

---

# Corporate Social Responsibility In International And Local Companies

## 1. Introduction:

Historically, the ultimate goal of any corporation has been, making money and increasing shareholder's value because they are the owners of the company and without them the company won't exist. However, in the last decade a concept called the Corporate Social Responsibility (CSR) started to slowly spread. Today, CSR became a necessity for a successful business as they recognize the numerous benefits to their businesses, employees, communities, and the environment. CSR is also sometimes described as the corporate Triple Bottom Line because both approaches are similar, include Environmental, Ethical, Legal and Economic responsibilities. Corporate Social Responsibility is when companies consider the impact of aspects of their operations on both internal and external stakeholders including customers, employees, communities, and the entire environment. Moreover, the latest and prominent definition of the CSR is the one stated by Howard Bowen who's cited as the father of Corporates Social Responsibility. He defined the CSR as following: "the obligation of businessmen to pursue those policies, to make those decisions and to follow those lines of actions which are acceptable by our society's values and objectives" (Bowen, 1953). The CSR dated back many years, and by the 1920s discussions about this concept in business applications had evolved into what can be recognized as the modern corporate social responsibility movement. Industrialization and the business impact on society led the companies into new vision and by 80s and 90s this approach was being subject of a notable debate, which in results many companies began incorporating social interests in their business practices while becoming more responsible stakeholders. And by the early 2000s, CSR becomes an essential strategy for many successful companies such as Coca-Cola and Walt-Disney who incorporated with strategy into their business strategies. However, CSR was not widely perceived as a large issue in the past till the great depression times. But, since the 1960s this concept has become an important issue not only to business but also to the theory and practice of laws, politics, and economics. Furthermore, companies that engaged in the movement of CSR will appear more attractive to consumers, therefore the company will be more profitable. Companies usually involve in the practice of CSR for many reasons such as to strengthen its brand name, aiming to make its business stand out, to differentiate itself and to enhance the company's operation and increase its value.

## 2. Literature Review

The Corporate Social Responsibility has gained considerable interests among researchers and business organizations in the past decades. More companies are embracing the practices of CSR under different names for instance Corporate Sustainability, Social Responsibility or Corporate Citizenship. Additionally, these practices are being well reflected in the corporate's reports, published on their website and other surveys and conducted by organizations to communicate their social responsibility actions and results. In an argument against the CSR began by Friedman (1970), he claimed that the only benefit for communicating the CSR to public is to increase the company's profit. A recent research conducted by Doshi and 14 other

---

authors, they disagreed with Friedman claims stating that CSR reporting can be implemented with both for profit and non-profit intentions. Further, some organizations contribute to society without even any desire for publicity, while others want to contribute with wide publicity with the expectations of a positive brand image. And, the standards of CSR practices vary from one company to another and from one industry to another. Some companies engage in the CSR to reduce the harmful effect of their operations on community and environment as a result of the business they involved in such as Oil companies. CSR programs are not aimed only to the external community but also toward internal ones. More and more companies now are concerned about employees' benefits for greater productivity and retention, but it's also arguable that this initiative could also be considered as a part of the CSR activities. Also, there is another recent trend difficult to understand whether it's a CSR activity of only a branding initiative; were social activism is being mixed with branding (Doshi, et al., 2012).

In another literature conducted by Garriga and Mele (2004) with the purpose of clarifying, the CSR theories, they tried to "Map the Territory" by classifying the main CSR theories and related approaches into four groups. They believed that CSR theories and related approaches are focused on one of the following aspects of social reality: economics, politics, social integration and ethics. They classified CSR into these following groups:

- Instrumental theories where organizations are considered as instruments for wealth creation and that is its sole social responsibility. In this theory, only the economic aspect is considered in the interactions between businesses and societies.
- Political theories that led corporations to accept social duties or rights and participate in certain social cooperation.
- Integrative theories which is usually arguing that businesses depend on sociality for its continuity and growth and even for the existence of business itself.
- Ethical theories understand that the relationship between business and society is embedded by ethical values. Then, this theory will lead firms to accept social responsibilities as an ethical obligation.

All the theories have their limitations, the most challenging aspect for organizations is to use those theories to develop a new theory that would overcome these limitations. So, it's required an accurate knowledge of reality and a sound ethical foundation (Garriga & Mele, 2004).

Worldwide companies are trying to improve their images by being socially responsible. It is no longer possible for businesses to make profit without taking due care of society. The Committee of Economic Development comprising leading US leaders identified three principles of social responsibility; creating products, creating jobs and contributing to the economic growth, sensitivity to the dynamic social values and dealing with emerging responsibilities. Moreover, the activities of CSR can be defined into seven general areas as reported by Ashridge Business School Study in 2005. Those seven categories of CSR are:

- Leadership
- Firm's Vision and Values
- Marketplace Activities
- Workforce Activities
- Supply Chain Activities
- Stakeholder Engagement
- Community & Environment-related, Activities

---

In a research conducted by Sami Khan (2013), he shed the light on the practices of CSR in the Middle East, specifically in Saudi Arabia. He stresses the lack of researches about this subject conducted in the developing countries, and a little has been written about the Middle East organizations. Due to the adherence to Islam and Islamic values in the Middle East corporations, the CSR activities become highly relevant. Islamic values and practices are highly regarded in all aspects of life including work-life and businesses in the Kingdom of Saudi Arabia. Local media in Saudi has provided evidences of many companies who succeed in the implementation of CSR activities. However, there is an absolute dearth of organized research available on the Corporate Social Responsibility in Saudi Arabia. It was reported that, CSR in Saudi Arabia is in its early stages and it tends to lean toward being classical and viewed as philanthropic/altruistic rather than having a strategically orientation. In 2008, CSR leadership meeting was held at Riyadh that identified several challenges of the CSR in Saudi Arabia. The first Challenge is the lack of awareness about CSR in Saudi Arabia for concentrate practices, implementation tools, and methodologies. Second challenge is the lack of institutionalization in companies and in business committees. The third challenge identified was the mismatch between the need for CSR practices and skills taught by local colleges and universities. And the last challenge discussed is the lack of resources available. Whereas, some opportunities were also identified during the first leadership dialogue which are: the strong longstanding and deeply embedded culture in term on "Zakat", the growing interest in CSR amount corporates, increase the government support for improving the economic competitiveness, and the leadership emerging from the Chamber of Commerce to establish committee for CSR (Khan, 2013).

### **3. Application:**

Addressing social challenges has always been a priority for companies. Thus, some large companies' lunch projects that aim at engaging with different stakeholders. For this, in this section potential CSR metrics adopted by companies with the best reputations in CSR will be considered.

#### **3.1 International Companies**

Under the Reputation Institute's, 2018, Global Social Responsibility RepTrak 100 Rankings study, Google has the best reputation for Corporate Social Responsibility worldwide. The study measured the CSR by the company's commitment toward its employees, its role in society and its ability to meet its fiscal obligations of shareholders. Google is also known for its philanthropic, is has invested a large sum and resources for such activities. Even, it is devoting its resources to make lives better for people around the world, and offering many educations and learning opportunities for its employees.

The focus of Google's CSR strategy is to offer education and learning for the underprivileged, and the underrepresented to insure quality education and a better career for those. There are other several leading companies in the IT industry such as Amazon, Microsoft and Apple that's also working to make IT education possible for the marginalized students. Another focus of Google CSR strategy is investing in projects and non-profit institutions that work to improve employment. Furthermore, another important social issue Google is trying to address is to help those who have been discriminated on race by encouraging racial justice and empowerment.

Another example of an international company that succeed in the implementation of Corporate

---

Social Responsibility is Walt-Disney. It's one of the largest and most well-known corporations practicing CSR; its strategy is all about the natural environment and support for solutions to community and societal issues. An examination into Walt-Disney specific programs and initiatives contained in the CSR strategy shows that the company is using a holistic approach include four main components. Those main components of Walt-Disney's CSR strategy are:

- Environmental Stewardship, this strategy part helps to enhance the sustainability and the greening of the global business by emission reduction and water conservation. Water diversion, programs at Walt-Disney aim to reuse and recycle materials in amusement parks and resorts to reduce the amount of water sent to landfills.
- Conservation Funds, this CSR strategy part includes programs for saving wildlife, protecting the planet and facilitating community involvement. Also, the company has corporate citizenship programs via non-profit organizations, along with related literacy programs included in its theme parks and resort's operations.
- Charitable Giving, funds and resources are provided to non-profits for many reasons.
- Volunteering, this strategy part focuses on solutions of problems of interest to stakeholders such as through the volunteer to support skill's development among the youth.

### 3.2 Local Companies

There are also some good companies in Saudi Arabia who are promoting good Corporate Social Responsibility practices such as Saudi Aramco, SABIC, Abdul Latif Jameel (ALJ) Group, National Commercial Bank (NCB) and Savola Group.

Saudi Aramco is a leader in creating a sustainable social and economic opportunity for many in Saudi Arabia. Recently, Saudi Aramco is focusing its CSR operations in four important areas: the economy, community, knowledge, and the environment. It has invested billions of dollars in more than 100 ventures to create thousands of jobs also it brought more than \$70 billion in the Kingdom through foreign investors in huge joint venture projects. And, Saudi Aramco supports more than 150 charities both inside Saudi Arabia and abroad that serves many causes. Furthermore, the company organized its forum about CSR on February 2012 with the objective of finding a platform to connect expertise in the CSR with a view to exchange experiences, transferring knowledge, and designing the best sustainable programs to fulfill society's requirements. Savola group is another successful CSR example in Saudi Arabia, it's a Saudi Public listed company and one of the largest diversified companies in the MENA region. The company has been successful in many initiatives under the CSR strategy such as Saudization of its workforce. Moreover, Savola group won CSR award in 2007, and has established a separate CSR department under a director-level executive that has a well-defined CSR strategy. Its mission aims to work in achieving world class standards of openness, transparency, and accountability toward all its stakeholders.

## 4. Discussion:

Many researchers have recognized that the activities of an organization have an impact on the external environment and suggested as a role of responsibility companies should report the impact of their company's operations on society. Such a suggestion is first arose in the 1970s which later named the CSR reporting or sustainability reporting encouraging transparency. This

---

suggestion has not always been accepted and it has been a subject of an extensive debate. Thus, some writers believed that corporations should not be concerned with the social responsibilities such as the statement made by Milton Friedman in 1970; he stated that the only social responsibility of a business is to engage in a fair competition and doing activities that increase its profit without deception or fraud. Friedman argued that corporations should focus on those activities that are directly related to the company's profit and effectively excluding charitable activities that doesn't generate direct revenue. And, he demonstrated that companies need to stay within the rules of the game, avoiding deception and fraud which implies that directors should not act at all just to maximize profit as they have to comply with the laws and follow ethical customs. It's apparent that any action that an organization undertakes will have an effect on the external environment. This effect can take many forms for example; utilization of natural resources as a part of the production, the enrichment of the local communities through the creation of jobs, distribution of wealth created by the firm and its effect upon the welfare of the individuals, and much more. All effects have significant effect on the external environment, and it can actually change the environment. However, CSR is complex and difficult to define. And because of the uncertainty surrounding this subject, three principles of CSR activities was established to define those activities. The principles are: Sustainability, Accountability and Transparency. First Principle is the sustainability which is about the effect of present actions on future results. Second principle is accountability concerned with recognizing the effect of the actions taken by the firm on the external environment and take responsibility for the effects of actions. And lastly, transparency as a principle means the organization is responsible of reporting and presenting facts to public about all effects of the actions undertaken by the organization and including the external impacts. In conclusion, CSR is a broad topic which leads to many options and can be considered in many ways.

## **5. Identification of Moral and Ethical Aspects**

The term ethics relates to a serious and systematic set of values, norms, beliefs, attitudes, and behavior standards applied by certain people living in a certain place and time (Horodecka, 2014). During the past twenty years the media portrayed many scandals done by companies, it emphasizes the growing concerns about identifying a proper way of behaving for companies to follow. The ethical behavior is not only respecting the rights of the shareholders but stakeholders and the environment reflecting economic and legal and ethical standards. Such behaviors are building the core of the concept of CSR. Therefore, socially responsible corporations should supply relevant ethical norms such as reliability, honesty, fair conduct, loyalty, and faithfulness to make commitment and obligations. Further, the ethical code is one of the most frequently used tool to provide employees with information on applied values, norms and accepted conducts in key areas. This tool promotes human, employee, and environmental rights and providing means of fighting corruption, especially in areas of high corruption risks. The actions included in the ethical codes aimed at both internal and external stakeholders. Moreover, the ethical codes of companies differ from one company to another due to differences in the traditional, organizational structure, and industry, its effort to make principles, norms, and values. However, there are many universal norms that are applied by all companies such as the employee rights. There is no company can be free from an unethical behavior but if business ethics understood and applied it properly they will determine a path toward the moral behaviors and shape character traits, manner of thinking and engagement of people in organizations.

---

## References:

1. Crowther, D., & Aras, G. (2008). Corporate Social Responsibility. Ventus Publishing ApS. doi: 978-87-7681-415-1
2. Doshi, V., Srinivasan, V., Pradyumana, K., & Vohra, N. (2012). Corporate Social Responsibility: Practice, Theory, and Challenges, 37(2). DOI: 10.1177/0256090920120207
3. Garriga, E., & Mele, D. (2004). Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*, 53.
4. Hopkins, M. (2014). What is corporate social responsibility all about? *Journal of Public Affairs*, 1. Retrieved from <https://www.researchgate.net/publication/246912286>
5. Horodecka, A. (2014). Ethical aspects of corporate social responsibility.
6. Ihlen, Ø. (2013). Corporate social responsibility. In R. L. Heath (Ed.), *Encyclopedia of public relations*. Thousand Oaks, CA: Sage.
7. Khan, S., Al-Maimani, K., & Al-Yafi, W. (2013). Exploring Corporate Social Responsibility in Saudi Arabia: The Challenges Ahead. *Journal of Leadership, Accountability and Ethics*, 10 (3). Retrieved from <https://www.researchgate.net/publication/281320942>
8. Rionda, Z. (2002). 21st Century Corporate Social Responsibility: Advancing Family Planning and Reproduce Health. CATALYST Consortium.