homepage, received "international recognition", but this recognition is not described on the page.¹⁵⁸

6.2.3 Oil Spill Preparedness in Saudi Aramco

Saudi Aramco has regular drills on incidents linked to oil spills both in Saudi Arabia and abroad. Besides this training, the company also maintains the regional control centers for these kinds of accidents, and houses equipment meant for dealing with this. Offshore, they are engaged in surveillance to detect oil spills from their operating areas. The company is also a charter member of regional and international agencies involved in oil spill response. Gulf Area Oil Companies Mutual Aid Organization is an example of this kind of agency.¹⁵⁹

6.2.4 Environment on a Local and National Level

The environmental CSR efforts of Saudi Aramco focus partly on the local and national levels. The air and water quality assessments and the monitoring of the shorelines of Saudi Arabia are environmental CSR efforts that first and foremost will affect the environment within Saudi Arabia.

6.3 Employee Policies at Saudi Aramco

The employment policies at Saudi Aramco are designed to attract, motivate and retain a highly productive work force to support the complex oil and gas operations, regardless of workers' nationalities, according to Assabti, when answering to a question regarding the importance of workers' nationalities in Saudi Aramco. The employees are understood to be essential for the company's competitive advantage, and though physical assets are important, they are still not sufficient, without human power, to achieve the business objectives of the company.¹⁶⁰ Thus, Saudi Aramco does not differentiate humans based on nationality or other factors according to Assabti. This seems to be in contradiction to some of the educational programs of the company, which seems to be strictly aimed at Saudis.

¹⁵⁸ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FWaste+Management&ln=en>

¹⁵⁹ <http://www.saudiaramco.com/irj/portal/anonymous?favlnk=%2FSaudiAramcoPublic%2Fdocs%2FOur+Business%2FEnvironment%2FOil+Spill+Preparedness&ln=en>

¹⁶⁰ Email from Assabti, received January 31th 2010.

6.4 Levels of Responsibility in Saudi Aramco

Saudi Aramco expresses their concern for the local communities within which they operate. It seems to me that their history of CSR is mainly concentrated around their geographically core areas of operations. Thus, the Eastern Province has benefited historically a lot from the company's CSR efforts over time. This statement could be underpinned by its history of major contributions to the development of the infrastructure in the area, the early years' focus on education and health care in the areas they are operating in, their own statement of spending, “tremendous efforts and resources to service the communities they are operating in”, and other elements in their CSR policy. Thus, historically I understand local social responsibility as very important for Saudi Aramco.

I will argue that several of the CSR programs at Saudi Aramco are aimed at developing Saudi human and social capital. Once again, according to the homepage of the company, Saudi Aramco is using “tremendous efforts and resources” to service Saudi Arabia as a whole. According to Assabti, the CSR efforts by the company have shaped an image of Saudi Aramco as a key player in the overall development of Saudi Arabia. This self-description along with their identification of the government as one of the main stakeholder groups of the company indicates that overall national development is in some way important for Saudi Aramco. Saudi Aramco is also a major employer in the Kingdom and focuses on using local and national companies in their chain of supply. These are both elements that create positive effects in the Saudi community, and are thus an indication of the importance of the national level of social responsibility to the company.

There are some regional CSR efforts done by Saudi Aramco, but what exact CSR efforts Saudi Aramco does in the Middle East region has not been specified to me, but I have been told that they do CSR efforts in every part of their organization. They also have an emphasis on environmental issues, and as I understand, this also includes regional environmental responsibility activities at some level. Thus, this means that they do some CSR activities in the Middle East, even if this is not as notable by far as their efforts within Saudi Arabia.

6.5 Benefits Caused by CSR Efforts of Saudi Aramco

Even if this was not mentioned by the representatives of Saudi Aramco, I would believe that they also might choose employees from among the beneficiaries of their educational CSR programs. This will certainly help the company get access to some of the best talents in the Kingdom.

Since Saudi Aramco is fully owned by the Saudi government; their owner is also their authority. I believe that this could explain a close connection between their CSR efforts and the government controlled national development. Since the government fully owns Saudi Aramco, this makes the company less pertinent assess whether or not their CSR efforts could create a better relationship with the authorities, and thus be a benefit for Saudi Aramco.

As I understand, Saudi Aramco defines and describes CSR in internationally accepted terms. This is because they use a future international standard. Still, for me it seems like their actual CSR efforts seem more focused on elements that match more national understandings of CSR and contribute to national goals of CSR. This indicates a certain conflict between the CSR rhetoric of the company and their actual CSR efforts. I believe this could be explained by the need to legitimize their business. Their rhetoric could be meant to legitimize their business as a multinational enterprise, while their actual CSR efforts could be to legitimize their business for the Saudi society as well as pleasing their owners, the Saudi state itself.

6.6 Summary of CSR at Saudi Aramco

Saudi Aramco can be argued to have an international approach towards their definition of CSR. Their actual CSR efforts seem, however, more focused on supporting and developing the Saudi community. According to their own statements, they are using many efforts and resources to act socially responsible. They have a variety of different programs, most aimed at education of Saudis or protecting the environment.

Considering CSR as a way to legitimize their business towards societies, it seems like Saudi Aramco aims at both legitimize their business towards the global community and the national community. The definition of CSR adopted from the ISO26000, and the implementation of the principles in this standardization, could function as a legitimization towards the

international community, in which is important for Saudi Aramco as a company with the profile of a multinational corporation. Their CSR efforts aimed at educating Saudis could function as a legitimization towards the Saudi community, which is important to the company as it is fully owned by the Saudi government and the biggest company in the Kingdom.

Chapter 7: Abdul Latif Jameel Company

I chose Abdul Latif Jameel Company (ALJ Co.) as an informant because it was the example used by almost everyone in the country to explain CSR in Saudi Arabia to me during my fieldwork. This company is a major company in Saudi Arabia, and has some business in other parts of the Middle East. ALJ Co. has its headquarters in Jeddah. I have not received any information regarding the size of the company, yearly turnover or such. However, the company has about 10,000 employees.¹⁶¹

ALJ Co. was founded by Sheikh Abdul Latif Jameel in 1945 and in 1955 became the sole distributor of Toyota cars in Saudi Arabia. The company expanded their enterprise to include real estate at the end of the 1960s, and consumer finance and general trading activities in the 1970s. The company restructured in 1980 to have two core services: Automobiles and Consumer Financing. In the same year the company formally designated the Abdul Latif Jameel Co. Ltd. as the lead entity of the Abdul Latif Jameel Group. Since then this group has expanded both in Saudi Arabia and internationally.¹⁶²

7.1 CSR at Abdul Latif Jameel Company

Today the company is headed by Mohammad Jameel, the son of the late sheikh Abdul Latif Jameel. The company has clearly stated vision, mission and guiding principles for their business practices on its official company homepage. Their vision is "*...to maintain sustainable growth that is in harmony with the aspiration of our stakeholders...*"¹⁶³ The stakeholders are identified as the guests, associates, business partners, communities and shareholders of the company. The mission of ALJ Co. is "*...to fulfill the aspirations of our stakeholders through the full empowerment of our associates.*"¹⁶⁴ The company uses the word "guests" to refer to their beneficiaries and "associates" to refer to their employees.¹⁶⁵ Both the vision and the mission are closely linked to stakeholder orientation in CSR theories. Thus, this might imply that social responsibilities are important for ALJ Co.

¹⁶¹ Interview with Nadia M. Refaat Shaikh in Jeddah October 24th 2009.

¹⁶² <http://www.alj.com/>

¹⁶³ <http://www.alj.com/>

¹⁶⁴ <http://www.alj.com/>

¹⁶⁵ Email from Nadia M. Refaat Shaikh received January 20th 2010.

The guiding principles of the company are written in ten points which seem focused on ethical business practices. These are:

- To respect everyone
- To continually improve everything the company does, as doing so will ultimately benefit their guests
- To empower all their associates
- To engage all their associates
- To strive to be number one in everything they do
- To maintain ethics and honor in everything they do and with all whom they encounter
- To love and serve their community
- To be positive
- To maintain sustainable growth
- To promote innovation and entrepreneurship.¹⁶⁶

A few of these points have to be explained a little further: My understanding of the phrase, "empowering all their associates" is that they give responsibility and respect to their employees, while "engaging all their associates" means involving and motivating their employees in the company businesses. No matter what the company means by these terms, these guiding principles of ALJ Co. indicate that ethical considerations are important to the company.

ALJ Co. has traditionally been a strong actor in philanthropic activities in Saudi Arabia. After the death of Sheikh Abdul Latif Jameel, his successors decided to continue the philanthropic aspect of the company and even expand it. This led to a comprehensive community program from the end of the 1990s. In 2003 the Saudi government suggested that ALJ Co. either should decrease their community programs or create a charity organization. This led to the

¹⁶⁶ <http://www.alj.com/>

creation of *Abdul Latif Jameel Community Service Program (ALJCSP)* which is an independent organization funded by the ALJ Co.¹⁶⁷

7.2 Abdul Latif Jameel Community Service Program

The Abdul Latif Jameel Community Service Program is an extensive social initiative focused on three main sections: Bab Rizq Jameel, Health and Social Programs and International Programs. The goals of helping people is not limited to financial help, but also aimed at helping people to be responsible towards the society. Repayment of loans, working, and earning money are among values that benefit both the individuals who participate, and society as a whole.¹⁶⁸ I will now explain some of the aspects of these programs, including how they are accomplished, and also explain the ideas behind these initiatives.

7.3 Bab Rizq Jameel

Bab Rizq Jameel is a program that seeks to create job opportunities for young Saudi males and females. The Bab Rizq Jameel centers provide small businesses with an opportunity to promote their products and generate better publicity. The ultimate goal of the training programs of Bab Rizq Jameel is to help young Saudis to obtain good jobs.¹⁶⁹

There are seven objectives in the Bab Rizq Jameel organization:

- To create jobs for young Saudi females and males.
- To introduce possible recruits seeking job opportunities to companies and establishments.
- To match young Saudis, both male and female, looking for employment to existing job opportunities available in companies and establishments.
- To support owners of small projects through providing them with interest-free loans.

¹⁶⁷ Interview with Refaat Shaikh.

¹⁶⁸ Ibid.

¹⁶⁹ http://www.babrizqjameel.com/cms/showpage.aspx?page_id=204

- To secure a healthy environment for the same owners.
- To support household projects.
- To offer franchise opportunities to young entrepreneurs wishing to start their own small projects.¹⁷⁰

It seems clear that the main focus on social responsibility in Bab Rizq Jameel is to develop the human capital of the society they are operating.

There are two categories of programs in Bab Rizq Jameel, both based on the seven objectives already noted. The first category is referred to as “employment and training programs,” while the second is “programs for self employment.” Within the first category, there are four different programs based on creating employment in other companies, while there are six in the second category which is based on the creation of small businesses by the participants.

7.3.1 Employment and training programs

The first of the employment and training programs is the *Direct Employment Program*. This program functions by analyzing the job opportunities in the government authorities, private companies and establishments, and the different qualifications these jobs require. The potential employers file their requests, and these get categorized. Specific data lists are produced out of this information in the Bab Rizq Jameel branch. Thus, this program works as a coordinator between potential employers and employees. The direct employment program has provided approximately 10,000 job opportunities throughout the country.¹⁷¹

The *Training and Employment Program* is a collaboration between the Bab Rizq Jameel program and Human Resources Fund. It aims to match training to the needs and requirement of the private sector, thus increasing the work opportunities within this area. In some cases, it might be possible for a participant in these programs to get a small interest-free loan during the course periods, which is to be repaid when successfully employed after finishing the program. These courses are aimed at different aspects of business, including sales, technical assistance work, spare part assistance work, mechanics and other demands of the market. The

¹⁷⁰ http://www.babrizqjameel.com/cms/showpage.aspx?page_id=205

¹⁷¹ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=1

training and employment program has created over 15,000 job opportunities in Saudi Arabia.¹⁷²

There is also a *Specialized Vocational Program*, based on several specialized vocational institutions. The idea of these institutes is to sharpen the skills and abilities of young Saudi males and females, in line of the demands of the labor market, and also to improve skills and abilities of the workers already in this sector. The graduates of these institutes, according to the Bab Rizq Jameel homepage, are given an opportunity to join the private sector, and this might also improve the employment status of those who already have jobs in the same sector.¹⁷³

The fourth and last of the employment and training programs is the *Corporation for Vocational Institute*. This program is divided into areas of cooperation between Bab Rizq Jameel and other organizations (mostly other companies working in the same field as ALJ Co.) to launch institutes that provide the participants with a skilled Saudi workforce. Today, this program consists of two completed institutes, Saudi Japanese Automobile High Institute and Saudi High Institute for Health Service, and one institute under construction, Saudi Electronics Institute. Before joining this program, the institutes and participants sign a contract which guarantees job opportunities for the participants in the founding companies after completion of the training period.¹⁷⁴

7.3.2 Self Employment Programs

The *Taxi Ownership Program* was created in 2002 and was the first of the small project support programs. The goal with this program is to provide young males with the opportunity to work as taxi drivers in their own fully equipped car. A small loan is given to the participants, which is to be paid off monthly in small amounts until the car is fully paid off and owned by the driver. After the first car is paid off by the driver, he can then buy more cars in the same program. This program has been used by more than 2,500 young males since the launch in 2002.¹⁷⁵ Women are not allowed to drive cars in Saudi Arabia, which explains why this program is for males only.

¹⁷² http://www.babrizqjameel.com/programs/program_details.aspx?program_id=4

¹⁷³ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=17

¹⁷⁴ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=18

¹⁷⁵ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=5

As an expansion of the taxi ownership program, Bab Rizq Jameel also created the *Truck Ownership Program*. The concept is the same as the taxi ownership program, but creates the opportunity for the young male to work as a truck driver instead of a taxi driver. This program has helped over 1,000 young males in Saudi Arabia with purchasing and working with their own truck.¹⁷⁶

Bab Rizq Jameel recognizes their *Small Business Program* as one of the most important programs they offer. This program is meant to financially help young males and females to create and expand their own business with small interest- and fee-free loans. These loans might range from SAR¹⁷⁷ 10,000 to 150,000, and should be repaid within 4 years. Youngsters with other various business ideas can apply for these loans, and the projects supported differ in category from service and industrial to production. The goal with this program is both to create job opportunities for young males and females, and to expand the existing businesses of young entrepreneurs. This program has been used for over 6,500 projects in Saudi Arabia.¹⁷⁸

Bab Rizq Jameel also has a program especially for females with the desire to create their own micro project. This program is called *Productive Household Program*, and is based on a group finance principle. It provides small interest-free loans ranging from SAR 1,000 to 5,000, which are given to groups of women who have various businesses. The loan is meant to support development of their production, and to increase the income and the number of workers in the project. These projects tend to be, but not limited to, some sort of production within the household and meant to be sold on bazaars. Since the launch of this program in May 2004, over 60,000 females have gotten financial support from this program.¹⁷⁹

The *Franchising Program* is both a financial aid and opportunity creator for young males and females. Besides financial support, this program also identifies available franchise opportunities and gives these opportunities to those interested in creating their own business in this specific area. The loans are interest-free.¹⁸⁰

The last of the programs at Bab Rizq Jameel is the *Commercial Centers Program*. This program offers small projects "outstanding locations for rent at competitive rates" according to the Bab Rizq Jameel homepage. Besides this, these small projects are also offered

¹⁷⁶ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=19

¹⁷⁷ 3.75 SAR ≈ 1 USD

¹⁷⁸ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=10

¹⁷⁹ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=20

¹⁸⁰ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=21

supporting services such as business permits, telephone and internet lines, as well as meeting halls, and other services. For those interested in starting their projects through commercial offices, there is also an offer of service offices.¹⁸¹

Nadia M. Refaat Shaikh, the General Manager of PR, Media and Communications at ALJCSP, also used the “fish-metaphor” to explain the ideas behind the organization.¹⁸² She explained that there is more of a spotlight in the media on companies providing training and financial support in Saudi Arabia these days. She believed this to be the beginning of an era of companies not just doing traditional philanthropy, but also providing knowledge. Still, the full impact of this has yet to be seen, and some people still believe in traditional charity according to Refaat Shaikh. She also pointed out that charity is a good thing, at least to get the people who need it above the poverty line.¹⁸³

7.4 Health and Social Programs

The health and social programs are not linked to job creation, but as the name suggests, are linked to programs regarding health and social issues. These programs are meant to apply a practical and applied approach that offers specific services in collaboration with government authorities. There are four programs within the social programs, and two within the health programs.¹⁸⁴

7.4.1 Health Programs

The Abdul Latif Jameel Rehabilitation and Healthcare Hospital is a hospital with one hundred beds aimed at helping victims of roads accidents. This hospital was opened in 1992 as a non-profit medical foundation and a part of the Health Programs of ALJCSP.

The other part of the health program at ALJCSP is the Saudi Red Crescent Society (SRCS) Development Program. This is a program that supports the SRCS with tasks such as establishing ambulance centers for SRCS in Jeddah, training of SRCS staff, support of the IT network of SRCS, support of vehicles for the SRCS fleet and introducing the air ambulance

¹⁸¹ http://www.babrizqjameel.com/programs/program_details.aspx?program_id=22

¹⁸² Interview with Refaat Shaikh.

¹⁸³ Ibid.

¹⁸⁴ <http://aljcspp.com/>

service. In cooperation with the Ministry of Healthcare this program also includes the support of four different hospitals with various medical equipments.

7.4.2 Social Programs

The first social program by ALJ Co. is the construction of 44 living units to make family reunions within a prison in Jeddah more comfortable. This program is aimed at making it easier for the prisoners to meet their families and make them feel less isolated in the prison. It is written that tens of prisoners visit these units to spend quality time with their families, and this might imply that the number of living units is higher than the need for these kinds of units.

The next social program is the support of orphanages run by the Ministry of Social Affairs. The aim in this program is to reward students living at these institutes when they demonstrate excellent academic performances. This program also arranges a trip for these students at the end of every year. This trip is meant to expand the horizons of the students and to inspire them. Therefore, these trips tend to go out of Saudi Arabia. The orphan students participating in this program are selected by cooperation between ALJCSP and The Ministry of Social Affairs.

The *Role Model Program* is also known by the name ALJSCP videos. This consists of a series of TV commercials that is aimed at sending messages of what they call "clean living" to the society. They seem to be mainly messages that are aimed at dealing with different kind of situations in Saudi Arabia that ALJCSP sees as problems in the society. The first launch of videos was in 2003, when they in cooperation with "Drive Communications," released four videos promoting the values of vocational work. These videos, themed "I Am Proud," were meant to encourage young Saudis to choose this kind of work.

ALJCSP later also released six videos with the theme: "Alone? Get Married and Fill your Life," which encourage young Saudis to get married, as the name of the theme suggests. Other videos, aiming to get people to use their seat belts and quit smoking, have also been released by the ALJCSP.

Three commercials with a theme in the spirit of Bab Rizq Jameel were launched later on in cooperation with "Full Stop". These encouraged young males and females to start their own

businesses through a presentation of successful case studies in which the people presented in the commercials were meant to be role models for others to make them to follow this path.

Other work-related commercials were launched in cooperation with the al-Bayariq Group. The theme of these eleven videos was simply: "Who Said Work is Bad?" The main values promoted in these videos were hard work, respect and dedication, and the purpose was to promote self confidence for youngsters in Saudi Arabia, and to encourage them to get jobs in various fields.

The last project within the Role Model Program is the set of videos released in 2008 with more general themes. They promote more general values, and are meant to spread these in the society. These values are love, respect and appreciation of life. Lately, ALJCSP has also launched a channel on the internet hotspot YouTube where it is possible to watch these last three commercials. Using this technology is a way for ALJCSP to reach out to the young people of the society.¹⁸⁵

During my interview with Refaat Shaikh, she told me that this year (2009) their videos dealt with bribery, stealing and anti-corruption. These videos were quite tough on these issues, and she told me that some people thought they were *too* tough. I have not been able to find these videos on the internet, nor any information about them on the ALJCSP homepage. However, if some think these videos are too tough on these issues, it might indicate an attitude of some in the society who do not consider bribery, stealing and anti-corruption as major problems in the society. That ALJCSP chooses to make videos with these themes indicates an attitude of fighting these elements within the society. This might indicate a contrast between different parts of the Saudi society with different views on bribery, stealing and anti-corruption.

Thus, the different themes of the Role Model Program of ALJCSP are based on work-related themes, health-beneficial themes or more general themes. The work-related themes seem to be aimed at encouraging young Saudis to accept the values of getting a vocationally skilled job, and to respect this as a good kind of work. The health beneficial themes, "wear your seatbelt" and "quit smoking" seem aimed at dealing with elements and attitudes in the Saudi society which the ALJCSP sees as problematic. The more general themes seem to be more aimed at attitudes and trends in the society and it especially seems that they are aimed at the young adults in this society. The last videos about love, respect and appreciation in life, and

¹⁸⁵ <http://www.youtube.com/user/aljcsp>

"Get Married to Fill your Life" seem to be values that ALJCSP would like to promote in the society. It also seems that these are values that they are promoting for some specific reason, though I cannot find information on their homepage as to why these values are especially important.¹⁸⁶

The Road Safety Program is meant to prevent accidents on the roads of Jeddah. There is a search for "black spots" on the roads, which they are trying to improve so accidents will be fewer and the injury rates lower. This program has found only one black spot at this time. Still, this is meant as a model showing it is possible to improve the roads in order to prevent accidents in the heavy traffic in the city. In the one place where they have changed the road structure, the number of accidents has dropped by 80% and, according to Refaat Shaikh, nobody has died in traffic accidents at this spot after the changes were made by ALJCSP.

7.5 International Programs

The International Programs are aimed at expanding the area of ALJCSP to the rest of the world, but with emphasis on the Middle East. The general approach of these programs is to promote cooperative experiences all over the world so the beneficial result will be the development of the individuals or the society. There are three main categories of programs in the International Program: Fighting poverty, Technological development and Islamic Art.

7.5.1 Fighting Poverty

The Grameen-Jameel Pan Arab Microfinance Limited is cooperated by the Grameen Foundation and ALJ Co. with the goal of increasing the capacity of the micro finance institutes in the Middle East. This is done through direct financial support and through bank guarantees.

The Abdul Latif Jameel Poverty Action Lab (J-PAL) is based at the Massachusetts Institute of Technology (MIT) in Boston and was created in 2006 with the aim of "to reduce poverty by ensuring that policy is based on scientific evidence."¹⁸⁷ This is done by creating and evaluating programs, in most cases in cooperation with different NGOs or governments. The idea of these "poverty programs" is to both be helpful to the local community in which these

¹⁸⁶ http://aljcspp.org/e_videos.htm

¹⁸⁷ <http://www.povertyactionlab.com/aboutus/mission.php>

programs are developed and to create models that can be transferred to other places in the world. Besides their base in Boston, the J-PAL also has offices in Chennai (India) and Paris (France) in which are the offices of respectively South East Asia and Europe. The reason for MIT base in Boston is because the president of ALJ Co., Muhammad Latif Jameel, completed his engineer degree at this university.¹⁸⁸

The Yunus Challenge is named after Nobel Peace Prize winner Dr. Mohammad Yunus, and was started after he won this prize in 2006. The idea of this challenge is to bring one specific problem faced by the poorest communities in the world to the forefront of the academic community every year. This leads into a competition that awards the best solution of the year's problem.

7.5.2 Technological Development

The technological development initiatives of ALJCSP are also a variety of programs. ALJ Co. introduced the Abdul Latif Jameel / Toyota scholarship in 1994. This is a scholarship for students from countries in Asia, the Middle East and the northern parts of Africa meant to give financial aid to students who could not have studied at the MIT without this scholarship.

In cooperation with the Arab Science and Technology Foundation, ALJCSP established a fund aimed at encouraging different "start-ups" in 2006. The start-ups supported by this fund are those which could lead into investments in the fields of Information Technology, nanotechnology, biotechnology and pharmaceuticals. The main task of this fund is to upgrade and promote scientific and technological development in the Arab countries and to create job opportunities.

ALJ Co. is supporting 1001 Inventions, which is an educational initiative exploring the contributions to science and technology by Muslims and consists basically of a world tour exhibition. 1001 Inventions has been and is touring the UK, North America and the Middle East.¹⁸⁹

7.5.3 Islamic Art

Islamic art is also important for ALJCSP. The Jameel Gallery of Islamic Art is located in the Victoria and Albert Museum in London, and was renovated between 2004 and 2006. During

¹⁸⁸ Interview with Refaat Shaikh.

¹⁸⁹ <http://alj.com/>

this time the contents of the gallery toured a couple of American cities, as well as Tokyo and Sheffield before returning to the home base in London. As the name suggests, this is a gallery for specific Islamic artists that are working with art within the Islamic traditions.

As an extension of the Jameel Gallery of Islamic Art, they offer 10 annual 5-year scholarships for UK based students at the Prince's School of Traditional Arts. Besides financial support during these years, these scholarships also give the opportunity for the participants to display their best works at the Jameel Gallery of Islamic Art.

The cooperation between the Jameel Gallery of Islamic Art and Prince's School of Traditional Arts has also led to the creation of a centre of traditional Islamic Arts and crafts in Cairo. This is according to the ALJCSP homepage, in the spirit of Muhammad Abdul Latif Jameel and aimed at preserving Islamic heritage and at promoting opportunities for education, employment and development of youngsters in the Arab countries.¹⁹⁰

7.6 Benefits to the Company from their CSR Efforts

Clearly there are some benefits for a company that focuses so much on their social responsibilities. Still, Refaat Shaikh pointed out that the origin was purely an idea of welfare and charity to the society, there was no intention to benefit. Because of the Islamic tradition that you do not tell anyone about your charitable acts, many companies doing charitable actions do not tell anyone about them.

Still, ALJCSP has done quite a lot of advertising about its social programs. This, according to Refaat Shaikh, is not done to benefit from the social responsibility they have taken, but only to make the different programs more visible to the society, especially to possible beneficiaries. This advertising has led to a very good name and reputation of the company in all levels of society. Even if this was not the intention of the social responsibility programs; the work of ALJCSP has led to a prestigious reputation also for ALJ Co., two totally different bodies: One has a mind set on business, the other has a mind set on helping the society. The target for ALJCSP is to create benefits for as many as possible, and not to achieve economical results at the end of the month. Even though they are separate bodies, the ALJ Co. is fully paying for ALJSCP, and Refaat Shaikh refers to both ALJ Co. and ALJCSP as "we".

¹⁹⁰ <http://aljcspp.com/>

The good name of the ALJ Co., partly because of the funding of the organization with the same name, is an absolute benefit for the company. 2008, with the worldwide financial crisis, was truly a year of crisis for all the Saudi car distributors except ALJ Co. This was not a good year for the company, but it was much better than their competitors. This was due to the good reputation of the company according to Refaat Shaikh. She also related this to ethics of Islam, in which it is said that doing good things for the good itself, will result in benefits for the ones doing the good.¹⁹¹

Besides the obvious benefits of a good reputation, there is also one major benefit for ALJ Co. created by the ALJCSP. When helping over 116,000 people (by February 2010)¹⁹², there has to be some major talent in many fields among all these people. Some of the youngsters benefiting from the different training programs are also in a dual relationship with ALJ Co.; the company can use them and their services for what they need, meaning that the participant of the program will get a job for his company and that ALJ. Co. will have someone qualified to do the job.¹⁹³ This is a win-win situation. Another benefit related to this is that it presents a possibility for the ALJ Co. to headhunt especially talented participants in the different programs before other companies can do the same.

It is interesting to consider the importance of the relationship between ALJ Co. and the authorities. Since it is a company whose main business is based on importing, I would argue that their relationship with the different authorities could be very important to avoid bureaucratic or other kinds of governmental obstacles. It seems like the CSR efforts by ALJ Co. are closely linked with the understanding of CSR by the government. They emphasize development of human capital, and cooperate with the authorities in many ways; and also created their welfare organization after the authorities indicated that it would be a good idea. There is certainly not much in the CSR efforts by ALJ Co. that contradicts the governmental understanding of how CSR should contribute in the society, and neither are their efforts based on other values than the ones promoted by the government.

¹⁹¹ Interview with Refaat Shaikh.

¹⁹² <http://www.babrizqjameel.com/en/Default.aspx>

¹⁹³ Interview with Refaat Shaikh.

7.7 ALJ and the Environment

There is not much information about the environmental issues of CSR on the ALJ Co. or the ALJCSP homepage. Still Refaat Shaikh told me that they undoubtedly also have an environmental responsibility. They have taken some actions to improve their environmental impact: They have signed an agreement with the recycling plants in Saudi Arabia, and have started recycling at all the company's locations. When the company has over 10,000 employees, they hope that they will learn about recycling at their workplace and take this home and educate friends and family about it, so this could have a major environmental impact on the society. ALJSCP has also signed agreements with some of the community centers in Jeddah, which are locally in charge of the environment. She also recognizes the need of an aggressive program towards the environment, especially in Jeddah, but also in the Kingdom as a whole. According to her, Jeddah has the highest degree of pollution in the country, which is somewhat surprising since most of oil production is on the other side of the country. She explained that Saudi Aramco is doing a great job in the Eastern Province. She also believed the environmental situation in the country as a whole will get better because people now are acknowledging that there is a problem.¹⁹⁴

7.8 The Foundational Values of CSR at ALJ Co.

Refaat Shaikh identified three main foundational values of the social responsibilities of ALJ Co. These are Islam, and closely linked to Islam; Saudi culture, and lastly the Western tradition of CSR.

Islam is the most important foundational value of CSR at ALJ Co. It was emphasized that this was not Islam as understood by fundamentals, but Islam as lifestyle and ethics. This is somewhat an understanding of Islam as how you are supposed to behave towards others. The three pillars of behaving towards others are identified as love, respect and appreciation, which were used as the theme of one of the video campaigns of the Role Model Program of ALJCSP. Within Islamic ethics it is morally good to be able to give. Firstly, it is good to be able to give something back to the society, secondly it is good to help the needy in the society and thirdly it will create good consequences for both the giver and the receiver. One difficulty

¹⁹⁴ Ibid.

in the past with this aspect of giving was that people just gave charitably without any coordination with others. This meant that some of the charity given was not as helpful as it could have been, and in some situations it could even have been unnecessary. This kind of help has been based on helping people with their every-day needs. A positive change with ALJSCP, and other programs like this one, according to Refaat Shaikh, is that they are letting people know what is happening in areas other than their own so this tradition of charity is changing from purely financial to also encompass social support which includes a transfer of expertise. I find it hard to separate the Islamic traditions from Saudi culture and I understand that there is a great overlap between these two foundational values of CSR at ALJ Co.

The final foundational value of CSR at ALJ Co. is identified as the western tradition of CSR. Refaat Shaikh emphasizes that this is a two-way road: Saudis can learn from the Western tradition, but Westerners can also learn from the Saudi tradition. She claims that Western countries have done more in some fields of CSR up to now, and that the Middle East needs to implement CSR and change it to their needs and demands. She said, why start from scratch when someone can give you a head start? But still you have to adopt this tradition to the values and needs of the Saudi community.¹⁹⁵

7.9 The Impact on Other Companies by ALJ Co.

ALJ Co. is glad to help other companies regarding taking social responsibility. This is because the more companies that do good things for the society, the more the society benefits. The company has cooperated some with other companies, especially in the areas of vocational training and loans to females.

By helping to create over 116,000 jobs, ALJSCP also could affect the participants of their different programs to take on social responsibility. Those who need training and consulting on the subject will get some education on CSR, but this is still optional. Since they are experts on social responsibility, it could seem a little strange that this is not a bigger part of the different programs of ALJSCP. Still, quite a few participants choose to get this education, so this could be seen positively as a fresh group of young entrepreneurs with more focus on CSR.¹⁹⁶

¹⁹⁵ Ibid.

¹⁹⁶ Ibid.

7.10 Summary of CSR-programs at Abdul Latif Jameel Co.

I will argue that ALJ Co. mainly focuses their social responsibilities on the local and national levels. Their organization for welfare, ALJCSP, is mainly aimed at helping Saudis contribute to the Saudi society and to help some Saudis to become able to earn money. Bab Rizq Jameel is the main example of this:

Bab Rizq Jameel is an extensive program funded by ALJ Co. operated by ALJCSP. Bab Rizq Jameel has, by February 2010, created job opportunities for more than 116.000 young Saudis. This program is focused on creating job opportunities for young Saudis, an important and specific kind of CSR in the country. The nationalization of the workforce, "Saudification", is one of the key goals in the SARCI-index, and has been pointed out as extremely important in the Saudi society by most of my informants during my fieldwork. Bab Rizq Jameel seems to do a lot for this saudification of the workforce.

The Health and Social Programs also focus on the local and national levels of social responsibility. Whether you are in need of rehabilitation, help from the SRCS, would like to visit a family member in prison or are an orphan, all of the programs aimed at helping these kinds of people are aimed at helping Saudis in the Saudi society. Also parts of the Role Model Program are aimed directly at creating employment for Saudi citizens.

Refaat Shaikh said that she thought it was understood quite well why their company feels it has a social responsibility towards their community. *"We live in this community; we benefit from this community and have been doing this for the last 60 years. The profits of the company come from this community. It is a straight-forward-answer: We have responsibility for our country, our people and everything."*¹⁹⁷

ALJ Co. has expanded their business to include other countries in the Middle East as well. This has led to opening of Bab Rizq Jameel offices in Syria and Egypt, and also in Turkey, Morocco and Lebanon by late 2009. Their social responsibility is expanding along with the expansion of the company business. As long as the company is benefiting from a community, Refaat Shaikh told me, the responsibility to that community also follows along.¹⁹⁸

¹⁹⁷ Ibid.

¹⁹⁸ Ibid.

The International programs also seem somewhat based on responsibility towards the Middle East societies, with an emphasis on the Saudi community. Many of the programs are focused on either helping Middle East communities, or promoting Islamic inventions and art outside of the Middle East. It should also be mentioned that these programs also includes focus on locations outside the Middle East, something of which the J-PAL and the offices of this program in Boston, Chennai and Paris are good examples. Refaat Shaikh explained their regional and global levels of responsibility by saying that there are people doing good things for the world, and why not work with them? The transfer of knowledge across borders is usually a good thing, as is the transfer of knowledge from the Western world to Arab countries, but she pointed out that this could also go the other way around. She explained their global social responsibility in terms of ensuring a good outcome for the Saudi community at the end. Doing good things all around the world could easily benefit the reputation of the Saudis, and making Saudi Arabia more accepted abroad.

It is striking that the CSR efforts by ALJ Co. are in accordance with the governmental model and idea of CSR. I suggest this could have something to do with the importance of maintaining a good relationship with the government for a company that is basing their business in importing. It is striking that many of the CSR efforts by the company are in close compliance with goals of the government, and it is not unlikely to believe that CSR efforts like the ones done at ALJ Co. will make some possible problems with different authorities become easier to solve.

However, the intention of the company may not be to get a good reputation or improve the relationship with the authorities; it could of course also be done purely because of good intentions, or because of something in between. No matter what the intention is, their CSR efforts seem effective and massive towards the goal to Saudify the workforce and to develop the human capital in the Kingdom.

Chapter 8: CSR in Jotun Paints and Jotun Powder Coatings

Jotun Paints Saudi Arabia Co. and Jotun Powder Coatings Saudi Arabia Co. were chosen as informants for two reasons: Firstly, they were easy to access since their mother firm's headquarters is located in Norway. Secondly, I find it very interesting to see how international corporations that operate in Saudi Arabia practice CSR within the Kingdom, especially because of their joint venture ownership system.

8.1 Jotun Corporation

Jotun is a multinational company, with headquarters in Norway. I will not focus much on what is written on the company homepage, but rather write about how CSR is understood by the joint ventures between the Saudi investors and Jotun. There are, however, some interesting points regarding how CSR is implemented in the Saudi branches of the Jotun Company. I will first emphasize these points.

Firstly, the CEO and president of Jotun, Morten Fon, has written a declaration for Jotun, as a relatively small company, that limits the possible impact of their CSR efforts. Still, Jotun can contribute to sustainable development of local communities through the creation of jobs, acting responsibly and influencing local communities through technology, investment and working processes.¹⁹⁹

Further, Fon writes that the strategies and action plans are based on a local level, pertaining to developing the local communities. Besides acting responsibly, Jotun also recognizes and respects local culture, laws and regulations. The foundation of Jotun's CSR lies in their values and business principles according to Fon.²⁰⁰ It appears that Jotun uses the term Corporate Responsibility (CR) in many places with the meaning interchangeable with CSR.

There are four core values that are the basis of the CSR of Jotun. These are loyalty, care, respect and boldness. Under these values there are three to five points explaining what these values mean to Jotun. Also, there are five points under the business principles of Jotun. These are business ethics and integrity, community, fair trade and free competition,

¹⁹⁹ <http://www.jotun.com/>

²⁰⁰ Ibid.

employees and business operations. Under these points, there are specifics that explain what these five points mean within Jotun. Among the most interesting points are respecting human rights, avoiding discrimination, transparency and working against bribery and corruption, and also that Jotun does not contribute to political parties or candidates.²⁰¹

Jotun's business principles have certain areas to which they strictly adhere; they are “non-negotiable”. The UN Human Rights, the ILO convention and tax audits are among the positive items that Jotun strictly follows, while price-fixing cooperation and cartels, bribery, corruption, fraud, paying salaries without reporting tax, paying rent “off the record” and breaking laws are among the negative items the company does not accept.²⁰²

All these elements are important for Jotun in Norway. I will discuss the importance of the same elements for the joint ventures between Jotun and their Saudi partners further into this chapter.

8.2 Jotun Paints Company Saudi Arabia

Jotun Paints Company Saudi Arabia (Jotun Paints) is based in Jeddah and produces the best selling paint in the Kingdom. They have been in operation since 1984.²⁰³ Today, the company has 400 employees, where about 30% are Saudis. Besides their office in Jeddah, they also have five branches and three factories. Their yearly revenue is around SAR 500 millions.²⁰⁴

According to the Human Resources Development Manager in Jotun Paints, Abdurahman T. Habib, the company started their CSR efforts in 2008. He explained that they had done some other philanthropic and CSR related activities before this as well, but beginning with that year they consciously tried to change the directions of their efforts. To explain this difference Habib used the “fish metaphor” that I explained earlier; and he emphasized this as the main difference between CSR and charity.²⁰⁵

²⁰¹ Ibid.

²⁰² Gunnar Thoresen, *The Penguin Spirit. Values and Business Principles in Jotun*, presentation at conference in Jeddah, May 2009.

²⁰³ <http://www.jotun.com/>

²⁰⁴ Email from Abdurahman T. Habib received April 25th 2010.

²⁰⁵ Interview with Abdurahman T. Habib in Jeddah October 25th 2009.

Jotun Paints is a joint venture between Jotun Company in Norway, and two Saudi partners. Habib explained that the company had to follow the Norwegian standards of CSR, but also do some activities related to education because of the Saudi owners. He told me that this could be understood as CSR, but does not necessarily have to be understood like this.

8.2.1 Vocational CSR in Jotun Paints

The Saudi CSR activity is vocational training leading to a Saudification of the workforce. Jotun Paints cooperates with an industrial college, and supports the education of one hundred painters every year. According to Habib, every one of these students is hired by the Bin Laden group²⁰⁶ after graduation, so this indicates that there is a demand for skilled painters and that there could be many more Saudis receiving this education. Still, the focus of Jotun Paints is on the quality of the training, and not the quantity. Programs as this might increase the competence of the work force in Saudi Arabia in about five years according to Habib. This is in accordance with the policy of Saudifying the work force in the Kingdom. One of the reasons the Saudi owners prefer that these kinds of activities are done, is because it creates values for the Saudi community as a whole.²⁰⁷

The newest cooperative CSR activity in Jotun Paints when I was in Jeddah was between Jotun Paints and Bab Rizq Jameel. This is supposed to become a joint venture where Jotun Paints and Bab Rizq Jameel cooperate to help entrepreneurs open Jotun brand shops that both Jotun Paints and ALJCSP can support.²⁰⁸

8.2.2 Social Programs of CSR at Jotun Paints

As explained earlier, the Norwegian head office of the company has certain guidelines for CSR activities in the company. These are important also in Jotun Paints, but as Habib explained, there is room for local variations of these guidelines. This means that Jotun Paints could devise their own CSR activities to be within the understanding of Saudi society, and to increase the impacts of these activities.²⁰⁹

One of the CSR programs Jotun Paints has chosen to support is a program designed to help orphans, in cooperation with Makkah al-Mukarrama Organization. This program is aimed at

²⁰⁶ Bin Laden Group is a major construction company in Saudi Arabia.

²⁰⁷ Interview with Habib.

²⁰⁸ Ibid.

²⁰⁹ Ibid.

helping orphans to become better human beings and thus later become assets to their society. Jotun supports 30 orphans aged between 5 and 10 years (Habib told me their ages are between 8 and 12). The program covers medical, clothing, education and other services for the orphans, and is thus in accordance with Jotun's CSR policy according to the Human Resources Manager of Jotun Paints, Faisal Reda.²¹⁰

Jotun Paints not only supports the orphans financially, but also provides them with economic training; and after the orphans turn 15 years, Jotun Paints offers them the possibility to have their summer training at the company. "Summer training" is a statutory program that requires companies to have schoolchildren involved in their companies during the summer. The idea of this program is to give children work-related experience. Jotun Paints chooses to have a much higher number of children for summer training, than the number imposed by the government. After the orphans have finished their education they can choose to work in Jotun, or the company will help them find jobs in other companies. The goal of this program is to make the orphans independent through educating them so that they can have decent jobs and financial control over their own lives when they become adults so that they can contribute to the Saudi society.²¹¹

Beside these local programs of CSR, the company also supports some other charitable activities. This support could be anything from giving paint to a local community-building, to giving charity to needy.²¹²

8.2.3 Benefits for Jotun Paints by Acting Socially Responsible

Habib told me that Jotun Paints did not use their name in most of their charitable activities. This is valid in the vocational training programs, the orphan program, as well as in most of the other programs. He explained to me that this was because they did not want the intention of their actions to be linked with the company's desire to build a strong brand with a good reputation. This was explained by the Islamic traditions of keeping Sadaqa as a secret between man and God.²¹³ Still, there are possible ways for Jotun Paints to benefit from their CSR activities: Firstly, the new program which is a collaboration with ALJCSP will possibly help Jotun sell more paint, since this increases the number of resellers of Jotun paints. Secondly,

²¹⁰ <http://www.jotun.com/>

²¹¹ Interview with Habib.

²¹² Ibid.

²¹³ Ibid.

even though the company does not publicize their orphan program in Saudi Arabia, it is known by the orphans and many others that Jotun Paints is responsible for this. Thirdly, helping raise the quality of human capital in the Saudi society, especially in the paint industry, will possibly lead into increased sales for the company. There are, of course, also many other possible positive outcomes for the company by doing these CSR activities.

8.2.4 Supply Chain Audit

In December 2009 Jotun Paints started to audit the companies in their supply chain.²¹⁴ This is a part of a global initiative by Jotun, meant to ensure a certain standard of CSR and Health, Security and Environment (HSE). Among the fourteen areas that are audited, six are directly aimed at CSR issues. These are HSE, bribery and fraud, child labor and forced labor, working hours, wages and compensation, discrimination, and finally the environment.²¹⁵

According to the Material Administration Manager at Jotun Paints, Prince²¹⁶ George, the audits are done with assistance from Asian Inspection, a Chinese company specializing in auditing.²¹⁷ The auditors visit the companies that are in Jotun's supply chain to observe and to get feedback from the companies themselves. After this visit, the representatives from Jotun will score the different areas of the audit. The results of the audit are put together in a report and sent to Jotun's head office in Norway.²¹⁸

This report, and the response from the Norwegian headquarters, is shown to the supplier, who then will then have the possibility to make changes in the areas in which their standards are not highly ranked. If they fail to change these areas for the better, Jotun will consider not using them as suppliers anymore.²¹⁹

This audit is to be done as a stage-by-stage operation in Saudi Arabia. The audit's first priority is the local companies that deliver to Jotun worldwide. Jotun Paints aims at auditing ten companies every three months, and this tempo will mean that it will take Jotun two years to audit all the companies in this group. After two years, Jotun will start over again with the first

²¹⁴ Interview with Prince George in Jeddah October 25th 2009.

²¹⁵ Jotun, internal presentation, May 2009. Cited with permission.

²¹⁶ Prince is a name and not a title.

²¹⁷ <http://www.asiainspection.com/>

²¹⁸ Interview with George.

²¹⁹ Ibid.

companies.²²⁰ As I understand, Jotun's non-negotiable areas mentioned earlier are especially important in these audits.

The response from all the companies in Jotun's supply chain has been positive according to George. Most of these companies also told Jotun that this was the first time their company was audited by another company. George mentioned that, to his knowledge, this is the first time such a review, aimed at the entire organization, is done in the Kingdom. The goal of these audits is to ensure that the supply chain of Jotun matches Jotun's standards of CSR, and, in this way, influences other companies to increase their focus on CSR.²²¹

8.2.5 Jotun Paints as an Influence to other Companies

In addition to this way of influencing other companies, Habib also told me that the CSR efforts of the company have inspired other companies to improve their CSR initiatives. He, himself, had received some telephone calls from colleagues in other companies who were interested in Jotun's ways of implementing CSR. Habib explained that he was happy to be able to assist other companies with knowledge about Jotun's CSR initiatives. He expressed this in a religious context: That striving to create the best for society as a whole, and helping others to help society will benefit yourself and your company as well, within this Islamic moral. "Inshallah, these kinds of actions will benefit the company in many different ways", he said.²²²

8.2.6 Habib's Opinions of Saudi CSR in General

On my questioning, he pointed out Islam as the main source of ethical behavior in the Kingdom, and thus also the main source of CSR. He explained that they believed that Islam came to improve human ethics and values, and that a Muslim is supposed to act socially responsible. Another aspect of this Islamic base of CSR that Habib recognized is that Muslims refuse to accept the intention behind CSR as a way to benefit the company.²²³ This means that even though a company does a lot of CSR activities or charity, this is not something that should be done for good PR of the company. The intention behind the action has to be to help someone, not to gain something from the action yourself. This means that even though your company will get religious benefits from doing CSR or charity, the intention to do these

²²⁰ Ibid.

²²¹ Ibid.

²²² Interview with Habib.

²²³ Ibid.

actions cannot be to get these benefits, but rather just a genuine wish to help someone who needs help. These kinds of support are supposed to be a secret between the giver and God. Habib also talked about the difference between Zakat and Sadaqa, and explained that Sadaqa was more like CSR, even if it is not quite the same; Sadaqa being more like traditional philanthropy.²²⁴

Among sources of CSR in Saudi Arabia other than Islam, Habib also pointed out the Saudi culture of generosity and hospitality. These values are, according to Habib, main values in the Saudi society, and this means that people are more open to support CSR initiatives. Still, he recognizes that many companies have little knowledge about CSR, and that even if companies are trying to do CSR it often turns out as traditional Sadaqa. Habib also emphasized the new trend of “teaching to fish”, and believes that in time, all Saudi companies would see that doing CSR is a good way of spending money. It is just a matter of time.²²⁵

8.3 Jotun Powder Coatings Saudi Arabia Co. Ltd.

Jotun Powder Coatings Saudi Arabia Co. Ltd. (Jotun Powder Coatings) is based in Dammam, but owned in a joint venture between the Saudi al-Gosaibi Group, Jotun in U.A.E. and Jotun in Norway. The company has 97 employees, with almost 40% Saudis. They have a factory in Dammam, and sales offices in Dammam, Riyadh, Jeddah, and in Amman (Jordan). The company is budgeted to produce approximately 10,000 tons of powder in 2010.²²⁶

According to the manager of Jotun Powder Coatings, Shafique Siddiqui, there are very few differences between the understandings of CSR within the Jotun Corporation. He claims that there are more differences between Jotun’s understanding and the Saudi partners’, and that the latter tends to see CSR as traditional charity and philanthropy.²²⁷

8.3.1 CSR at Jotun Powder Coatings

Siddiqui writes that Jotun has focused upon CSR for three years because it reflects their ambitions to contribute to the society. At Jotun Powder Coatings CSR is mentioned in every

²²⁴ Ibid.

²²⁵ Ibid.

²²⁶ Email from Shafique Siddiqui received April 16th 2010.

²²⁷ Email from Shafique Siddiqui received November 19th 2009.

meeting to raise the awareness in every level of the company. Even though the company yet has not done much for the local community in the Eastern Province, they plan to do so when possible. Still Jotun Powder Coatings is keeping up to Jotun's standards of CSR, and trying to maintain them to a greater extent.

Jotun Powder Coatings is also concerned about the environment; their factory is emissions-neutral. This concern with the environment seems to be both in line with Jotun's standards, as well as with the different international standards.

8.3.2 How Siddiqui understands CSR in Saudi Arabia

The local partner al-Gosaibi group is owned by a family that has lived in the Eastern Province for over 150 years. This family has a great record of philanthropic activities, including supporting the handicapped children society, which is mostly funded by the al-Gosabis. Other philanthropic activities, such as serving the evening meal, Iftar, during Ramadan for a large number of Muslims, could be viewed as religious philanthropy.²²⁸ Even though the al-Gosaibi family is a partner in Jotun Powder Coatings, I understand these activities to be more like personal philanthropy than CSR.

Siddiqui recognizes the Saudi partners' interest in CSR to be extremely high, especially if it addresses humanity and charity. At the same time, however, they would also welcome any idea that addresses society in general and people more specifically. Their priority, however, would be on the latter. This is the main difference between Jotun's company based CSR standards and the standards of their Saudi partners in Jotun Powder Coatings, according to Siddiqui.²²⁹

When I asked Siddiqui about his views on the development of CSR in Saudi Arabia, he wrote that he understood the practice of CSR as something more than giving money as a religious principle. As I understand him, by this he means that to share knowledge and to have a plan for how contributed money should be used for maximum effect actually is a religious obligation. He recognizes the importance of religion for the Saudis, and claims that they will go a long way to fulfill these obligations.²³⁰ As I understand Siddiqui, he sees social work in Saudi Arabia to be mainly as direct from person to person, and that this is a very important

²²⁸ Ibid.

²²⁹ Ibid.

²³⁰ Ibid.

factor in the Saudi society. He sees this as a religious obligation that people are willing to go an extra mile to fulfill.

8.4 Development of CSR in Saudi Jotun Companies

The representative of Jotun Paints claimed that CSR became a major area of focus in their company in 2008. Since that year, Jotun Paints has done some major CSR efforts. The latest one, the supply chain audit, might be the first of its kind in the Kingdom. This could have several interesting implications: This could indicate that the importance of international standards of CSR currently is increasing in Saudi Arabia; this could also mean that other companies with foreign owners, will see this as an example of how they could implement their own visions for CSR in the Kingdom, or this could be an unique event in Saudi Arabia.

Also in Jotun Powder Coatings there has been an increased focus on CSR, there however since 2007. Even if this has yet to be transformed into actions towards the society, it has led to an increased awareness of CSR in the company and is mentioned in some form in every meeting.

8.5 Levels of CSR in Saudi Jotun Companies

The importance of local social responsibility seems to be dictated from the headquarters of Jotun in Norway to their Saudi daughter-companies. The president and CEO of Jotun claimed that the company, as a globally small corporation, is limited to a local perspective for their CSR efforts, and contributes to sustainable development of local communities. I will argue that it is on the local and national levels Jotun Paints and Jotun Powder Coatings focus their CSR efforts in the Kingdom.

The Orphan Program of Jotun Paints and the vocational training program aimed at Saudis could also be argued to be CSR efforts on a national level. The same could be claimed about their future cooperation with Bab Rizq Jameel. Habib also argued that some of these vocational programs could be important in improving human capital in Saudi Arabia.

The environmental CSR efforts the Jotun companies can definitely be argued as contributing to improve the environment on the global level. The emissions-neutral policy of Jotun is an example of this. Even if this could be argued to have minimum affect on the global environment, the idea is that if every company had done the same, the situation would have improved significantly.

8.6 Possible Benefits of the Companies

The two Jotun companies are also interesting in discussing possible benefits for companies acting socially responsible. Having split ownership between Norway and Saudi Arabia (and the Emirates when it comes to Jotun Powder Coatings), there are two (or three) different authorities they will have to consider when acting social responsible. Some of the CSR efforts by Jotun Paints seem to be in accordance with the understanding of the role of CSR in the community by the Saudi government. There are also however, some efforts that are in accordance with the understanding of CSR in the society by the Norwegian government. The Report to the Storting No. 10 (2008-2009) is aimed at Norwegian companies doing business abroad,²³¹ and is thus valid for the two Jotun companies in Saudi Arabia. Still, there are some areas of this Norwegian understanding of CSR that contradict Saudi law. Some of the Human Rights and some rights of the laborers are among these. It seems to me that Jotun has a difficult position trying to please both the Norwegian and Saudi governments. This could explain why Jotun is following Saudi law, which they have to if they will continue to do business in Saudi Arabia, and emphasizing the Norwegian standards of CSR as far as possible without contradicting Saudi law. Thus, it can be argued that the two Jotun companies are trying to act as socially responsible as possible within the jurisdiction of both the Norwegian and the Saudi authorities, and that this could be a way to maintain good relations with the authorities in both countries.

I would also believe that Jotun Paints will have access to better talent because of some of their CSR programs, even though the emphasis of their educational programs seems to be the education of painters. These tend, according to Habib, to get hired by the Bin Laden Group, and thus Jotun would not benefit. Still, they might do that for some of the other educational CSR efforts by the company, such as the educational part of the orphan program. This

²³¹ Report no. 10 (2008-2009) to the Storting: *Corporate social responsibility in a global economy*, 2009, 10.

however, will not be evident for some years because this program is fairly new and the orphans are still children aged 12 and younger.

8.7 Rhetoric of CSR at Saudi Jotun Companies

At Jotun Paints I find the rhetoric emphasizes the Norwegian understanding of CSR more, while the actual CSR efforts seem both Norwegian and Saudi. I would argue that the rhetoric of the company seems to be somewhat more clearly focused on some of the company's non-negotiable aspects of CSR. Still, this is most likely caused by Saudi law and regulations as such will be discussed under point 10.4.1 and 10.4.2. For Jotun Powder Coatings the rhetoric seems clearer than the actual actions as well.

8.8 Summary of CSR at Saudi Jotun Companies

Both of the Jotun companies in Saudi Arabia are aiming at legitimizing their business towards both the Norwegian and the Saudi societies. This is manifested by the rhetoric and CSR efforts by the companies. Both companies are emissions neutral, emphasize labor rights and have a strong focus on the non-negotiable areas of Jotun.

Jotun Paints is doing some vocational and social CSR efforts, as well as supporting charitable activities. December 2009, the company started to audit their supply chain to ensure a certain standard of CSR and HSE. These audits are aimed at encouraging the companies in the supply chain to match Jotun's standards of CSR, with an emphasis on elements such as bribery and fraud, labor rights and the environment.

Jotun Powder Coatings is keeping up to the Jotun headquarters standards of CSR, and CSR is mentioned in every meeting to raise the awareness in the whole company.

Chapter 9: Rezayat Protective Coating Company

Rezayat Protective Coating Co. (Rezayat) was chosen as a small company whose main activities are within Saudi Arabia. The company is also a customer of Jotun Powder Coatings, and thus it was easier for me to get in touch with it. I find it very interesting to observe how this relatively small Saudi company, without a specific department aimed at CSR, approaches this phenomenon.

Rezayat is fully owned by the Alireza Group of Companies. Rezayat is based in al-Khobar, and specializes in the production of Fusion Bonded Epoxy Coated Rebar, which is widely used in the construction industry for buildings, highway bridges, and tunnels. Mainly, their projects have been based in Saudi Arabia, but they also have had some activities in other countries in the Gulf region.²³² I have not received any response on my inquiry to get information regarding number of employees, number of factories and offices, or any financial information.

9.1 CSR at Rezayat

When visiting Rezayat's headquarters in al-Khobar, the General Manager Riyadh Saleh al-Homoud seemed somewhat unsure of the term "CSR". He recognizes a national responsibility to society, and that this was a responsibility for every Saudi company. In his understanding, the government could not have all of this responsibility itself.²³³

After we discussed the concept of CSR, al-Homoud told me about some of the CSR efforts of Rezayat. He mentioned that the company arranged summer training for students and also had interns over the entire year. He was also concerned about the safety of their employees; they had a lot of safety regulations and safety gear to prevent their employees from getting hurt in any way. Beside this, the company had also planted trees around their factory in Dammam to minimize the emissions from the factory.²³⁴

I also asked al-Homoud if there are some CSR principles in Rezayat. He told me that since Rezayat is a part of a bigger group, Alireza Group of Companies, this was not his first

²³² <http://rezayatprocoat.com/about.htm>

²³³ Interview with al-Homoud.

²³⁴ Ibid.

consideration. He was sure that the managers of the group had a lot more CSR efforts in many ways, but this was not his primary concern as the manager of a relatively small company. Thus, it does not seem like CSR is incorporated into the whole corporation, and that al-Homoud understood this as a phenomenon for managers in even higher positions than himself with which to deal.²³⁵

9.1.1 Levels of Social Responsibility in Rezayat

In my understanding, the CSR efforts by Rezayat seem to be focused on the local level. The trees they planted around their factory will make the local neighborhood around the factory a little greener and the air in that area a little cleaner, while the labor protection neither will benefit anyone except the company, their employees and their families.

9.1.2 Discussion of the Small Amount of CSR Efforts in Rezayat

Rezayat does not seem to practice as much CSR as the other informant companies. Without knowing too much about their different businesses, it could seem as if they are not in a position where they are desperate to create and maintain good relations with the authorities. This could be a factor that explains why the company does not emphasize CSR efforts like the other informant companies do. However, without a more complete understanding of their business, this is just meant as a possible explanation, and could very well not be valid.

9.2 How al-Homoud Understands CSR in Saudi Arabia

Also al-Homoud indicated Islam as the most important basis for the tradition of charity in Saudi Arabia. He mentioned both Zakat and Sadaqa, and pointed out that the latter was voluntary charity. Zakat is a religious duty for both individuals and companies according to him. However, there are no controls over what payment may be correct; this is an element of trust between the individual human being and God. Beside these purely religious traditions, he also talked about a cultural tradition of giving to those in need. He explained this as almost a competition to be able to give the most, i.e. it is very good to be able to give, and not so good to be forced to receive.

²³⁵ Ibid.

“If you do deeds of charity openly, it is well; but if you bestow it upon the needy in secret, it will be even better for you, and it will atone for some of your bad deeds. And God is aware of all that you do.”

The Quran, sura 2:271 (the Cow), translated by Muhammad Asad.

Chapter 10: Discussion of Secondary Questions

This chapter will be a discussion of each of the secondary questions I defined in chapter 4. First, I will discuss how Saudi organizations are trying to influence companies to do more CSR efforts within the Kingdom, and secondly I will discuss which elements that are emphasized in CSR efforts by Saudi companies. Thirdly, there will be a comparison between the understandings of CSR in Saudi Arabia and the core characteristics defined by Crane, Matten and Spence. Then the relationship between CSR in Saudi Arabia and the international standards are discussed, and the final part deals with Islam and CSR.

10.1 Saudi Organizations Impact on Companies doing CSR

This part will be a discussion of how Saudi organizations are trying to impact companies in the Kingdom to act more socially responsible. I will focus on governmental organizations, semi-private organizations and private organizations. From these discussions, I will make some conclusions in the next and final chapter.

10.1.1 CSR-Initiatives by Governmental Organizations

The development in the field of CSR has accelerated notably the last five years after the launch of the “ten-by-ten” goal of the Saudi government. Further, the initiatives for SARCI and the King Khalid Award for Responsible Competitiveness have also raised the awareness of CSR in the Saudi society.

The government organization Saudi Arabian General Investment Authority (SAGIA) has a clear view of the role of CSR in the creation of sustainable development in the country. Their model indicates close connections and interventions between CSR, the development of human and social capital, and competitiveness. Together, these elements are important factors in creating sustainable development in the Kingdom.

The close connection between sustainable development, CSR and human capital is very interesting in several ways. I believe the choice of this model to describe the role of CSR could be explained by some of the main problems in the Saudi society today. First, the high number of foreigners working in the country is a major threat for the development of Saudi

society; this threat stems from the fact that expatriates are preferred over Saudis because their competence is higher and their wage demands are lower. Developing the social capital of the Saudi population is a way to heighten the human capital in the country and reduce this threat. If this is raised enough, it will eliminate one of the reasons for hiring foreigners instead of Saudis. This is a possible explanation of why so many vocational programs and other CSR initiatives in Saudi Arabia are directed at Saudis exclusively.

10.1.2 “Semi-Private” Initiatives for Developing CSR in Saudi Arabia

I will also argue that there have been major developments in the “semi-private” sector during the last five years. King Khalid Foundation (KKF) has, along side of SAGIA, taken the initiative for SARCI and the King Khalid Responsible Competitiveness Award. This indicates a close connection in this field between these two organizations. The model with CSR, human and social capital, and competitiveness as drivers to create a sustainable development is from the SARCI report, and thus is also the understanding of CSR by KKF.

KKF is currently creating a model for companies to utilize when doing CSR. Besides this, their representative I spoke with pointed out their development in the field of CSR from nothing to something the last year. This also underpins my argument of a positive development in the field of CSR in Saudi Arabia.

10.1.3 Development of CSR in the Private Sector

After Jeddah Chamber of Commerce and Industry (JCCI) recently established a CSR department, all the other Chambers of Commerce and Industry in the Kingdom did the same. This fact also indicates a general wish in the business society of Saudi Arabia to know and do more about CSR. The JCCI CSR department has taken initiative for some CSR activities, but the organization plans to organize more CSR activities in the close future.

10.2 The Emphasis of CSR Efforts by Saudi Companies

The most notable CSR efforts done by three of my informant companies are related to the development of human and social capital within the Kingdom. This is clearly within the governmental model of CSR, and indicates that the companies are collaborating somehow with the governmental organizations in this field.

There also seem to be a tendency of more focus on the environmental issues of CSR. Saudi Aramco and the two Jotun companies are focused on this already, while ALJ Co. acknowledges the need of a stronger focus on this. There were also repeatedly stated that this will become more and more important within the Kingdom from many of my informants throughout Saudi Arabia.

All of my informant companies seem focused on doing their CSR efforts aimed at developing and protecting the local and national community. This includes both the focus on human and social capital, as well as their environmental and other responsibilities. My informants explained this by having a responsibility of giving something back to the society a company is earning money in.

10.3 CSR in Saudi Arabia and Core Characteristics of CSR

I will now discuss how CSR done by my informant companies in Saudi Arabia will fit into the core characteristics of Crane, Matten and Spence. There are six core characteristics that are identified by the trio, and I will discuss them in a Saudi context point by point.

10.3.1 Volunteerism

Volunteerism is a central part of CSR in Saudi Arabia as well. There are certainly no laws that dictate companies must act socially responsible, and the differences in the CSR efforts among my informant companies indicate the same. The government proclaims and promotes CSR, and SAGIA is responsible for the King Khalid Award for Responsible Competitiveness. This indicates that even if the government is not forcing anyone to do their business in a socially responsible way, they support that they do.

10.3.2 Internalizing or Managing of Externalities

I would argue that the internalizing or managing of externalities is an element that could be descriptive of many CSR efforts in Saudi Arabia. Among my informant companies, the control of external effects by the business of the company is claimed to be important to Saudi Aramco, ALJ Co. and the two Jotun companies through their headquarters in Norway.

Environmental consequences of the companies are some of the aspects of externals that are easy to point out and are important to some of the companies. Saudi Aramco has several local environmental CSR efforts, and also some aimed at reducing oil consumption that could have the potential to make a global impact. The two Jotun companies are to be emissions neutral, and thus this takes this part of their externals into consideration.

Whether or not, or to what level, these companies consider their externals is not something I can discuss in this paper. To do that, I would have to be a part of the decision making processes at the different companies. Therefore, I argue that there at least are some elements in these companies that internalize or manage externals.

10.3.3 Multiple Stakeholder Orientation

This aspect of the core characteristics of CSR seems to be valid in Saudi CSR to a high degree. Four out of my five informant companies have identified their stakeholders on their homepage, during my interviews or by emails. That Rezayat does not mention it does not necessarily mean that they do not consider their stakeholders before making a decision. The companies use different names for their stakeholders, and identify diverse groups as their stakeholders.

For me, it is impossible to identify to what extent each of these groups are taken into consideration by the companies before making a decision, and therefore I only argue that they are aware of the concept of stakeholders, the companies use it in their CSR rhetoric and that this core characteristic of CSR could be identified in Saudi CSR as well.

10.3.4 Alignment of Social and Economic Responsibilities

The core characteristic of alignment of social and economic responsibilities I will argue on two levels: The first is on the rhetorical level, while the other is more focused on the effects of a company's business on a more specific level.

On the rhetorical level the alignment of social and economic responsibilities is in conflict with the Islamic tradition of Sadaqa. Even if Sadaqa itself is not fully identified as CSR, it seems like the same principles are valid to a high degree for both Sadaqa and CSR. The only intention behind contributing money should, according to Islamic ethics in Saudi Arabia, be to help someone who needs it and this is absolutely unlike the idea that CSR should create

economical benefits for the company. Thus, on a rhetorical and principle level, the core characteristic of alignment between social and economical responsibilities is definitely not a core characteristic of Saudi CSR.

If the focus is on what actually is happening, it is not so clear that this element is such a contradiction. Even if social contributions are not to be mentioned, this happens anyway. The official intention behind mentioning these activities could be to inform and help more people to benefit from the good deeds by the company or to inspire other companies to do the same. Still, this certainly gives the company a good reputation in the community. This could, within the Islamic ethical tradition, be argued to be a positive consequence of the good action done with the only intention of helping someone. In a secular understanding however, this is a natural consequence of such an action.

10.3.5 CSR as Ethics Based on Islam

The fifth core characteristic of CSR is that business practices and strategies are underpinned by a set of values or a philosophy. All my informants identified Islam as their core value for acting socially responsible. As of my understanding, ethics and Islam is very closely linked in Saudi Arabia, and should thus be closely linked within the ethics of business as well. Since my informants all identified Islam as the, or one of the, most important ethical foundation of their company, I will argue that Islam is this set of values. Whether or not every aspect of business is based on the ethical foundations of Islam is not for me to consider, but I recognize that my informants all identified Islam as a core reason for acting ethically in their businesses.

10.3.6 Differentiation of CSR and Philanthropy

Based on my informant companies, there is a difference between the traditional charities and CSR. Zakat was explained by many of my informants as a religious taxation, and thus not identified within the field of CSR. This distinction was made very clear by my informants. A little more uncertain is the position of Sadaqa as CSR. Some of my informants identified the company CSR efforts as Sadaqa, some did not. Some of those who did not recognize Sadaqa as CSR emphasized Sadaqa as an act by an individual, while CSR is an act of a company.

There is also a differentiation between Zakat and Sadaqa on one hand and CSR on the other. While Zakat is understood as taxation and Sadaqa is traditional charity, CSR is identified as

something more than just financial support. While the two first are charities similar to “giving the fish”, CSR is "teaching to fish".

Some of my informants also emphasized the importance of the interaction between charity and CSR. They argued that both are important elements in society, and that doing CSR did not have to mean that you should stop traditional charity.

Most of the informant-companies and organizations seemed to agree that there are some differences between CSR and philanthropy, even though some considered Sadaqa more similar to CSR than other forms of philanthropy. Still, I will argue that this core characteristic of CSR also could be a core characteristic of CSR in Saudi Arabia.

10.4 CSR in Saudi Arabia and International Standards

The international standards of CSR have four core elements in common. These values are human rights, labor rights, anti-corruption and the environment. I will argue that Saudi companies tend to not focus so much on these core values, and that the less internationally exposed a company is, the less they tend to focus on these values.

10.4.1 Human Rights

When Saudi Aramco has adopted the ISO26000 definition of CSR, this also implied an identification of human rights as one of the core issues of CSR. Still, human rights was not a major issue during my conversation with the representatives for Saudi Aramco and neither was this mentioned in the answers I received later by email on my questions. In the two books published by the company that I have read, this is not a major issue. This does not necessarily mean that human rights is not important to the company, but it certainly indicates that a difference exists between their adopted definition of CSR and the more specified real-life communication of CSR by Saudi Aramco.

At Jotun Paints and Jotun Protective Coating human rights are emphasized as a major value in CSR and a non-negotiable commitment of the companies. In my conversations with representatives for both these companies, this was mentioned and discussed. Still, some Saudi laws directly contradict some human rights, and the Jotun companies are, according to their own statements of CSR, bound to follow both. To do this is literally impossible. Not one of

the representatives of the company mentioned to me that they try to improve the human rights situation in the country by talking to the government or other authorities. This does not necessarily mean that the companies have not done so, but for me it is more likely to believe that they have not. If they have not, it could be argued that the concern for human rights outside the companies and their chains of supply could be more rhetorical than an actual concern. I would definitely argue that both Jotun companies ensure that they do not directly violate the human rights in their business. Still, they are operating, and paying taxes, in a society where the government does. Thus, I would argue that human rights might be important for Jotun, but still not so important that they would choose not to do business in the country because of the violations of the human rights. This however, is normal business procedure according to Thoresen at Jotun Paints.²³⁶

Considering the rhetoric on the homepage and booklets of Jotun, where the human rights are mentioned often, I would argue that Saudi Aramco seems less focused than Jotun on human rights in their rhetoric. There could be many reasons for this. They might emphasize the human rights less than Jotun, or it might be they are not as supportive to human rights because they are owned by the Saudi government which is itself heavily criticized for not following the human rights standards, or other reasons. Even though, it is interesting to consider why Saudi Aramco adopts the ISO definition of CSR, in which human rights are emphasized as extremely important, and then, in contrast, their publication lacks more specific statements on human rights. The adoption of the ISO definition on CSR might be criticized to be more of a “safeguard” directed towards acceptance by the international community than anything else.

When discussing CSR in Saudi Arabia with al-Habib from KFF, he emphasized that it would be simpler for a Saudi to support a Quran school than a human rights center. He claimed it was like this because of traditions in the country, and thus could change in the future. His statement also supports the fact that human rights is not a common major concern in the Kingdom.

The other companies and organizations I talked to did not mention human rights as a part of CSR. I believe that failing to mention the human rights issue also indicates that these are a set of values that are not particularly important in Saudi Arabia as a whole, and thus not included in Saudi CSR efforts.

²³⁶ Thoresen, Presentation, May 2009.

It could also however, indicate that there are some cultural or political reasons for the human rights situations in the country. As an example; if human rights is seen as a Western idea and not representative of either the authorities or the society, this might not be the best thing to promote for a company that aims at having good relations with both of them.

10.4.2 Labor Rights

The next core value of the international standards of CSR is labor rights. This is also a tricky business and an example of what a difficult situation this could be in Saudi Arabia where unions are forbidden by law. I argue that this might be forbidden because the Saudi government is afraid of political organizations that might gain a lot of political influence. This should indicate some difficulties for companies that emphasize the same values as the international standards do

As with the human rights, labor rights ought to be an important part of CSR activities in Saudi Aramco based on their adopted definition of CSR. According to Assabti, the employees of the company are understood as essential for the competitive advantages of Saudi Aramco, and the company does not differentiate among employees based on nationality or other factors. However, the term “labor rights” was not mentioned in our conversation nor in the email I received from Assabti with answers to my questions. This could indicate that there are some difficulties with labor rights for the company or that the concept of labor rights is not as important as the valuation of the employees and their essentialness in Saudi Aramco. This could also indicate something about certain attitudes in the society or that the authorities hold.

According to Refaat Shaikh, ALJ Co. treats every employee equally and follows the Saudi Labor Decree and the company’s principles are aligned with this law.²³⁷ However, during our discussion in Jeddah, labor rights were not an important issue.

At Jotun companies the ILO convention is one of the non-negotiable cornerstones to which they firmly hold fast. This means that for Jotun Paints and Jotun Powder Coatings the regulations of this convention have to be fully followed, and because of this, their employees should have a right to organize. This is not legal to do in Saudi Arabia, and thus I would argue that this is a dilemma for the two Jotun companies. During my visit at their factories and offices, the employees I talked to expressed happiness for their rights as workers at Jotun.

²³⁷ Email from Refaat Shaikh received January 20th 2010

Still, since they have to follow the national law, they cannot organize into a union. This contradiction between Saudi law and this point in the ILO convention is a dilemma for the Jotun companies. If they would like to do business in Saudi Arabia they have to follow the Saudi law, and still they mention the ILO convention as a non-negotiable cornerstone for the company's CSR. This could indicate that their commitment might not be as firm as it could seem at first glance, and that if Jotun should fully follow their own quoted principle, they should not do business in the country. On the other hand, I believe that this is a quite common practice worldwide, and once again, the question is: What is the best way to affect the Saudi government to allow unions? Is it to simply boycott the country, or to do business in the country while promoting unions as a value that could benefit the entire community? The latter is, in my view, one of the main aspects of CSR in multinational companies, and might be claimed to be the most efficient way to implement values in other countries and cultures than the home base and origin of the company.

Rezayat focused on safety for the workers at their factory, but besides this, their representative did not mention any labor-rights related issues. Their focus on safety for their workers can be argued to be good CSR according to the CSR theory by Mintzberg, that CSR should benefit the company along with the community.

As with the human rights, labor rights was not a major issue during my fieldwork in Saudi Arabia. There are certainly activities within the field of rights for the laborers, but as we have seen, some rights are not legal in Saudi Arabia and thus probably do not exist. One point I find very interesting is that Saudi Aramco, ALJ Co., Jotun Paints and Jotun Protective Coatings emphasized that they did not differentiate among laborers based on nationality or other measurements. Alternatively, from what I have read in many different books, web pages and other sources of information, the difference between Saudis and expatriates is one of the most prominent policies evident in the Saudi workforce. The difference in wages of Saudis and the wages of expatriates can also be one of the explanations of why there is such a high number of expats in Saudi Arabia, which again has led into different system of minimum requirements for Saudis in companies operating within the country. That the informant companies emphasized this element could mean that the companies I talked to are pioneering companies in the area of non-discrimination in the work force. I had the chance to talk to expats in both Jotun companies, and they all expressed that they were very happy as employees in Jotun, because the company did not discriminate based on nationality or any other reason.

10.4.3 Anti-Corruption

During our conversation, Abdulaziz al-Gasim told me that corruption used to be a major problem in the Saudi society some years ago. He claimed that this problem has been efficiently fought by the government, and that this problem was not central in the Kingdom anymore. In my view, it seems like the anti-corruption work among companies is not prominent in their CSR efforts. I can and will not discuss whether corruption is a problem in Saudi Arabia, but will reproduce my understanding of the anti-corruption work by my informants in the country.

Anti-corruption does not seem to be an area of focus in the CSR efforts of my informants. This however, could be difficult to recognize since one aspect of anti-corruption work could be turning down illegal offers from possible business associates, which probably would not be something they would want to mention or write about on their homepages. The most prominent anti-corruption work I can recognize is transparency and business policies that are aimed to prevent every possibility of corruption.

Corruption is one of the non-negotiable cornerstones of CSR for the two Jotun companies in the Kingdom. This commitment does not seem to be turned into more specific actions, but then again anti-corruption actions could be difficult to recognize.

ALJCSP has released a role model video that deals with bribery and corruption. This might indicate that this phenomenon could be more of a problem in the Saudi society than indicated by the different CSR efforts by my informants.

Since anti-corruption work is based on models that are meant to prevent corruption, and in business, principles do the same, it is not easy to identify these kinds of CSR efforts. Still, based on conversations with my informants during my fieldwork, I would argue that they did not seem very concerned about corruption as a problem for their business. Jotun is an exception here as well. Thus, as of my understanding, anti-corruption is not a central part of the CSR efforts by my Saudi informant companies.

10.4.4 The Environment

Saudi Arabia was accused of being one of the “climate saboteurs”²³⁸ by the Norwegian Minister of International Development and Environment Erik Solheim after the 2009 United Nations Climate Change Conference in Copenhagen.²³⁹ This indicates that the understanding of the importance of protecting the environment differs between the Saudi and Norwegian governments. Still, the preserving of the natural capital, and the general environment are mentioned as important factors of responsible competitiveness by SAGIA.

The environment is also the last core value of the international standards of CSR, and, as I argued before, this is one of the most prominent ways to indicate global social responsibility for a company. I will claim that this seems to be important for most of my informant companies, and also that this is an issue that will become even more important during the next years in the Kingdom.

Saudi Aramco focuses on mainly two aspects of their environmental social responsibility. They are: Minimizing the environmental impact of their operations, and doing research aimed at reducing pollution during petroleum consumption. The company has done this for several years, and is a member of different environmental organizations for the petroleum industry. This indicates a clear focus on the environment by the company. Still, there is and will always be a certain pressure on oil companies to take more environmental responsibility, but the company can, of course, not stop extracting and producing oil just to be socially responsible. Still, as of my understanding, their business is based on selling a product that will lead into pollution when produced, transported and consumed. I would argue that the information on their homepage about their research aimed at reducing pollution during petroleum consuming is too vague, and should be specified into a level of very consistent research to be fully credible.

The more specific actions on environmental issues seem to be based in the local and national levels of social responsibility. Their assessment of air and water pollution program, their waste management program and oil spill awareness program are all somewhat based in preserving the local, national and regional environment directly, but this will of course also contribute to a better global environment. Refaat Shaikh of ALJCSP claimed that the

²³⁸ My translation from the Norwegian term: “Klimasabotørene”.

²³⁹ Vegard Kristansen Kvale, ”På kollisjonskurs”, *Dagbladet*, December 22th, (Oslo: Dagblad-trykk, 2009).

environmental efforts of Saudi Aramco in the Eastern Province were the reason the environment in this area was better than other areas in the Kingdom.

The environmental programs of ALJ Co. are also basically focused to contribute to a better local environment. The recycling program at their office and agreements with local recyclers are, in my understanding, contributing to a better local environment. However, since it is a car importing company, it could be argued that the company should focus more on environmental issues. This is a definite goal of the company according to Refaat Shaikh. It will be exciting to see if the company will create an intensive environmental program as she indicated during my discussion with her. Refaat Shaikh also told me another very interesting thing about the environment in Saudi Arabia: People did not see this as a major problem until recently, but now Saudis acknowledge that the quality of the environment soon could become a major problem unless something is to be done.

The two Jotun companies are both emissions neutral, and thus are contributing to a better local environment directly and a better regional and global environment as a consequence of this. For Jotun Paints the environmental effects of their suppliers' businesses is an important part of their supply chain audit.

Rezayat could also be argued to contribute to better environmental quality by the planting of trees project around their factory. This could contribute to a better handling of the local environmental situation, and thus effect the national, regional and global environmental situation indirectly. The company group, of which they are a member, has also cleaned up local beaches and different parts of the desert.

Environmental social responsibility seems to be emphasized nationally in Saudi Arabia. This is interesting considering that the environment is one of the most prominent indicators of global social responsibility. When the Saudi government was accused of sabotaging the climate conference in Copenhagen, this could indicate that the governmental focus on CSR does not emphasize the environment. Then again, it is interesting to consider how this could affect the CSR efforts of the companies within the Kingdom.

10.4.5 Influence by and on the International Discourse

As we have seen, there is not much focus on the international standards of CSR within Saudi Arabia. The local contact point for UN Global Compact is located outside Saudi Arabia in

Abu Dhabi²⁴⁰ and only two Saudi organizations have joined this initiative and both are marked with a symbol that indicates "a failure to submit a Communication on Progress (COP) within three years of joining the Global Compact or a failure to submit a Communication on Progress within two years of submitting their last Communication on Progress."²⁴¹ Neither has Saudi Arabia subscribed to the OECD Guidelines for Multinational Enterprises.²⁴² However, it will be interesting to see how the new ISO26000 standardization will impact the Saudi society when it is due in November this year. Considering that Saudi Aramco already has adopted their definition of CSR and that Saudi Arabia also has representatives that will vote on this standardization, it could very well mean that this definition and understanding of CSR will fit better into the Saudi society.

A possible valid explanation of why AccountAbility is the international organization that is the most active in the Kingdom, could be that they are less concrete than the other international organizations when it comes to advocating human rights and labor rights. However, the collaboration between AccountAbility, SAGIA and KKF might indicate an increased influence from international standards. Since a governmental organization is collaborating with an international organization, it could be an indication that the international understandings of CSR could increase in importance in Saudi Arabia in the future. However, considering the "ten-by-ten" goal of the Saudi government, this could also be their way to legitimize their CSR efforts towards the international community, making the country more attractive to foreign investors and companies.

It could be argued that the increased focus on environmental issues by Saudi companies might partly be because of an increased importance of international standards of CSR. How this possible increased importance of international standards of CSR might further affect the Saudi society is not easy to predict. The situation with human rights and labor rights in the country could indicate that these elements will be especially important in the future. In addition, the transparency international ranks Saudi Arabia as number 80 of 180 countries,²⁴³ and this indicates that an increased focus on anti-corruption efforts would also be highly welcomed in the international community.

²⁴⁰ http://www.unglobalcompact.org/NetworksAroundTheWorld/local_network_sheet/AE.html

²⁴¹ http://www.unglobalcompact.org/participants/search?keyword=&country%5B%5D=173&business_type=all&cop_status=all&organization_type_id=&commit=Search

²⁴² http://www.oecd.org/document/24/0,3343,en_2649_34887_1875736_1_1_1_1,00.html

²⁴³ *Annual Report 2008, 2009, 51.*

I will also briefly discuss how the Saudi understandings of CSR might affect the international community. Considering that the theoretic framework of CSR fits easily with these understandings, I would think that some of the ideas from this field should be interesting for the international community as well. The strong focus on vocational training is not exclusive to Saudi Arabia, this has been done other places as well. Yet, the governmental emphasis, and the strong follow up from several companies on this element is clearly stronger in Saudi Arabia than in most other countries. If successful, this will lead into a stronger workforce in the country that will contribute to a sustainable development of the society. These Saudi understandings of CSR could definitely influence more countries to consider to adopting these ideas, and maybe also could be adopted into the international standards of CSR? To quote Refaat Shaikh at ALJCSP: “It is usually a good thing to transfer knowledge from one area to another, but this is a two way road.”

10.5 Islam and CSR

Here I will discuss different aspects of Islam and the concept of CSR. Charitable religious traditions, Umma and the Islamic ethics are the main themes in this part.

10.5.1 Charitable Religious Traditions and CSR

Most of my informants pointed Islam as their core value and explanation for doing CSR efforts during my fieldwork in Saudi Arabia. Still, all my informants were clear about the distinction between Zakat for companies and CSR. The first was identified as a religious tax and an obligation. Thus, this was not understood as CSR. In Saudi Arabia, the Zakat for companies is paid through the government, while the personal Zakat is paid straight to the needy.²⁴⁴ I would argue that the understanding of Zakat clearly as a tax for companies might be explained because it is paid directly to the authorities, distinguishing it from CSR, which is not.

Sadaqa was mostly not understood as CSR but as charity for individuals, and not for companies. Habib in Jotun Paints also indicated that Sadaqa was more like CSR than Zakat, but that Sadaqa was traditional charity, and for individuals not for companies. However, al-

²⁴⁴ Email from Habib received April 25th 2010.

Habib in KFF indicated that this could be understood as CSR, and these considerations of Sadaqa, might indicate that the concept might be slowly evolving.

10.5.2 Umma and CSR

Even though these religious traditions of charity were not identified as CSR, there was clearly an emphasis on Islam as the main explanation of why Saudis practice CSR. This was partly explained by Islamic ethics, and partly explained by the concept of Umma, the society.

The value of supporting the Umma is also indicated by the representatives of the companies which claimed to be initiators of CSR. Saudi Aramco, ALJ Co. and Jotun Paints all claimed this, although in different ways. This indicates that it is understood as a good thing to be an initiator of CSR. Besides the obvious good element of being an initiator, it could also be argued that their influence on other companies also could be seen as a contribution to developing the society. If so, this could be argued to be in accordance with the Islamic tradition of Umma in Saudi Arabia.

This however, would be a contradiction to the idea that companies should benefit economically when acting socially responsible. As I understand it, the more unique the CSR efforts by a company are, the more will this create an increased goodwill from the society compared to other companies and thus make the companies more competitive. However, the ethical value of supporting Umma might neutralize the goal of maximum benefits for the company itself.

10.5.3 Islamic Ethics and CSR

The Islamic ethics also emphasize the intention behind the action. This means that a company that acts socially responsible in Saudi Arabia is not supposed to do this to benefit from these actions. This is in opposition to the theory of CSR by Henry Mintzberg, and most Western understandings of CSR today. However, there is an understanding by many Saudis that if you do a good thing, then good things will happen to you in this life and afterlife. This indicates that a company doing good things for the society also will benefit on these actions somehow. However, they will not if the intention of doing these good actions is to benefit from them. This means that a company cannot write about their CSR efforts to legitimize or create a good reputation for the company. However, as some of my informants told me, they sometimes have to advertise or create a homepage with information of their social programs so that more

people can benefit from the programs. This means that people will know about the CSR efforts by the company no matter what the intention is, and thus create a good reputation for the company. These possible good outcomes would, in most Western contexts, probably be explained as an outcome of acting socially responsible. In the Saudi context however, this would probably be explained by a company doing good things with the right intention, and thus get its reward from God in this life.

The ideas of Islam as an ethical foundation of CSR are interesting when considering a comparison to Mintzberg's theories of CSR. In my opinion, Mintzberg attacks Friedman's view of the role of businesses in society because not acting socially responsible will not maximize the profit of the company. CSR is not done because it is intrinsically a good thing; the intention should be to benefit economically from these social acts. As we have seen in the paragraph above, this is in total contradiction of the Islamic moral codes of intention. The intention behind the action has to be to do good for someone, not to create benefits for yourself. If the intention actually is to gain benefits for yourself, then the action is not considered morally as good as it could have been.

However, within the same tradition, a morally good act will create benefits for the person acting good. The good things will come in both this life and the afterlife. Considering the first of these lives, the result for a company acting socially responsible is not very different from the theory of Mintzberg. *Acting socially responsible will make good things happen*. Whether these things happen because of God or other reasons is a question of faith and not science. This might indicate that the main difference between Mintzberg's view on CSR and Islamic ethics could be argued to be a rhetorical difference, more than an actual difference. Anyhow, as long as a society and the company benefits from CSR, this does not really matter in my view. That a company benefits from their social responsible actions because of godly interference or other reasons, is not important as long as their actions simultaneously benefit the society.

10.6 Summary of Discussion of Secondary Questions

SAGIA and KKF, together with AccountAbility, have responsibility for SARCI and King Khalid Award for Responsible Competitiveness. These are both meant to raise awareness of CSR in Saudi Arabia and to increase the efforts by companies. Within these initiatives, there

is a model which emphasizes the relations between competitiveness, development of human and social capital and CSR. KFF has created a model for companies to assist them to act socially responsible, and JCCI has through their CSR department taken initiatives for several CSR efforts.

Companies seem to do their CSR efforts in allegiance with the above mentioned model of CSR. Their focus on environment is increasing these days, and will probably become more and more important within the country with the years. There is clearly a focus on the local and national levels of social responsibility done by Saudi companies.

The correlation between Saudi CSR efforts and international standards is, in my understanding, not high. Except a recent interest and focus on the environment, the three other core values of CSR in international standards are more or less missing in the rhetoric of companies. This could indicate a lack of importance for these values within Saudi society. It is interesting to see that the rhetoric of the two Jotun companies emphasizes these international standards to a much higher degree. This could be explained by expectations from Norwegian society for whom Jotun also has to legitimize their business, or more interest in these international standards.

The core characteristics of CSR by Crane, Matten and Spence also could be identified as core characteristics of CSR in Saudi Arabia. Considering that Crane, Matten and Spence emphasize that not all of these characteristics have to be valid to be understood as CSR; I definitely believe that this framework of CSR could be valid as a framework of CSR in Saudi Arabia as well. Even though there is no unidirectional understanding of all CSR done in Saudi Arabia, the different understandings of CSR explained in this paper are rather similar to the framework of CSR by Crane, Matten and Spence.

The religious aspect of CSR in Saudi Arabia is an important factor as a foundational value for companies acting socially responsible. Even though Zakat and Sadaqa mostly are understood as something differentiated from CSR, the value of Umma and Islamic ethics are two possible explanations of why Saudi companies should act socially responsible. Even though the intention of acting socially responsible, according to these Islamic ethics, has to be to help someone, this still creates benefits for the companies because acting good will create benefits for the benefactor in this tradition. This is rhetorically opposite of Mintzberg's idea of

maximizing profit through CSR, but both Mintzberg and this Islamic tradition argue that acting socially responsible will make good things happen.

In the next and final chapter I will discuss these findings on another level. I will focus on possible explanations of why the emphasis on CSR is like it is, and why the core values of the international standards of CSR are not prominent in Saudi Arabia.

Chapter 11: Conclusions

As the last chapter revealed, three elements are the main findings in this research. First, CSR is understood as development human and social capital. Secondly, there is no emphasis on the core values of the international standards, with a possible exception of the environment. Finally, CSR in Saudi Arabia is explained by Islam, but without using religious terms. To conclude this thesis, this chapter will discuss these elements. Before my final remarks, I will also make some comments on my own views of how CSR in Saudi Arabia can maximize its contribution to develop the Saudi society.

11.1 Discussion: CSR as Development of Human and Social Capital

I will present some possible explanations of why it seems that CSR efforts in Saudi Arabia tend to fit perfectly into the Saudi governmental model. These explanations focus on the private sector's relationship to the authorities, and on the possible gains for the private sector doing these kinds of CSR efforts.

11.1.1 CSR as Legitimization of the Business of a Company

Considering that CSR is a way to legitimize a company's business for the society it operates within, and especially for the authorities, this could be a valid explanation of the compliance between the CSR model of the authorities and the CSR efforts by companies in Saudi Arabia. There are especially two political goals in Saudi Arabia that the development of human and social capital might help achieve: *Saudification* of the workforce and *diversification* of the economy.

Since it is a national trend that Saudi companies emphasize Saudis in their vocational CSR, this will definitely develop the country's national human and social capital. This is a remarkable trend in a workforce that consists of more than 50% foreigners. This will create more Saudis with improved labor skills, and thus will contribute to make the country less dependent on expatriates in accordance with the political goal to Saudify the workforce.

This development might possibly contribute to attain another political goal, that of diversifying the economics in the Kingdom. Many of the vocational CSR efforts are aimed at

training Saudis in businesses not related to oil. Even Saudi Aramco has vocational training in many other fields that are not oil-related. Many of the vocational training programs seem to be aimed at service professions that today are dominated by expatriates, and this thus connects the two goals of Saudification of the workforce and the diversification of the economics within the sphere of CSR.

CSR understood as a way to legitimize the company's business towards the society could also be a valid explanation of why there are certain differences in the amount of CSR efforts by the informant companies. I would argue that my informant companies' different needs for good relationships with the authorities could explain some of the different amounts of CSR efforts. Considering the "ten-by-ten" goal of the Saudi government, and its efforts to increase the level of CSR within the Kingdom, it could definitely create a factor of goodwill from the authorities if a company emphasizes their CSR efforts. This could explain why the import based company ALJ Co. is more focused on CSR efforts than the production company Rezayat.

The very same argument could be used to explain why Saudi Aramco and the two Jotun companies have more of an international approach towards CSR than ALJ Co. and Rezayat. Firstly, as a company operating in many areas of the world, Saudi Aramco certainly has a lot to gain by having international recognition of their business. This can be a valid explanation of why this company uses the ISO 26000 definition of CSR. Since the two Jotun companies have partial Norwegian ownership, there is certainly a need for the company to legitimize their business also towards the Norwegian society, and also to follow the recommendations from the Norwegian authorities in Report No.10 (2008-2009) to the Storting. The ethical values emphasized on the Jotun homepage correlate in a high degree with the recommendations of the Norwegian government.

11.1.2 Dialogue between the Private Sector and Authorities

Another possible explanation for the correlation between the governmental model of CSR and the CSR efforts by Saudi companies could be that there is an ongoing dialogue between the private sector and the authorities. Saudi Arabian General Investment Authority (SAGIA), has, in collaboration with others, arranged meetings between the private sector, scholars of CSR and relevant authorities to discuss the possibilities and challenges with CSR efforts in the Kingdom and globally. These kinds of meetings indicate that the authorities are discussing the

theme with the private sector, and that they perhaps have incorporated their visions in the governmental model of CSR. A dialogue between the private sector and the authorities could indicate that there is a major collaboration within this field in Saudi Arabia, and might imply that the private sector also share some of the political goals of the authorities.

Besides the possible benefit to create or maintain good relations with the authorities by companies acting socially responsible, I can also identify another explanation of why companies also might share the same goals as the authorities: A general raise in the Saudi human and social capital might improve the competitiveness of Saudi companies in general, and thus create a better business environment within Saudi Arabia. This will increase the competitiveness of Saudi companies compared to companies from elsewhere.

The apparent compliance between these two political goals and the CSR efforts in the Kingdom is underpinned by another element: Contrary to Western development; the ideas of CSR might have not been emphasized until the government saw the need for it in order to reach their “ten-by-ten” goal. While the development in Western countries where companies themselves have been the key initiators of the concept of CSR, in Saudi Arabia it was only after the launch of the “ten-by-ten” goal that CSR increased significantly in importance in the Kingdom, with some specific exceptions. There are certainly companies in Saudi Arabia that have focused on their social responsibility long before any governmental initiative, but the high correlation between the governmental models and the CSR efforts by the companies indicates that the governmental model of CSR has been adopted by many Saudi companies. This adoption indicates the relevance of the governmental initiatives in the Saudi business society.

11.1.3 Islam and Developing the Society

There could also be a religious explanation for the emphasis on CSR as developer of human and social capital. These kinds of efforts develop the society, and are thus in accordance with the concept of the Umma. This is supported by the companies’ statements of being initiators in the field of CSR, and thus in the field of developing the human and social capital. This was an obvious good thing in Saudi Arabia. Many of the informants explained this with religious motivations. Even if the idea of giving something back to their society might be considered a cultural influence, I find the Saudi culture so closely related to Islam that I will argue that this is related to religion anyway.

However, there is also another interesting point of possible political change toward which these ideas draw attention. In the original alliance between the Sauds and the al-Shaikhs, the latter was given the main control of the educational system in Saudi Arabia. However, it seems that this tendency might be reversed soon when companies take educational responsibility in the country and the government develops and builds prestigious universities in the Kingdom. This could be an indication that the political alliance between these two families are in a stage of change in accordance with the political challenges the modernizing society raises to a conservative political system.

11.2 Discussion: Saudi CSR and International Discourse

With a possible exception of the environment, the four core values in the international discourse of CSR are not prominent in Saudi CSR efforts. I will discuss why these elements are absent in the Saudi CSR discourse.

11.2.1 “Universal Acceptable” Critique

Firstly, there might be a general critique of the universality of the international standards of CSR. The element of human rights has been criticized for being based on Western and not universal values, and this appraisal might also be in force for the international standards of CSR. It is notable that with the exception of AccountAbility, no international standards of CSR seem truly influential within the Kingdom. This could be explained by a view in the Saudi society that the international standards of CSR are somehow based on Western values. AccountAbility’s less concrete emphasis on human rights and labor rights might also be a valid explanation of why SAGIA is cooperating with this organization, and not any other international organizations dealing with CSR.

Human rights, labor rights and anti-corruption are three of the core values of the international standards of CSR. The total absence of the first two of these, and also the lack of focus on the third indicates that these elements might not be as important in the Saudi society as they are in most Western communities. This, when considering CSR as a way to legitimize a business, can explain why companies are rather focusing on other elements than these when doing CSR efforts in the Kingdom.

11.2.3 The Environment

The environment is an element within the CSR efforts that currently is increasing in importance in the Kingdom. It could seem that the focus on environment will become even more prominent in the next years. I have indications from many of my informants that the environment has become a major issue lately in Saudi Arabia, and that environmental improvement is now considered vital by most. This will create awareness in their society and possibly also an expectation towards companies to take more environmental responsibility.

Refaat Shaikh at ALJCSP explained why the environment has not been a central part of Saudi CSR efforts with that people not until now considered this to be a problem. She also claimed that the increased awareness of the environment in Saudi Arabia would make this element more prominent in the future discourse of CSR in Saudi Arabia. This also indicates that as soon as the society considers something to be a problem or of a certain value, this element can be used by a company to legitimize business and create goodwill from the society.

11.2.4 Important Values in the Society

As the two last discussions above have indicated, some of the differences between the Saudi and international discourses of CSR can be argued to be based on their society's expectations of the company's behavior. I believe that if these four international values have had a stronger position in the Saudi community, they would be more emphasized in the CSR efforts by the companies. This argument is supported by the discussion of Saudi Aramco and the two Jotun companies under point 11.1.1, when Saudi Aramco has to emphasize international standards to legitimize their international operations, and Jotun has to emphasize important values in the Norwegian society.

11.3 Religious Explanations without Using Religious Terms

There is definitely a dichotomy in the Saudis' view of how Islam affects CSR efforts in the country. My informants all pointed at Islam as an explanation for social responsibility in the country. However, they did not explain how Islam is important in the field of CSR in the same way. Most of my informants explained their social responsibility as a consequence of being a good Muslim, and hence this was explained as the core role of Islam in this field. Most

informants also differentiated CSR from the traditional religious charities such as Zakat and Sadaqa. I can see three possible reasons for emphasizing this differentiation. It could be because the rigid attitudes in the Saudi religious tradition would have difficulty in explaining anything new within the tradition. A second possible explanation could be that my informants in general are businessmen; and therefore could have a tendency to focus on that all good things come from abroad. Thirdly, this can be explained by their understanding of me as a Westerner, and thus that I they thought I would understand their explanations better if they used more secular terms to describe it.

However, some of my informants vaguely considered CSR efforts to be a modern form of Sadaqa. This is a contradiction to the arguments in the paragraph above, and a helpful way to place CSR within the Saudi religious tradition. This transformation of a religious tradition, from a personal responsibility to a responsibility of companies, is interesting considering the rigidity in the Saudi religious tradition.

* * *

11.4 My Ideas about the Future Development of CSR in Saudi Arabia

However, when considering some of the political goals mentioned above, i.e. Saudifying the workforce and making Saudi Arabia more interesting for foreign investors, it is my opinion that other elements in the international discourse of CSR could also be important in reaching these. Improving the acceptance of the values of labor rights and anti-corruption could assist the Saudi state in developing their society, and possibly also human rights.

I would argue that enhancing labor rights for expatriates would be the best way to reach the goal to Saudify the workforce. I identified two explanations for the high number of expatriates in the country. First, their competence has tended to be higher than the competence of Saudis. Secondly, the expatriates are paid smaller wages than Saudis. As we have seen, the Kingdom seems to be dealing with the first of these problems within the field of CSR today. In my view, the second problem could also be dealt with in the field of CSR, but it is probably more difficult to resolve:

Even though this has not been done yet, I believe a governmental focus on labor rights for the foreign employees in the country could force their wages higher and eliminate this motive for hiring expatriates in Saudi Arabia. Still, it is not likely that the Saudi government can do this until the human capital within the Saudi society has developed enough competence to compete with the expatriates. However, I would think that this, in a few years, if this become an important element in a possible next wave of CSR initiatives from the state, this could assist in reaching this goal. Still, this could create a problem between the private and the public sectors in the country, because this will raise the general wages and the cost of doing business in the country significantly. I believe that the private sector in the country might disagree if the government should make such an effort, and the raised cost of labor force might also make the country less competitive. This, and the temporarily situation with expatriates with generally more competence than Saudis, can explain why this has not happened yet. Thus, elements exist that indicate that the government should be willing to risk its relationship with the private sector by doing this, as well as elements that indicate the opposite.

A focus on anti-corruption within the CSR efforts in the country would also definitely benefit the Saudi society. A successful campaign with this focus would reduce the corruption in the country, and thus enhance the market mechanisms in the Saudi society, and make the country more interesting for foreign investors. An increase of foreign investors will likely also contribute to development within the Saudi society. However, since it seems like there are little emphasis on corruption as a problem in Saudi Arabia, I find it hard to believe this will be emphasized in the near future of Saudi CSR.

The new focus on the environment, my arguments for a possible increased focus on labor rights and anti-corruption, and an improvement in the highly criticized human rights situation in the country would also contribute to make the reputation of Saudi Arabia better. This could also make the country more attractive for foreign investors and companies as a legitimization of doing business in the country, which again would lead into increased business in the Kingdom. This can certainly not be done with CSR only. However, CSR could assist the development of these areas in the Saudi society.

* * *

11.5 Final Conclusions

This research has revealed that the CSR efforts in Saudi Arabia fit very well into the international theoretical discourse of CSR.

However, the main difference between the Saudi and international concept of CSR, as I see it, is in the actual efforts of CSR. While the emphasis in the international discourse is on human rights, labor rights, the environment and anti-corruption, the focus of CSR efforts in Saudi Arabia is on developing the human and social capital in the country. This has been explained by a discussion of the political challenges and goals in Saudi Arabia, and these points have been underpinned by the collaboration of all the actors of CSR in the Kingdom to assist in reaching these goals.

The main research question of this thesis was: *“Is the term CSR understood the same way in Saudi Arabia as in the international discourse of CSR?”* I have argued that the CSR efforts in Saudi Arabia will correlate with the theoretical part of this discourse. The outcomes of these efforts however, are different. These are suited to fit the Saudi society as a glove, and deal with societal problems other than in the international discourse.

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